An Overview of the Web

In this chapter you will learn about:

- The rise of the Web from obscurity to commercial revolution
- The evolution of the Web after the Web bubble burst
- Social networking on the Web and its effect on social relationships and marketing
- Important trends and demographic differences in Internet usage
- Predictions for the future of the Web and how these developments might further impact society
In the 1950s, conversation centered on the dinner table, school dances, and chance meetings in the neighborhood. People socialized by getting together with old friends and meeting new people face-to-face. People shopped at stores in their hometowns and did their banking with a trusted personal banker. News from around the world took days, sometimes longer, before its impact was felt, and public opinion was most often found on the Letters to the Editor page. The world may not have been any more innocent, but for most people, it was certainly smaller. A lot has changed since then. In the years since Elvis Presley first rocked the world and sparked a cultural revolution, technological developments and events have worked to open the lines of communication around the world and bring us closer together (though some may argue further apart). Nothing has been nearly as powerful a protagonist in that change as the Web and its rapid commercialization.

According to a February 2008 BusinessWeek article, a full 2% of all new marriages in the U.S. are the result of relationships that started on just one online dating site, eHarmony.com. Often, these new relationships are between people who, due to geographic, career, or schedule differences, would never have had the chance to meet if not for the Web. Similarly, the neighborhood bank has fewer visitors. According to a December 2007 survey of Internet activities by the Pew Internet & American Life Project, over 53% of all Internet users now engage in online banking. On the surface, the Web has changed the way we buy, sell, research, and explore. Looking deeper, we see the true and lasting effect: as the Web has evolved into a single source for instantaneous, global communication, it has radically changed the way we live.

A Brief History of the Web Through 2001

In the 1950s, while the typical American was meeting his or her friends at the soda shop on the corner, ARPA (Advanced Research Projects Agency)—a division of the U.S. Defense Department—was launched in response to Sputnik, the Soviets’ first venture into space. Most likely, the original ARPA members would not have guessed that the technology advancements they would soon make, including computer networking and the first hypertext system, would rattle the world just decades later. These innovations continued to come to life through the 1970s and 1980s, out of the public eye, until at last the commercial world was ready for them.

In June 1993, HTML was released and changed the world forever. For the remainder of the 1990s, the “Web Boom” brought with it rapid and dramatic changes both online and offline. Netscape, an early and
popular Web browser, was released in October 1994. After its release, Netscape dominated the way people viewed the Web, diminishing in popularity only after Microsoft made a play for the throne almost two years later, when it released the first version of Internet Explorer.

The Web Boom sparked other developments in technology, as well. Computer usage, fueled by the commercialization of the Web, improving technology, and falling prices, exploded. According to the U.S. Census Bureau, by 1997, the percentage of households that owned computers had ballooned to 35% from only 15% in 1990, while the amount of money spent on computer-related equipment and associated hardware more than tripled. Companies around the world were also quick to take advantage of the opportunities that the tech boom offered. Low interest rates made borrowing funds affordable, and companies of all sizes rushed to install new equipment, establish servers, and launch their own Web sites for marketing purposes.

In the mid-1990s, BBC News measured the number of Web sites in existence as fewer than 19,000—a pittance by 2008’s standard of nearly 176,000,000 (as measured by Internet research company Netcraft). Still, that was enough to raise the eyebrows of investors worldwide. Venture capitalists, investors who invest cash in new and emerging businesses, rushed to fund new ideas and get in on one of the greatest technological growth periods since the start of the Industrial Revolution. This early crop of investor-funded sites included Cadabra.com and Auctionweb.com (now known as Amazon.com and eBay, respectively).

To understand the importance of venture capital and the effect the Web had on investors, one only needs to look at the statistics. According to a 1997 report by the U.S. Small Business Administration, the total amount of investments made by venture capitalists tripled from $3.4 billion in 1991 to over $10 billion in 1996. In that same period, however, the average amount of money that venture capitalists invested into any one company only rose from $4.1 million to $6.8 million—meaning that the number of new projects being funded was expanding quickly year after year. The Web’s impact on these statistics can’t be ignored. In 1996, technology-based companies received the most investments, a full 60%, and software companies came in second.

Thanks to the growing Web economy, low interest rates, easily available credit, and improving technology, the economy flourished. By the time the stock market reached its peak in early 2000, as shown in Figure 1-1, the U.S. unemployment rate stood at only 3.8%—a benchmark it hadn’t seen since in over 40 years according to the U.S. Department of Labor, Bureau of Labor Statistics.
And then, it ended.

The bursting of the Web bubble wasn’t an instant collapse. It was a momentum-building process, and once the ball got rolling it picked up speed with ease. Investors became anxious to start seeing positive returns, which were few and far between as burn rates (the rate at which companies spend their available cash) were accelerating much more quickly than income was being generated. As venture capital money dried up, many dot-coms, the name given to the growing batch of new, investment-driven Web sites launched in the mid-to-late 1990s, quickly ran out of cash. Some struggling Web sites were based on outlandish concepts and had no business being funded in the first place. Other sites, while conceptually viable, simply didn’t have sufficiently experienced management behind them. Even legitimate sites were struggling to pay operating expenses, such as salaries and leases. Inventory costs climbed, and due to an increasingly crowded marketplace, advertising expenses soared. These financial pressures mounted, while consumer skepticism toward online shopping remained high.

