

February 28, 2000

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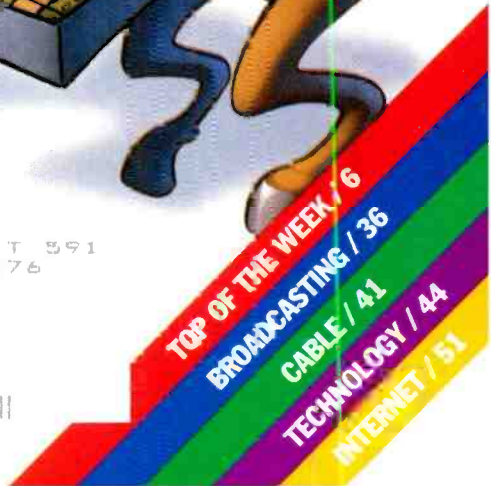
MEDIA BUYING
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WANNA BUY A SPOT
ONLINE?

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Buying air time online

While it's far from mainstream now, the new concept is gaining a toehold

By Richard Tedesco

Now that everybody seems to be doing everything imaginable on the Internet, it seems like a concept whose time should have arrived: buying TV and radio advertising time on the Web.

But far from having arrived, the train has barely left the station for the few Web sites that are pushing the concept. Industry estimates put current activity in the space at approximately 1% of all TV and radio inventory sold.

That's likely to shift significantly over time, given the sheer convenience the emerging online purchasing technologies represent.

"In general, we're going to have more commercial units with fractional audience shares available," says Ron Fredrick, executive director of national broadcast negotiations for J. Walter Thompson. "For a portion of these millions and millions of units, it's logical that some automatic system will be involved."

However, Fredrick doubts that the person-to-person negotiating that typifies mainstream media buying and selling will ever go away. He thinks the Web will gradually play a role in the process. "It's conceivable, in the future, that there would be interactive bidding," says Fredrick. "I think we're a long way from that point because, generally speaking, the ideas predate the technology."

The Web version of buying TV and radio time certainly doesn't simulate the traditional negotiation process at present.

And it's now limited to spot inventory. Two models currently characterize the media buying process online: basic bidding for spots in specific programming posted online, and a reverse approach in which media buyers describe the kind of inventory they're seeking and post their parameters to a group of stations selected from a list on the site.

The latter approach is one employed by BuyMedia.com, which claims it's now processing approximately \$2 million worth of media buys daily. Two-thirds of that inventory represents television spots and the remainder is radio, according to Mike Jackson, BuyMedia.com CEO.

Jackson further claims that 1,000 agencies are using the service to survey available inventory in the top 200 media markets around the country. "We are the only sales channel around that allows them to look at any market in the country," he says.

On BuyMedia.com, an agency or media buyer defines the terms of the inventory it wants, specifying the demographic it wants to reach and the time frame for the buy. A form containing the information is posted on the site, and media outlets respond with prices to match the contract sought. "The station doesn't want to price inventory without knowing who the buyer is or what the flight dates are," says Jackson.

The system offers a potentially efficient alternative to local media buyers who lack the time to canvas multiple markets. "It saves time. Instead of making 30

phone calls, I can do it with the click of a button. And they call me," says Glenda Dietrich, a media buyer for Fellers, an agency based in Lubbock, Texas.

Dietrich says the system's an advantage in markets with which she's unfamiliar or where she lacks contacts. She typically compares the responses she receives from local stations and makes a few follow-up calls to seal her deals. "I'm still going to negotiate," she says.

The emphasis is decidedly on local, with an apparent predominance of cable inventory in an informal survey of the two online bidding sites, AdOutlet.com and AdAuction.com.

AdOutlet.com currently has an average of more than \$20 million worth of TV and radio inventory available, a marked increase from the \$1.4 million it was peddling when the service launched last June, according to Alan Masarek, chairman and CEO.

AdOutlet.com employs a "private" bidding process, which begins with media buyers viewing menus of available inventory with prices being sought. Each buyer can submit bids that only the buyer and the seller can see. The seller either accepts or rejects the bid, supplanting the traditional negotiating process. "Media is increasingly a faceless sale," says Masarek, who claims 260 media companies are actively offering inventory to 6,000 media buyers registered on the site.

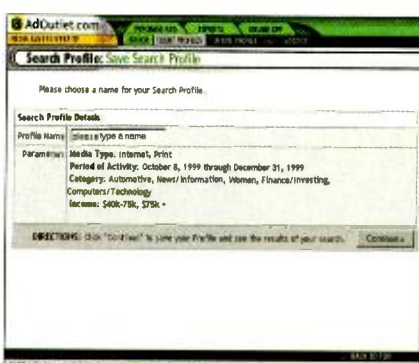
But clearly, sometimes it works and sometimes it doesn't. When The WB network attempted to sell a package of inventory for its 100-plus network of



BuyMedia.com lets media buyers post their inventory requirements, including the specific demographic they want.



