

DigiWorld



analysis
collection

Internet Giants 2.0

From innovation to monetisation

- The battle for audience
- Main innovative developments on the web
- New Web 2.0 applications
- Impact of Web 2.0 on the internet industry
- Online revival of media players and telcos
- Role of advertising on the web
- Limitations of the advertising gold rush and of the Long Tail model
- Advertising innovations
- The shift to multi-platform multi-format strategies

➔ Amazon
AOL
eBay
Google
Microsoft
MySpace
Yahoo!

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➤ Overview

Spurred in large part by the growing ubiquity of broadband, **innovation** on the internet has never been healthier. The online giants (Google, Yahoo!, Microsoft, eBay...) naturally top the ranks for the most popular flagship services, and are developing **aggregation** strategies for new high-potential services (blogging, VoIP, video, mobile, etc.). Technological innovation (new products and services) is at the very heart of the internet giants' strategies – all locked in a **battle for audience**, which has led to the launch of a host of new services, to increasingly broad (sometimes too broad!) diversification and to a very active mergers and acquisitions policy.

Centred around community-centric applications, **Web 2.0** has a major hand in shaping the development of new services, which are generally dominated by the internet giants. In less than two years, advancing in leaps and bounds Web 2.0 has become an unavoidable reality, enabling the rise of new **major players** (MySpace, YouTube, Wikipedia, Facebook...), while its guiding principles are gradually shaping all other services and **shaking up** internet industry balances (new audience measurement policies, new forms of web browsing, etc.), as well as the comfortable positions of a few of the dominant players. The internet giants are also having to contend more and more with serious rivals from the media and telecom industries.

Monetising internet services is achieved chiefly through **advertising**. This model naturally favours the dominant players, and justifies their unending race to secure audience. The online advertising market is thriving, benefiting from users' shift from other media (via display) and its capacity to generate transactions around **performance marketing** (notably via search engines). As it stands, however, advertising cannot finance everything, which makes some players' business models very questionable. A host of innovations (formats, platforms, segmentation tools) will nevertheless improve the monetisation capabilities of certain services, while the internet giants are now focused more on **advertising innovations** than on innovative services. The battle between them is being waged over total audience and advertising monies (rather than over each service) – a battleground which is now extending beyond the web as they begin to build **multi-platform** strategies.

➤ Key questions

- Who are the web's truly innovative players?
- What are the internet giants' innovation policies?
- How are they optimising audience building?
- What are the top Web 2.0 services?
- How are the internet giants positioning themselves in the Web 2.0 environment?
- To what extent is Web 2.0 shaking up the internet industry?
- How is the online advertising market evolving?
- Is the ad-based business model viable for all services?
- What role for the internet in multi-platform strategies?

➤ Who should read this report?

Internet players

- Identify the overriding innovative trends in Web 1.0 and Web 2.0 services
- Assess the development of rival services
- Understand media companies' online initiatives

Telecom operators (fixed and mobile)

- Understand internet companies' overall innovation strategy (services and advertising)
- Analyse the opportunities for online monetisation through advertising

Media companies

- Anticipate the internet giants' migration to multi-platform strategies

- Identify the major trends in content and service consumption
- Assess online development opportunities

Equipment suppliers (consumer devices)

- Understand the challenges of online distribution
- Track changes in the service market

Investors and analysts

- Assess the overall state of competition between the internet giants
- Understand the true potential and the limitations of the Long Tail model
- Analyse the development of Web 2.0 and its monetisation potential

From innovation to monetisation

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Key players

Internet giants

Amazon
AOL
eBay
Google
Microsoft/MSN
MySpace
Yahoo!

Web 2.0

Del.icio.us
Digg
Facebook
Flickr
Last.fm
Netvibes
Second Life
Wikipedia
YouTube

Innovations

Blinkx
Cyworld
Jajah
Joost
Rhythm New Media
Skype
Truphone

120 pages

4000 €

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