

(Some) Money in the Offing

Weblogs are experimenting with new business models

Long considered a mere playground for narcissists, weblogs are now being taken seriously as a new voice in the media universe. In the US, it is now even possible to make money with online journals.

Ever since more than 30 weblog authors were accredited to the Democratic Convention in Boston, their online journals, usually featuring dedicated commentary on current affairs, personal stories or links to interesting websites, have indeed become mainstream. Particularly in the US, more and more readers seem to prefer the opinion-driven and sometimes strongly-biased political weblogs to the mainstream media with its balanced and politically correct reporting. Specialist blogs maintained by experts in their respective fields covering specific topics also strike a chord with an increasing number of readers. Some of the most successful American weblogs now receive more than three million visitors each month and the mainstream media increasingly refer to entries on weblogs.

No Income

However, the life of a weblog author can be hard indeed. There are more than just a few bloggers feeling under pressure from their readers, who increasingly expect regular and comprehensive coverage. Wired News recently even reported on a so-called blogger-burnout syndrome. Thus, it comes as no surprise that a growing number of bloggers are trying to come up with ways to make money with what, in most cases, is a sideline.

One way of generating revenues consists in asking readers to donate money via the Ebay subsidiary PayPal. Last year, journalist Christopher Allbritton gained fame for using donations to finance independent coverage of the war on his weblog *Back to Iraq*. Besides Howard Dean, star among the "beggar bloggers", clearly is, however, Andrew Sullivan. According to media reports, the journalist raked in nearly 80,000 dollars after appealing for donations on his blog *andrewsullivan.com*, which receives more than one million visits each month and is popular with a mainly conservative readership. For most bloggers, however, total monthly donations will most likely not exceed the price of a cheeseburger.

The same is probably true for those bloggers who use an Amazon partner programme – often found in online journals – which remunerates the referrer of a transaction with 7.5 percent of the total book price. However, it takes no rocket scientist to calculate how many such purchases would be necessary to generate significant income. According to J. D. Lasica, an expert on online journalism and New Media, this commission-based model has not worked out for his weblog *New Media Musings*, which reaches a respectable 2,000 to 3,000 readers a day.

Decent Ad Revenue

For Lasica, traditional online advertising has turned out to be more lucrative, earning him more than 500 dollars a month. The acquisition of ad banners and buttons for Lasica's Website is managed by *BlogAds*, a company established two years ago that manages the ad space of approximately 500 predominantly US-based weblogs. BlogAds' business model, based on a 20 percent commission fee, seems to be working. According to Henry Copeland, the company's CEO, BlogAds broke even in the second quarter of this year. In July, the company registered a tenfold increase in turnover compared with January 2004.

The blogging boom has now started to show in ad prices. While just over a year ago, the most expensive ad on the liberal weblog *Eschaton* amounted to an annual fee of 900 dollars, it now costs the same amount for a single month according to Copeland. For the

"premium slot" on his weblog *Instapundit.com*, conservative blogger Greg Reynolds demands a whopping 3,000 dollars a month – not a bad additional income for someone who, in his day job works as a law professor. Up until now, the biggest monthly paycheck paid out to a single blogger has amounted to around 10,000 dollars. "Most bloggers, however, make about 100 dollars a month and seem to be happy with that", says Copeland.

Specialist blogs too can generate handsome sums. Asked his monthly turnover, Steve Hall, who runs the specialist blog *AdRants* covering the marketing and advertising industry, puts it at somewhere between 4,000 and 6,000 dollars. British journalist Rafat Ali claims to be able to make a living from his weblog *PaidContent.com*, which generated 80,000 dollars last year. Asked about his expectations for the current year, Ali was not willing to come up with an exact figure except that it would probably be somewhere above the 100,000 dollar mark.