Media buyers bid for inventory packages on AdAuction.com, which sells both radio and TV time.



AdOutlet.com uses a 'private' bidding process between media buyers and program sources.

cable outlets last month, it was essentially testing the waters of a largely untried system on AdAuction.com. The site had only been offering electronic media inventory for bid for a few months prior and had never handled a TV auction like the one presented by The WB. "I didn't know what to expect. I didn't expect a lot," says Jed Petrick, The WB's head of ad sales.

Petrick's low expectations were fulfilled: the package received fewer than 10 bids from local agencies and they failed to meet his asking price. In The WB's case, the absence of any negotiating process may have worked against the sale of the package or some portion of it. "It was one package, You couldn't pick it apart," says Petrick, who adds that he's not immediately ready to try the online bidding route again. "But I'm not saying I won't."

AdAuction.com is in a "soft launch" phase with its radio and TV ad sales effort, according to Diane Chamberlain, AdAuction.com vice president of marketing, who declined comment on the unsuccessful WB trial. "We're trying to build the depth and breadth of our inventory before we actively promote it," she says.

The site is actively soliciting cable and broadcast TV—and radio—but wasn't auctioning anything in the wake of the WB effort. But Chamberlain claims AdAuction.com has 9,000 registered buyers, which the company says will drive its business model. "The value proposition to the supplier is that we instantly reach a large universe of buyers."

But the large players in the business are not eager to jump online to move inventory. Marvin Goldsmith, ABC senior vice president of ad sales, says, "It's not even on the radar screen."

And major ad buyers aren't in a rush to buy inventory available online. That's because the type of inventory being sold online simply has less relative value than they're seeking, according to John Rash, senior vice president and director of broadcast negotiations for Campbell Methun Esty. "In a robust market, a lot of the inventory doesn't make it to the auction stage," Rash observes.

But Rash also believes the Web will eventually be one link in the media ad sales chain: "Within a short amount of time, a lot of the broadcast media transactions will be more technological and certainly involve the Internet. The Internet will not replace, but enhance, the media process."

AsSeenIn.com
The Ultimate Hollywood Experience

Wednesday, Feb 23, 2000 02:42 PM PT

JANET SOSNA'S CLOSET

Intelligent and Together define Janet and her wardrobe. She's stylish, classy and simply beautiful.

Silk Floral Print Dress
NLK Apparel
6017 Malbury Way
Vernon, CA 90058
(323) 588-0806

Bright pink with an Asian style floral print. Janet shines in silky elegance, scattered with white, pink, yellow and blue flowers.

The sincerest flattery

By P. J. Bednarski

If you want to dress like a TV star, that's one thing. If you'd like to have the laminate floor covering on which the star walks, that's quite another thing.

All those things, and hundreds more could be yours through AsSeenIn.com, a Web site that bows this spring. It allows television viewers to dress themselves and decorate their homes with the same products seen on prime time television. Including the kitchen sink.

Launching May 17 with the auction of goods from the departing *Beverly Hills 90210*, AsSeenIn will take product placement from the television to the Internet.

"Never before in the history of product placement could you quantify the results," says Samuel Baldoni, founder and CEO of AsSeenIn, "But now you can."

Viewers clicking on to AsSeenIn will get a visual catalog from four shows—all Aaron Spelling productions. Click on an item, and a viewer can order it. Spelling, through Viacom, is a 20% partner in the site, and four of his series will form the original group of shows featured on the site. Baldoni wants more shows. He's working with an awards producer, hoping to sell the clothes off presenters' backs.

Fans wishing to imitate stars will be able to buy all the trappings via AsSeenIn Web site

Unlike other broadband click-and-buy ideas that could become a reality someday, AsSeenIn doesn't give viewers the interactive chance to buy off the screen

while watching. "You could do that, but guess what?" Baldoni asks. "It would disrupt the television program. The producers don't want you watching, and then you see something and start pointing." Instead, AsSeenIn will invite viewers to visit later.

AsSeenIn deals with producers and set decorators. "They tell us they'd like to use furniture from Ethan Allen. We'll see if Ethan Allen is interested in participating," Baldoni explains.

If so, the item is displayed on the site, along with other products and clothes from the show. For example, the *Charmed* wood laminate floor made by Wilson Art will be sold on the site.

Baldoni predicts first year revenues of \$14 million. Year-two revenue projections go to \$111 million. Over the first five years, AsSeenIn expects deals with an "average" of 26 shows. In a year Baldoni sees a stock offering.

The site's cut is a percentage of the savings. If a cabinet maker gives a \$100,000 kitchen to a show, the Web site gets part of those "savings" to the show's budget. The producer gets a percentage of the Web site sales. ■