The stock market topped out in the early part of 2000, and one dot-com bankruptcy after another throughout the rest of that year sent investor optimism into a tailspin. When high profile sites like eToys and Webvan finally filed for Chapter 11 bankruptcy protection in February and July of 2001, respectively, the cracks in the wall could no longer be covered. The media, which had brought the Web so much positive attention during the 1990s, also rushed to report its demise, sending worried investors running for cover. Shares were sold, and stock prices plummeted. The bubble had finally burst.

There were many investment-funded sites that went under in the frenzy. Some of the more high-profile failures include:

- **Webvan** (1999–2001)—A company with a good idea that grew too fast, Webvan allowed people to order groceries online and have them delivered right to their door. Webvan expanded to eight cities with plans for 26 more, burned through more than $375 million, and began development of $1 billion in high-tech warehouses before it realized it was missing one key ingredient: customers.9

- **Pets.com** (1998–2000)—The famed Pets.com sock puppet mascot was so well known that it was featured in a Super Bowl commercial and as a balloon in the Macy’s Thanksgiving Day Parade in 1999. After its initial funding, Pets.com raised $82.5 million in an IPO.10 **IPO** stands for initial public offering, which is the first sale of shares from a private company on a public stock exchange. Unfortunately, the site was not able to draw enough customers and the company undercharged for shipping, causing it to lose money on almost every transaction. It barely lasted two years.

- **Kozmo.com** (1998–2001)—Like Webvan, Kozmo.com was actually a pretty good idea. Just log on and order practically anything—a DVD, a bagel with cream cheese, a deck of cards—and it was delivered to your door shortly after. But with free delivery, small items just cost too much to deliver, and after blowing through $280 million (plus an additional $150 million earned from a promotion deal with Starbucks), Kozmo.com was gone.11

- **Flooz.com** (1998–2001)—Cut up your credit cards—you won’t need them anymore. At least, that’s what the people behind Flooz.com thought, in one of the silliest ideas to hit the market. The concept was that users would buy Flooz—a new, online currency—and use it to make purchases at online retailers. Why? Neither initial investments of $35 million nor spokesperson Whoopi Goldberg could give consumers a compelling reason.12

- **eToys.com** (1997–2001)—The online toy retailer raised $166 million in an IPO and went on an advertising and technology spending spree.13 However, eToys realized too late that it was spending a lot more than it was earning, and it closed its doors in high-profile fashion.

The ten years following the launch of the Web were eventful. Figure 1-2 provides a detailed timeline of important benchmarks in the Web’s history between 1991 and 2001.
1991

AUGUST 6  TIM BERNERS-LEE INTRODUCES THE WEB
Tim Berners-Lee had developed a system meant to “allow links to be made to any information anywhere,” by combining hypertext with the Internet. On this date, he introduces his Web project on the alt.hypertext newsgroup and releases all of the files necessary for people to duplicate his invention.

DECEMBER 12  PAUL KUNZ SETS UP FIRST U.S. WEB SERVER
After meeting with Tim Berners-Lee at the CERN Labs (CERN is the European Organization for Nuclear Research) near Geneva, Paul Kunz (of the Stanford Linear Accelerator Center (SLAC)) sets up the first Web server in North America. Using Berners-Lee’s software, SLAC launches the first U.S. Web site.

1993

APRIL 22  MOSAIC WEB BROWSER FOR WINDOWS IS RELEASED
Developed at the National Center for Supercomputing Applications in the U.S., the first-ever Web browser, named Mosaic, is released. Mosaic allows the general public to navigate through the limited but growing amount of information on the Web.

APRIL 30  CERN ANNOUNCES FREE USE OF THE WEB
CERN is persuaded by Tim Berners-Lee and a colleague to provide Web technology and codes at no cost for anyone to use. This is a turning point, fueling the rapid expansion of the Web.

MAY  ‘THE TECH,’ PUBLISHED BY M.I.T. STUDENTS, BECOMES THE FIRST ONLINE NEWSPAPER

JUNE  HTML PROGRAMMING LANGUAGE IS RELEASED

NOVEMBER  FIRST WEBCAM GOES ONLINE
Who says a watched pot never percolates? A group of coffee-drinking computer scientists at Cambridge University, annoyed at having to walk up many flights of stairs only to find the coffee pot empty, install the first Webcam to monitor the pot remotely.

1994

FEBRUARY  YAHOO! ONLINE
David Filo and Jerry Yang, students at Stanford University, launch “Jerry’s Guide to the World Wide Web”—a hierarchical directory of other sites. It is later named Yahoo, which stands for Yet Another Hierarchical Officious Oracle.

OCTOBER 13  NETSCAPE BROWSER RELEASED

Figure 1-2  Timeline of the Web 1991–2001. SOURCE: “Fifteen Years of the Web.” BBC News <news.bbc.co.uk/1/hi/technology> 5 Aug. 2006. (continues)
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**OCTOBER 25**  **FIRST MAJOR BANNER ADS APPEAR ON WEB SITES**
AT&T and Zima (a clear beer that never really caught on) are among the initial crop of banner advertisers.