The examples show that specialist blogs are particularly suitable for advertising, since they address clearly defined groups interested in a specific topic or industry. Even the most obscure target groups now have their own weblog. Using content-related text ads, AdSense, a programme offered by Google which is becoming increasingly popular in the world of weblogs, is trying to jump on the bandwagon. It is, however, hard to say how much money is being made by using this pay-per-click system, as Google prohibits AdSense participants from releasing any data.

Nano Publishers

Nick Denton and Jason Calacanis, two well known internet pioneers of past boom times, are toying with ideas on new weblog business models as well. Under the umbrella of his company Gawker Media, Denton, co-founder of *Moreover.com*, a news-aggregator, and *First Tuesday*, a now defunct "new economy" networking forum, runs five different weblogs reporting on the latest gadgets, gossip from New York, Washington DC and Los Angeles and covering the world of pornography. Denton above all targets the 18 to 34-year-old age group favoured by the advertising industry; an age bracket which has become increasingly difficult to reach via traditional media. For the content of his online journals, Denton employs a number of young and talented bloggers, who are paid 1,500 to 2,000 dollars monthly according to media sources – not exactly vast sums of money considering the fact that Denton's gadget weblog *Gizmodo* manages to attract an estimated 50,000 visits a day. Referring laconically to his right to holidays, Denton refused to comment on these figures.

In an approach similar to Denton's, Jason Calacanis, former editor of the *Silicon Alley Reporter*, a new-economy journal no longer published, is trying to make money with weblogs, too. Calacanis' company, *Weblogs Inc.*, maintains a network of independent online journals which takes care of the technical infrastructure for participating bloggers and assumes "traditional" publishing tasks, such as marketing and the acquisition of advertising on behalf of weblog authors. What distinguishes *Weblogs Inc.* from *Gawker Media* is the fact that at *Weblogs Inc.*, authors receive a 50-percent share of the earnings generated by their weblogs. Today, about 50 blogs make up the network and Calacanis expects the total to rise to one hundred by the end of the year. The "micro-publisher" is convinced that by then his company's monthly turnover will have risen to somewhere between 100,000 and 200,000 dollars, saying that some of the participating weblogs were already generating up to 10,000 dollars a month. In Europe, *Creative Weblogging* is trying to gain ground by using a business model similar to Calacanis' *Weblogs Inc.*

Using weblogs as a springboard

On their personal weblogs, "nano-editors" Denton and Calacanis are locked in a fierce war-of-words. Even more so since *Weblogs Inc.* in March of this year, poached the author of *Gawker Media's* gadget blog. By serving as platforms to boost writers' profiles, weblogs therefore may offer an indirect financial incentive as well. Student Brian Stelter, for example, managed to cash in on his weblog and get a job by selling the specialist blog *CableNewser.com* to the journalism forum *Mediabistro*. One of *Gawker Media's* bloggers even managed to get a job as a journalist at *New York Magazine*. And the so-called

"Baghdad blogger" was invited to sign a book contract with an established publisher. Finally, California lawyer Craig Williams confirmed a report in the New York Times, which claimed that his weblog *May It Please The Court* brought him additional mandates worth several hundred thousand dollars.

Still a rather marginal phenomenon over here

With only around 10,000 online journals (compared to more than 3.5 million in the US), blogging is still a marginal phenomenon in the German-speaking world. In terms of visitors, the most popular German weblogs reach only about 5 percent of their US counterparts' numbers. Hence, at this point in time, there is no money to be made in blogging over here. Nevertheless, small text ads are starting to appear on German weblogs as well, and sometimes passionate discussions on the topic of blogging for money are taking place. According to leading German bloggers, however, generating significant revenues remains wishful thinking for the time being. A blogger running a specialist weblog, who prefers to remain anonymous, claims to make up to 200 to 300 Euro per month. But even Jörg Kantel, author of *Schockwellenreiter*, probably Germany's most popular weblog, says the text ads on his website earn him no more than a pathetic 25 Euros a month, covering just about half of his monthly hosting fees.

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Neue Zürcher Zeitung, 24 September 2004

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