

column

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One day at the Shop.org's annual conference for Internet retailers should convince you that the Internet is more important than any of us thought — even during the infamous dot-com bubble.

In September I drove to Las Vegas for this outstanding conference. I heard Barry Diller's keynote address in which he outlined InterActive Corp's (IAC) vision for multi-channel retailing and e-commerce, and for his search engine (Ask Jeeves) which could glue all his online properties together.

In my mind I was transported to New York City, March 1999, where I first heard Diller speak at a Jupiter Internet conference at the height of the dot-com bubble and gold rush.

At the time, all the dot-com people seemed to smirk at Diller. Here was a dinosaur media mogul, head of USA Networks and former president of Paramount, coming late to the Internet party.

of dinosaurs, e-commerce and internet kool-aid

Jupiter asked him to speak because USA Networks had just made its first foray online, with the acquisitions of Ticketmaster and CitySearch.

Diller admitted he was late in coming into the "Internet world" and that so far he was still just a "pretender" in the online space. He knew people were wondering why he was at this Jupiter conference to "muck things up, when things were going great guns," when all these "highly valued paper companies were buying other highly valued paper companies."

He predicted that some people in the Internet space would make fortunes, but many ventures would fail because entrepreneurs weren't paying attention to process. He said he would bet on his company — not because they were the "first on the scene," not because they were moving "in Internet time" — but because they were so good at process. They knew how to build multi-channel companies and to deliver real products to consumers.

Diller's recent speech alerted me to how steadily he has been pursuing his multi-channel strategy for years now. Maybe he was right. Maybe the "race is not to the swift" but to those who focus on process, who create a strategy and who stay in the race while their strategy plays out over a period of time.

Today, IAC has an \$8 billion market cap, and 19 Internet properties listed on its Web site including Ask Jeeves, Ticketmaster, Evite, Gifts.com, LendingTree and RealEstate.com.

IAC used to own Expedia as well, but spun it off in August as a separate company.

My single day at the Shop.org conference gave me an updated snapshot of the state of Internet retailing and reminded me of the words of William Shatner, that this Internet thing "Is going to be big, really big."

I visited every exhibitor's booth and

returned home with pounds of collateral material to study.

As I have pored through my notes and all the handouts I could carry, I've found some pretty interesting highlights so far:

- >> According to eMarketer, 56.3 percent of U.S. households will have broadband by 2008.
- >> Broadband users spend 40-50 percent more money online than dial-up users.
- >> Three-fourths of consumers browse online, then shop offline.
- >> Pay-per-call will grow from \$162 million in 2004 to \$3.38 billion in 2009. Even local businesses without Web sites can use pay-per-call.
- >> 70 percent of consumers use the Internet to search for local stores and merchants, while 62 percent of consumers use the yellow pages.

So how is your company doing with its Internet strategy?

My guess is that the Internet is way bigger than you think, and that you are falling further and further behind.

If your company hasn't sent any executives and key employees to Internet conferences this year, you may get outsmarted by companies who are staying current with the rapidly changing online marketing landscape.

If you haven't heard of pay-per-call, then you risk missing out on the next big wave in online marketing. The pay-per-call industry is attracting companies like eBay, Google and Microsoft, and it's going to be "big, really big!"

If you aren't aware of what all the major search engines are doing with Local Search, then you risk losing business to those who figure out how to capitalize on Local Search.

Did you catch the statistic that more

consumers go online to find local merchants than use the yellow pages?

The Web is only 10 years old, and we are about to see a massive global shift to a mobile Web, where cell phones and portable devices will have high-speed always-on access to search engines and Web sites. The opportunities are huge.

I suggest you start attending key Internet conferences. There are good ones all the time on e-commerce, Internet content, business models, search engine marketing, Web design and more.

Learn how the top online merchants are using blogs, wikis, RSS feeds and "microsites" to reach more customers and to increase their conversion rates.

Learn why one analyst predicted that in the future, e-commerce will become more like online game-playing — like a Sims world where you can browse store shelves, interact with experts and make purchases by pointing at products in a very rich visual experience.

To all of you smaller companies and entrepreneurs who don't believe you can afford to go to conferences, think guerilla!

I decided to save money by driving to Las Vegas. I know gas prices are up, but I figured that the round-trip airfare would be twice as expensive. I slept for about five hours in a Mesquite hotel for \$29.95. I got a press pass to the \$1400 event, because of this column. (Non-journalists can sometimes get free conferences passes by volunteering to help the conference organizers.) And I won a \$250 Radio Shack gift card for submitting the 2nd best idea out of 26 that were submitted by 300 attendees at the "best idea contest." So after the cost of food, fuel and hotel, I netted about \$100 for having attended this conference!

But more importantly, my mind has expanded with new possibilities for Internet marketing, which I hope to share with my students, in my blog and in future columns. ■

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