**1995**

**FEBRUARY**  **RADIO HK LAUNCHES FIRST FULL-TIME WEB RADIO STATION**

**JULY 1**  **ONLINE BOOKSTORE AMAZON.COM IS LAUNCHED**
Jeff Bezos launches Cadabra.com, an online bookstore later renamed Amazon.com, one of the first e-commerce sites.

**AUGUST 9**  **THE WEB BOOM HITS THE STOCK MARKET**
Netscape, one of many Web companies to go public, records the third largest IPO share value ever on the NASDAQ exchange.

**AUGUST 24**  **INTERNET EXPLORER RELEASED**
Microsoft launches Internet Explorer as part of Windows 95, igniting the so-called “browser wars.” This signals the end of the Netscape era and ushers in a new series of headaches for site programmers.

**SEPTEMBER 4**  **EBAY AUCTIONS BEGIN**
Originally named AuctionWeb by founder Pierre Omidyar, eBay goes on to facilitate tens of thousands of transactions every day (the first sale is for a broken laser pointer sold for $13.83).

**DECEMBER 15**  **ALTA VISTA IS LAUNCHED AS THE FIRST MULTILINGUAL SEARCH ENGINE**

**1996**

**JULY 4**  **HOTMAIL IS LAUNCHED**

**1997**

**JUNE**  **DOMAIN NAME SALE FRENZY HEIGHTENS**
The high-priced game of selling domain names turns into a modern-day gold rush, as the domain name Business.com is sold for $150,000. Court cases over domain name ownership rights vs. trademark infringement begin to spring up.

**DECEMBER 17**  **LET THE BLOGGING BEGIN**
Jorn Barger, editor of Robot Wisdom, coins the term ‘Weblog’ (later shortened to ‘blog’) to describe the process of logging on the Web.

1998

**SEPTEMBER**  GOOGLE IS LAUNCHED

From their California garage, Stanford University postgraduates Larry Page and Sergey Brin unveil their research project—a search engine designed to analyze the relationships between Web sites in order to rank their importance.

**OCTOBER 19**  FIRST BLOG COMMUNITY, OPEN DIARY, IS LAUNCHED

1999

**MARCH 16**  EVERQUEST GETS ROLLING

Although not exactly a household name, Everquest, a “massively multiplayer online role-playing game” preludes social networking.

**JUNE 1**  MUSIC INDUSTRY GETS ROCKED

Launched by college student Shawn Fanning as a way for him and his friends to find and share mp3 files, Napster becomes the first widely used peer-to-peer file-sharing device. Napster makes it easier for listeners to obtain music (for free) and raises the ire of the music industry. After a series of highly publicized court cases involving Napster, new laws helped shape modern copyright standards and paved the way for newer, legal forms of mp3 download programs, including iTunes.

2000

**JANUARY 10**  AOL PURCHASES TIME WARNER

The largest corporate merger to date, the sale of Time Warner to AOL would later become one of the most highly criticized as AOL eventually lost its luster.

**JANUARY 14**  THE DOW JONES INDUSTRIAL AVERAGE REACHES AN ALL-TIME HIGH

**MARCH 10**  THE NASDAQ REACHES ITS PEAK

The NASDAQ exchange, where many Web and technology stocks are traded, hits its high, thereafter losing ground as investors begin to take a grim look at their Web investments.

**AUGUST**  NUMBER OF WEB SITES HITS THE 20 MILLION MARK

(continued)

2001

JANUARY 11  PODCASTING IS DEAD
The first ever podcast is demonstrated with a Grateful Dead song.

JANUARY 15  WIKIPEDIA EMERGES
Jimmy Wales launches Wikipedia, an online encyclopedia.

FEBRUARY  ETOYS.COM FILES FOR BANKRUPTCY

JULY  WEBVAN FILES FOR BANKRUPTCY


A Brief History of the Web from 2002 Forward

The heyday of easy Web money and the expectation of a radical new economy were gone. In the aftermath, the Web community was left to reexamine itself and how it fit into a world that was now once bitten, twice shy. Newly minted college grads with big ideas but little practical experience no longer had the luxury of spending millions of dollars of venture capital money at a breakneck pace. Of course, the Web didn’t go away or even diminish in its importance—it simply became more serious about its usefulness. For the next few years, few new Web IPOs generated significant media buzz, and the Web began to find its true comfort zone in a new business environment.

The turn of the century had brought with it significant improvements in technology. Full color monitors were now the standard, allowing designers to broaden their canvas beyond the 216 Web-safe color standard. Faster connection speeds through cable lines, dedicated T1 lines, and other broadband options made surfing the Web faster. As more businesses and homes adapted to these standards, developers could worry less about file size, allowing more information and interactivity to be present on their sites. Graphic designers finally got cheesy animated GIFs, bevels, and embosses out of their systems, Web programmers and graphic designers learned how to communicate with each other, and a new array of better, more marketing-relevant Web sites began to appear. Figures 1-3 through 1-9 highlight some surprising “before and after” sites. Security enhancements improved e-commerce functionality, and slowly but surely, consumers gained confidence in making purchases online (see Figure 1-10). Companies of all sizes began to understand better how to use the Web as a marketing tool. In short, the Web, and people’s understanding of it, began to mature.
Figure 1-3  McDonald’s was apparently going the more kid-friendly route with its first Web site, designing a page that looked like it came from a coloring book.

Figure 1-4  Pepsi’s original designer pulled out all the stops, with bevels, embosses, and an extremely distracting background. Pepsi’s newest site is about as cool as a consumer brand can get and definitely worth a visit.

