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MEDIA

# The Business Of Blogging

Explosive growth means Web logs are suddenly in Madison Avenue's sights

Just a year ago, blogs were viewed as a collection of off-the-cuff ramblings in cyberspace read mainly by online devotees. Then, as the election season heated up, bloggers gained new prominence, writing up-to-the-minute news and politics nuggets that the mainstream media struggled to match. Suddenly, millions of Americans were turning to political blogs such as instapundit.com and journalist Andrew Sullivan's Daily Dish. And blogs about everything from art-world gossip to macroeconomics are drawing audiences, too. A new medium, though still a work in progress, is coming into being.

Now advertisers are realizing there is a market emerging in the blogosphere. Already, the growth in regular online advertising, estimated to be about 35% this year, will far outpace the spending increases for any other sector of the media world. Add to all this the fact that about 11% of Internet users today are inveterate blog readers, and the blogging scene starts to get mighty compelling for marketers.

Don't expect a repeat of the dot-com rush that inflated the Web bubble of the late 1990s. "This is a long game, with lots of ebbs and flows," says Henry Copeland, founder of media-buying firm BlogAds. Blogging isn't about to lead to vast wealth anytime soon, says Copeland, but he does expect "more money to [flow to] more authors as smart advertisers bypass publishers and pay authors directly for their audiences." BlogAds is placing ads on 50 to 100 blogs a day for up to 20 advertisers, including Sharp Electronics Corp. and Walt Disney Co. Just six months ago, the firm served 20 blogs for about 10 advertisers.

Blogging's extraordinary growth has made all the difference. An estimated 4.8 million blogs now exist in cyberspace, up from just 100,000 two years ago, according to blog search engine Technorati. And bloggers are finding all kinds of ways to make money doing what they once did as mere labors of love. They're signing up with independent ad distributors, striking revenue-sharing deals with large aggregators, landing direct sponsorships by corporations, and getting hired to blog for companies.

## SPARKING DEBATE

Depending on the approach, bloggers can earn anywhere from a pittance to more than \$10,000 a month. One way to make a buck is to get snapped up by a new crop of blogmasters, including Nick Denton and Jason Calacanis, two thirtysomething entrepreneurs who are building blog empires based on traditional publishing models. Each of them owns multiple niche blogs that employ a handful of experts. They collect and then dole out ads so their paid bloggers don't have to stress out about doing it themselves. Google's ([GOOG](#)) AdSense does it somewhat differently: Individual bloggers sign up, ads are delivered to their sites, and they get a share of revenue based on click-through rates.

Companies are constructing similar models to entice bloggers to come on board. American Lawyer Media (ALM) introduced a blog network to its Law.com site in late November. It links to eight independent sites covering specialized legal topics. Bloggers agree to host ads from various marketers, and in return ALM shares the advertising revenue and pays hosting fees for the blogs.

J. Craig Williams, whose blog, mayitpleasethecourt.net, is part of the law network, says he expects his monthly traffic of 100,000 page views to rise substantially. That's because he'll get traffic from Law.com, which garners about 7.5 million page views. He says he has no idea how much he'll earn, but that "it's a nice thing to be able to say I'm being paid to blog." Yet another twist: Marqui, a communications-software maker in Vancouver, recently began paying a dozen established bloggers \$800 a month to talk about its products.

But can marketers, looking to push products online, and bloggers, treasuring their independent voices, co-exist? It won't be easy. Consider the case of car blog jalopnik.com. Audi is its exclusive sponsor, which has sparked debate in the blogging world about whether that constitutes selling out. Denton, whose Gawker Media operates jalopnik, contends that the Audi sponsorship is ethically legit, but he's also pushing for the formation of a blog ethics committee to create standards.

For its part, Audi says that its sponsorship of jalopnik.com has been a success so far. Since 85% of Audi buyers do research online before coming into a showroom, according to online marketing manager Jim Taubitz, the blog is a great tool for reaching savvy shoppers. And if jalopnik's bloggers bad-mouth Audi? "There's always that risk," says Taubitz, but that same risk exists in any other media outlet in which Audi advertises.

Bloggers themselves are divided about the role of ads. Calacanis insists on posting disclaimers on his 60 Weblogs Inc. sites that clearly label advertising as distinct from editorial content. But some bloggers figure they themselves bear the responsibility to act ethically. "I must rely on my own judgment and what is the right and the wrong thing to do," says Mitch Radcliffe, a writer in Washington who has signed up with software maker Marqui.

Clearly, the business of blogs is in its infancy, with lots to be worked out. But that's not stopping marketers, entrepreneurs, and writers alike from diving into this newest form of New Media.

By Lauren Gard in New York

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