

Exhibit 32

STUDY: SEARCH ENGINE VENDORS ADOPT NEW STRATEGIES

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Full text: While technological advantages are a key factor to success in today's search-engine market, search-service vendors must focus on sales and marketing strategies to differentiate themselves from the competition, according to a report by the International Data Corp. (IDC).

Given that advertising accounts for the bulk of revenue generated by search services, it is not surprising that most sales and marketing efforts are focused on attracting advertisers.

Rapidly emerging as the most popular sites on the Internet, search engines traditionally attract advertisers "on the merits of their impressive traffic alone," said IDC Analyst Ted Julian, author of the study.

But most vendors also have more to offer than just high volume, thanks to such approaches as "narrow casting," or placing ads based on key words entered in a search. These capabilities allow advertisers to target audiences through search engines like no other medium.

"Not only can the engines track the things you're searching on, they can suggest target ads. This is one-to-one marketing," Julian said.

Another approach to selling ads is through leasing key search words. Advertisers can purchase the rights to a key word not necessarily one derived from their own products. If a search term matches a key word, their ad will be placed.

Lycos Marketing Manager Sarah Garnsey said users who enter the key word "Windows" on the Lycos engine, for example, will see an ad for IBM. She added that AT&T {T} once owned the key word "telephone."

While search engines can personalize ads based on search terms, another effective model is to personalize entire sections based on geographic and demographic factors. Vendors can not only index content for a targeted population, they can sell advertisers a guaranteed demographic.

Taking advantage of this emerging strategy, Yahoo already has launched Yahoo! San Francisco and Yahoo! Japan, and has plans to launch engines in France, Germany and Great Britain. These sites will offer content tailored to the population in each country.

Yahoo also launched Yahoo!igans, targeted at children ages 8 to 14, which includes more than 1,500 web listings selected by educators as appropriate for children, according to Julian.

But in the race to draw the most advertisers, such approaches also are becoming de facto standards among search engines. This is leading many search-service vendors to form partnerships with companies to not only acquire marketing technologies such as narrow casting, but to purchase licenses for content and better search technologies. Technology vs. Content: Which Is the Key? Yahoo!, one of the most popular search sites, isn't built on its own search technology. Instead, it licenses its engines from other vendors, including Digital's AltaVista engine, which it recently acquired.

"We're not in the original content generation business," said Yahoo president Tim Kogle. Investing in licensing technology allows Yahoo to spend less on research and development, and to focus more on consumers and the needs of advertisers, he said.

Julian said he likes Yahoo's strategy. "Since the real business is selling advertising, efforts should be focused there. Why make that significant investment in R&D when six months from now that engine could become insufficient?"

But search vendors supported by their own engines, such as Excite, Infoseek, Lycos, and Magellan, generate significant revenue by selling licenses for their search technology to other vendors. By marketing themselves as the "most comprehensive directory," these firms hope to draw surfers and advertisers.

Infoseek Chief Marketing Officer Jim Defrosier says such investments in R&D are cost effective.

"I think the technology issue from a strategic point is bigger than people are admitting," said Defrosier. "Those people that have their own {engines} have the advantage because they won't have this cost and more of the money will be able to put on developing the franchise."

Regardless of the source of their search-engine technology, says Julian, most vendors have the same approach to selling ads. "Search vendors are also under increasing pressure from ad agencies to bill by CPMs (cost per thousand impressions), provide third-party audits, and support click through' (as opposed to appearance contracts," he said in the study.

In the future for search vendors, Julian said he expects more search vendors to emerge, while some may die out.

"It's unclear that the market is big enough to support the players that exist today as they exist," he said. "Some of them may go out of business, but more likely they'll take a more targeted approach to focus on a segment where they really do well."

To order the IDC study, "Internet Search Vendors' Search for Profits," call (508) 935-4389.

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