Figure 1-5  NBC’s peacock couldn’t have been that proud of the original effort, which contained very little information compared to today’s version which is a virtual dashboard of info.
Interestingly, Yahoo's original site design looked a little more like Google's current site looks.

It took years before the news media really understood how to best use the Web.

Apple's latest site is cool and sleek, representative of its brand. The same can't exactly be said for the newsletter style layout of its original Web site.
More importantly, a new generation was growing up with the Web as an everyday part of their lives. They were learning to use it not only for basic research purposes, but for communication and entertainment, as well. Network television, long a leading source of family entertainment, suffered greatly. The four major networks, which commanded the attention of 90% of all TV viewers in 1980, saw their audience share drop to 32% by 2005, while online video sharing sites like YouTube continue to grow. (Web usage is only one reason that network TV viewship has...
declined. Increased DVR usage, console video game systems, and competition from cable networks are also contributing factors.)

As this new crop of “Webgener” has entered the workforce, the Web has continued to become further ingrained in the development of relationships, both personal and business.

Figure 1-11 provides a detailed timeline of important benchmarks in the history of the Web from 2002 and 2007.

### 2002

**MARCH 15**  
**MACROMEDIA FLASH PLAYER 6 RELEASED**  
Released as part of Macromedia Flash MX, Flash Player 6 is the first version of the popular vector-based animation program that supports video files. Later evolutions would produce the FLV container format, and serve as the basis for popular video sites such as YouTube, Google Video, and MyPod Studios.

### 2003

**APRIL**  
**SECOND LIFE LAUNCHES PUBLIC BETA**  
Developed by Linden Labs, Second Life is a social media network set in a 3D landscape. Using Second Life currency, the Linden Dollar, users can purchase land, build homes and stores, and create virtual businesses. Although not as popular as other globally-recognized social media sites like MySpace, Second Life generates significant media attention because of its unique graphical approach to socializing on the Web.

**APRIL 28**  
**APPLE LAUNCHES iTUNES**  
With the support of every major music publisher, Apple changes the entire music industry with the launch of iTunes.

**JULY**  
**MYSPACE LAUNCHED**  
Tom Anderson and Chris DeWolfe lead a small group of programmers in building one of the first widely used social networking sites, allowing users to personalize their own pages, upload photos, music files, and videos, and write blog entries. By 2006 it has over 100 million users. The Guardian noted that if MySpace were its own country, it would be 10th largest in the world, right behind Mexico.

**OCTOBER**  
**INFORMATION OVERLOAD**  
A study by researchers Peter Lyman and Hal Varian at the University of California at Berkeley determined that:
- An average of 800 MB of recorded information is produced per person each year (that’s for the entire world—all 6.3 billion of us).
- The Web contains about 170 terabytes of information—17 times the size of the Library of Congress print collections.
- About 5 billion messages are sent via instant messaging—each day.

**Figure 1-11** Timeline of the Web 2002–2007. *Source: “Fifteen Years of the Web.” BBC News* <news.bbc.co.uk/1/hi/technology> 5 Aug. 2006. (continues)
### 2004

**JANUARY 27**  **AMAZON.COM POSTS A PROFIT**
Proving that heavily funded sites can generate a positive ROI, Amazon.com lifts investor confidence by posting its first full year profit.

**FEBRUARY**  **SOCIAL NETWORKING SITE FACEBOOK LAUNCHED**

**APRIL 7**  **VIRAL MARKETING GETS ATTENTION**
In what many people consider to be the first real example of a major brand utilizing the viral aspect of the Web to draw an audience, Burger King launches subservientchicken.com. The site, which allows people to give orders to a man in a chicken suit, underscores Burger King’s “have it your way” message and garners over 46 million hits in one week, with an average visit time of 8 minutes.

**AUGUST 19**  **GOOGLE GOES PUBLIC**
Originally offered at $85.15, shares skyrocket to nearly $750 per share by November of 2007.

**NOVEMBER 9**  **MOZILLA FIREFOX WEB BROWSER LAUNCHED**

### 2005

**FEBRUARY**  **YOU ARE ON THE AIR**
Video-sharing site YouTube goes online as streaming technology comes of age and more people search the Web using faster connection speeds.

**OCTOBER**  **WEB GROWTH SURGES**
17 million new sites go online, as the Web grows more in 2005 than all of the years during the dot-com boom put together.

### 2006

**AUGUST**  **AOL SWITCHES GEARS**
Unable to gain traction as a service provider in the broadband world, AOL announces a dramatic shift in business strategy, eliminating its monthly fee-based services and concentrating on being a media provider with an ad-based revenue stream.

**OCTOBER**  **NUMBER OF WEB SITES SURPASSES 92,000,000**

### 2007

**FEBRUARY**  **APPLE REACHES THE ONE BILLION iTUNES DOWNLOAD BENCHMARK**

**APRIL**  **GOOGLE HOLDS TOP SPOTS**
FT.com ranks Google as the most valuable global brand, surpassing Microsoft. Google is also the most visited Web site.

Social Networking on the Web: Its Impact on Relationships and Marketing

If you’re reading this book, chances are you have a MySpace or Facebook page, run your own blog, have commented on someone else’s blog, left a review on a product or entertainment Web site, have a profile on a dating Web site, have posted a video on YouTube, communicated via e-mail, or sent an instant message to a friend. If you have, then congratulations—you’re officially a part of the social networking revolution.

Of course, the Web didn’t invent social networking. A social network can exist in the physical world in a variety of situations. Wikipedia (which itself is a social network) defines a social network, as of June 2008, as:

... a social structure made of nodes (which are generally individuals or organizations) that are tied by one or more specific types of interdependency, such as values, visions, idea, financial exchange, friends, kinship, dislike, conflict, trade, Web links, sexual relations, disease transmission (epidemiology), or airline routes.

Wikipedia then goes on to explain more about social networks:

Research in a number of academic fields has shown that social networks operate on many levels, from families up to the level of nations, and play a critical role in determining the way problems are solved, organizations are run, and the degree to which individuals succeed in achieving their goals.¹⁶

Figure 1-12 provides a visual representation of a social network.

![Figure 1-12](image-url) A visual depiction of social networking.
While social networks date back to the exchange of meaningful grunts at community cave gatherings, the term has increasingly become part of our vocabulary as more social media sites and applications have been introduced on the Web. **Social media** is the umbrella term used for all of the Web tools and applications used to socialize on the Web. These tools include social networking sites, message boards, blogs, wikis, podcasts, instant messaging, online forums, photo and video sharing, e-mail, and more. Social networking on the Web, however, differs dramatically from practically any other social networking community in history, in three distinct ways. First, it allows people to communicate with others while maintaining their anonymity. In many cases, this anonymity has allowed people to develop a separate “cyber life” persona, often times far different from the person they present themselves to be in a “real life” social setting. In his online book *The Psychology of Cyberspace*, John Suler, Ph.D., a clinical psychologist and professor at Rider University, writes:

It’s well known that people say and do things in cyberspace that they wouldn’t ordinarily say or do in the face-to-face world. They loosen up, feel more uninhibited, and express themselves more openly. Researchers call this the “disinhibition effect.” It’s a double-edged sword. Sometimes people share very personal things about themselves. They reveal secret emotions, fears, wishes. Or they show unusual acts of kindness and generosity. We may call this benign disinhibition.

On the other hand, the disinhibition effect may not be so benign. Out spills rude language and harsh criticisms, anger, hatred, even threats. Or people explore the dark underworld of the Internet, places of pornography and violence, places they would never visit in the real world. We might call this toxic disinhibition.17

Dr. Suler notes that there are many reasons that the anonymity of the Web permeates the individual user and alters their behavior, including the sheer invisibility offered by the ability to hide one’s name, age, and other vital statistics; the cathartic effect of being able to vent one’s feelings and then leave an online conversation or situation as quickly as it takes to close a browser window; and the equalization of status in an online environment.

You might ask, “So what?” So people’s behavior changes when they go online. This isn’t a psychology class; it’s a Web marketing class. However, at its very heart, marketing is the study of behavior, and online marketers (and Web developers) need to understand the subtleties of behavioral change in their audience when trying to reach someone through an online effort.
INTERVIEW WITH...

JOHN SULER

One of the most valuable assets a marketer has is information. Understanding their target audience and how they act is important in determining how to reach them most effectively with the most compelling message. But are groups and individuals the same online as they are in “real life,” even within the same demographic categories? As social media networks and tools gain popularity, our social behaviors are changing, which ultimately may affect how we mold our marketing messages.

Dr. John Suler is a leading voice in the growing study of “cyber psychology”—the study of how individuals and groups behave on the Internet. He has authored numerous online books, including *The Psychology of Cyberspace*, and provides some insight into how, if at all, the Internet is changing human behavior and socialization.

JASON: Do you find that people use their online personalities to represent themselves as they really are, or in the way they want to be perceived?

JOHN: Some people create online personalities that might be very close to their real world identity, while others present themselves as being much closer to their ideal identity. It’s similar to a Halloween party. The costume that the person chooses is in some way a representation of some aspect of their identity, something that they wish to be. It’s an interesting experiment in identity manipulation.

JASON: But a Halloween party comes around once a year. On the Internet, the masquerade party goes on infinitely.

JOHN: That’s right. Sort of like a parallel lifestyle for some people. For many people, it’s literally their second life. They have their in-person lifestyle and then they have their online lifestyle. They create an online identity that can be very different from the way they are in their face-to-face life. You could argue about whether their online self is their really true self or a false self. It may be an expression of who they really are, or some underlying need or wish. Most people online really want to establish connections, correspondences, friendships, or even romances.

JOHN: As people put in more hours on the Web and the Web becomes more of a social playground, are they losing their ability to interact in person?

JOHN: For some people that does happen. Some people have so much trouble with in-person relationships that they are drawn to
online fantasy environments or the safety of being able to click out of a relationship very easily. It’s possible that they may even resort to that and become even more deficient in their face-to-face relationships. But in some ways, online interaction could possibly enhance our face-to-face relationships. For people who aren’t naturally comfortable in real-life social situations—and there are a lot of people who fall into that category—going online and having an opportunity to interact with people through text gives them more control over what they’re saying, and time to compose their reply. This allows them to feel better about themselves and how they relate to other people, and to develop skills in conversing with people.

**JASON:** That being said, JWT conducted a survey, and found that 28% of Web users say they spend less time with their friends in real life because of Web use. Do you feel that those numbers are representative of Web audiences, and if so, do you expect this to continue?

**JOHN:** It’s a new form of entertainment—the Web is a complex environment with information, social opportunities, and buying. People are so drawn to the Web that it’s taking up more of their time, and taking time away from other activities including their relationships with friends and family. I believe that will change over time. The Internet is here to stay. Over time I think people will get used to it, and there will be more of a balance in how people use it.

**JASON:** How strong are cyber relationships? Are they as strong and meaningful as relationships that have formed in real life?

**JOHN:** Some people will swear that their online relationships are more pure than an in-person relationship, and they are more powerful because it’s people encountering one another without having to worry about how a person looks, talks, or smells. They feel like it is a mind meeting another mind online, and that’s a very powerful and very meaningful relationship.

**JASON:** Based on the culmination of all of the research that you’ve done, give me a glimpse as to how you think human social behavior will change be as social media networks expand.

**JOHN:** The online world is going to be as complex, rich, deep, and nuance-filled as offline life, and people are going to choose the kind of online style that’s right for them. Some people go online and they want to do sports fantasy games or shop. Some people want to go online because they want a second life and an imaginary world. I think we’re going to see specialized alignments to address particular interests.
You see that already. I think that those things are going to become even more complex. You’re also going to see a growth in communicating beyond the keyboard and through video conversing technology. There will be all sorts of remote interaction where you can cue your keyboard and move a physical presence in another environment, maybe to even interact physically with another person. We already have that technology in a primitive form. I think we’ll see an increase in that sort of interaction among people.

The second aspect in which social networking on the Web is dramatically different from more traditional social networks is reach—the amount of people who may be exposed to a message or site. No other forum in the history of the world has allowed conversations to take place, ideas to be shared, and relationships to be forged on such a vast scale as the Internet. With the right effort, savvy marketers can harness the power of cyber social networks to spread their message to untapped audiences, often on a smaller budget than they might spend on more traditional marketing campaigns. Traditional marketing includes advertising in print publications such as magazines and newspapers, running TV or radio commercials, sending direct mail ads, or other such efforts.

For all of the opportunities that marketers have to spread their message over the Web, real and present danger lurks in the third distinct difference between Web and real world social networks, which is absolute permanence. While the right message can ignite a spark beneath a brand and dramatically increase sales and exposure, a single misstep spreads just as quickly. It also stays around for good, doing long-lasting and possible irreversible damage to the brand. As Chapter 7 explains in greater detail, a brand is more than just a product or a service or the company behind it (although we often use the term in those ways throughout this book). Ultimately, a brand is really the combination of reputation based on past performance and consumer expectation of future results. In the lifecycle of a brand, both of these elements will be positively or negatively impacted by a variety of things, including news reports. Negative news, transmitted via traditional media outlets like TV, radio, or print, can have a harmful, but typically limited, impact on a brand, given that people’s attention spans are similarly limited. Once negative news finds its way onto the Web, however, not even a team of high-powered lawyers can make it all disappear. Once uploaded, it can haunt a brand for a very long time.

Later, we will examine brands that have faltered due to their misuse of social media and Web marketing.
Trends and Demographic Breakdowns

So who’s out there? What are they doing? As a site developer, you’re always going to want to keep the marketing aspect in mind. Understanding usage trends and demographics (the population characteristics such as age, gender, education, and others that define particular markets) is vital to the development of an effective Web site and to the formulation of a successful marketing strategy. Table 1-1 shows a wide range of relevant data for Internet usage during the year 2007. Figure 1-13 shows historic growth rates from 1995–2007, when it seems to have leveled off.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Uses the Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>71%</td>
</tr>
<tr>
<td>Women</td>
<td>70%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Uses the Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>18–29</td>
<td>87%</td>
</tr>
<tr>
<td>30–49</td>
<td>83%</td>
</tr>
<tr>
<td>50–64</td>
<td>65%</td>
</tr>
<tr>
<td>65 +</td>
<td>32%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Uses the Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>White, non-hispanic</td>
<td>73%</td>
</tr>
<tr>
<td>Black, non-hispanic</td>
<td>62%</td>
</tr>
<tr>
<td>English speaking hispanic</td>
<td>78%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geography</th>
<th>Uses the Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>73%</td>
</tr>
<tr>
<td>Suburban</td>
<td>73%</td>
</tr>
<tr>
<td>Rural</td>
<td>60%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Household Income</th>
<th>Uses the Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $30,000/yr</td>
<td>55%</td>
</tr>
<tr>
<td>$30,000–$49,999</td>
<td>69%</td>
</tr>
<tr>
<td>$50,000–$74,999</td>
<td>82%</td>
</tr>
<tr>
<td>$75,000 +</td>
<td>93%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Highest Education Level</th>
<th>Uses the Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school</td>
<td>40%</td>
</tr>
<tr>
<td>High school</td>
<td>61%</td>
</tr>
<tr>
<td>Some college</td>
<td>81%</td>
</tr>
<tr>
<td>College +</td>
<td>91%</td>
</tr>
</tbody>
</table>


From the data in Table 1-1 it is clear that while men and women use the Internet in equal amounts, on a percentage basis, the same can’t be said about the age range, where younger people dominate. A dramatic drop in usage is seen in user over age 50, and an even more dramatic drop is seen in users over the age of 65. An inverse usage trend is seen when it comes to household income and education level, as Internet usage increases among households earning more income and individuals with higher levels of formal education.

Of course, different sites each have different demographics associated with them, as topics, content, and presentation attracts different audiences. Marketers need to plan their marketing strategies so as to get the most amount of attention from their most desired audience within a certain budget. In order to do so, they must consider the online demographic breakdowns of in order to develop an effective plan of action.

While Table 1-1 shows that Internet usage is high across the entire spectrum of demographic categories, deeper research shows that each set of users may use the Internet very differently from one another—a fact that marketers consider as they develop their sites and marketing strategies. In a December 2005 demographic report, for example, The Pew Internet & American Life Project noted interesting gender differences in Internet usage including:

- Men tend to use the Internet more aggressively, logging on more often, spending more time online, and connecting via broadband more frequently than women.
Women are more likely to use e-mail to stay in touch with friends and family, sharing personal news, stories, and anecdotes. Men tend to use e-mail more for work-related purposes.

While men and women both use the Web in equal amounts to buy products and engage in online banking, men are more likely that women to go online to:

- Pay bills
- Engage in recreational reading
- Obtain information on hobbies
- Participate in auctions
- Listen to online radio
- Download music and videos

While distinct differences exist in how men and women use the Internet, other sharp and often profound differences exist between various age groups, with younger users having markedly different uses for the Internet than older users. In a January 2006 report entitled Generations Online by The Pew Internet & American Life Project, Web usage disparities between generations and age groups include:

- Users aged 12-17 are far more likely than any other age group to use the Internet for online game playing. This group is also more likely to play games than do anything else online.

- Instant messaging becomes less frequent with each older age group. Three quarters of all 12-17 year olds use IM for regular communication, while only one quarter of online seniors over 70 engage in IM chat.

- Younger generations (under age 29) are more likely to spend time online downloading music, watching videos, or creating blogs, while adults over age 29 are more likely to spend their time online making travel reservations, searching for health related information, engaging in online banking, or doing job-related research.

And what about marketers? New methods of communicating have altered the way they have developed their strategies. Public relations, which is the branch of marketing that concentrates on spreading a message through mass media, has virtually reinvented itself. “PR 2.0” involves reaching out to a global market using social media tactics such as blog comments, e-mail, and message board threads. (A message board is a Web site on which people can post a comment or question on a variety of topics, and other users can post responses; a thread is the grouping of messages, hierarchically by topic.) Because of the potential geographic scope of a single online
conversation, marketers have been proactive in trying to include their product names in these discussions as part of their frontline marketing campaigns.

Today’s aggressive brands consider the Web a vital weapon in their fight to gain market share. In fact, a 2007 report by *Inc.* magazine reveals that two out of three companies on the *Inc.* 500 (which ranks the 500 fastest-growing private companies) consider Web-based social media as either “somewhat important” or “very important” to their future marketing strategies. Figure 1-14 shows the breakdown of multiple Web tools and at what rate they are being adopted by companies in the *Inc.* 500 as part of their mass marketing efforts.

Figure 1-14  How marketers profiled in the *Inc.* 500 are adopting a variety of Web tools. SOURCE: Schweitzer, Tamara. “*Inc.* 500 Companies Fast Adopters of Social Media.” Inc.com 9 Feb. 2007 <www.inc.com>.

**Where Do We Go from Here?**

The future of the Web remains wide open. More powerful computers, advanced programming languages, and faster connection speeds have given marketers and developers a new landscape in which to explore creative ideas. This has, in turn, given rise to various predictions about what that landscape will look like in the future. This is especially potent in a world where conversations and ideas can be shared across divides that separate not only continents and countries, but generations, socio-economic classes, races, religions, and industries.
as well. If a single person can come up with a groundbreaking idea, the world will have to brace itself for the innovations that an ongoing global brainstorm session could potentially create.

One prediction for the future that is generating growing debate is that, thanks to the Web, English will become a global language, slowly but surely squeezing other languages out. Currently, an estimated 500 million to one billion people around the world speak English as their first or second language. That figure could balloon to two billion in less than a decade thanks to expanding American cultural influences and advertising and growing global social networks. As reported by the *International Herald Tribune* in an August 2006 report entitled “English, Now the Global Language, Drifts from its Roots,” the president of Iran tried to stem the tide by banning words like “chat” and “pizza.” At the same time, native French speaker Jacques Levy, of the Swiss Federal Institute of Technology, was quoted as saying, “It’s a lost cause to try to fight against the tide. It could have been another language; it was Greek, then Latin, French, now it is English.”

Another prediction is that society’s ability to relate in personal settings will deteriorate as people become dependent on the comfort that a virtual environment offers. A survey done in 2007 by JWT (formerly J. Walter Thompson), one of the world’s largest advertising agencies, found that only 18% of active Internet users claimed they could go a week or more without feeling isolated due to not having Internet access, while 36% could only last a day or two. A full 28% acknowledged that they spent less time out with friends in favor of more time online. As broadband connection speeds find their way into more homes and social networking, blogging, and streaming video mature, it’s reasonable to assume that our dependency on the Web and the role it plays in our relationships will only increase.

Similarly, it is likely that the Web will weave its way into our lives far outside the boundaries of a personal computer. GPS (Global Positioning System, a satellite-based navigation system often installed in cars or on cell phones to generate maps and directions) is already becoming a standard feature in many vehicles, as is Internet radio. That’s just the tip of the iceberg. As you read this, your local Shop Rite supermarket may be changing forever how you shop for groceries. In a pilot program starting on the east coast, Microsoft has designed a shopping cart system that allows users to e-mail their shopping cart in advance, and with the help of an on-cart monitor, lays out a map of the store pinpointing where each of your items can be found. This will open up new doors for advertisers, who can pay for the right to have the cart recommend their brand or alert shoppers to sales on certain items as they pass them on the shelves.

As savvier marketers see greater opportunity for reaching a global audience, site developers will begin to attract more advertisers
through increased standardization. Traditional commercial television advertising, for example, whether on CBS, NBC, ABC, FOX, or a cable network, is standard across the board, with typical ad spots running in either 15 or 30 second increments. Similarly, print advertising in publications like Sports Illustrated, Newsweek, and People is standardized. While some minor specifications may change slightly from one title to another, by and large, the requirements are the same. This allows media buyers and ad content developers to create one ad for multiple outlets. Unfortunately, Web advertising has been plagued with a lack of standards. Yahoo, MySpace, Marketwatch, Facebook, and others have their own distinct criteria for banner ad dimensions, video length, file size, and cost calculations. (For example, using the pay-per-click method, advertisers are charged a pre-set amount every time a Web user clicks on an ad. With the cost-per-impression method, advertisers are charged a pre-set amount for each time an ad appears on a site, regardless of whether or not users click on it.) This means that media buyers need to look not only at the pricing structure, reach, and demographics of each site; they must also examine how each specific ad acts (whether it is static, an animated GIF, Flash-based, video, or other) and the unique specifications involved.

The Internet Advertising Bureau, an organization supported by many of the largest advertising and media agencies, has been aggressively pushing specific Internet advertising standards for the various types of online ads. Slowly but surely these standards are changing the face of the Web as an advertising medium. Eventually, Web site owners, hungry for advertising revenue, will recognize the Web as a single media and standardize the technical requirements, making the Web a more attractive destination for marketers.

Entertainment will continue to grow with the explosion of streaming Web-based videos. As more people flock to the Web to watch everything from amateur videos to movie trailers, TV networks are feeling the pressure to reach audiences by putting pilots and full episodes of popular shows on the Web. In coming years, this trend will increase, moving beyond single episodes into full seasons of prime time shows. More studio releases will find their way onto the Web, as well, as Netflix and other companies that offer downloadable movies expand their reach.

As more entertainment makes its way on to the PC, the interactive nature of the Web will provide even greater opportunities for marketers through product placement, the subtle (and not so subtle) placement of specific brands into the scenes of TV shows and movies. Apple and Coca-Cola are masters of this form of advertising, staying in front of their audience without making a direct pitch. In an interactive arena, product placement will allow users to click on brands when they see them and visit their Web sites immediately.
Chapter Summary

- Since Tim Berners-Lee first introduced the means for links to be made between various pieces of information in 1991, the Web has been on a fast growth track, changing the way both people and brands interact with one another.

- The potential benefits to commerce were quickly noticed by investors, who rushed to fund many new Web site ideas, sending the stock market skyrocketing upward. In 2000, when most of these sites were unable to post a profit, the stock market crashed hard from its peak.

- After the bubble burst, the Web evolved into a more serious marketing tool. Site designs improved, as did technology, connection speeds, and companies’ understanding of how to use the Web for marketing purposes. As more people logged on, and new tools such as blogging, streaming video, and social media networks gained popularity, the Web was transformed, facilitating the global exchange of ideas and opinions.

- With an increasing number of people using online social media tools, brands are beginning to include these tools in their marketing strategies. Individuals are also affected, as the Web begins to change the way we represent ourselves and the way we interact with one another offline.

- While the large majority of the U.S. is plugged in, it’s clear that the Internet is used differently by people in different demographic categories. The predominant amount of new content is generated by younger users; women use e-mail to stay in touch with friends and family; and men get involved in paying bills and purchasing digital content online. Brands need to consider each of these demographic breakdowns in determining their marketing strategies.

- There are many views on how the Web will evolve in the future, including a prediction that the Web will be the source of a shift to English as a global language. More common predictions concern a paradigm shift in how audiences view entertainment, as online gaming and streaming video gains popularity while network TV viewership continues it steady decline. Online advertising will become standardized, as with TV and print advertising, and it will become easier for brands to purchase, thus improving ad revenues on popular sites.
Key Terms

brand—Can refer to a company, a product, or service that a company promotes, or the reputation that a company, product, or service has built over time.

burn rate—The rate at which companies spend their available cash.

cost per impression—A method of paying for Web advertising that charges the advertiser a pre-set amount for each time an ad appears on a site, regardless of whether or not users click on it.

demographics—The specific attributes that help define a particular audience. These include age, gender, income, education level, and others.

dot-com—Often used to refer to the large number of investment-driven Web sites that were funded and launched in the mid-to-late 1990s.

GPS—Global Positioning System, a satellite-based navigation system often installed in cars or on cell phones to generate maps and directions.

IPO—Initial Public Offering. The first sale of shares from a private company on a public stock exchange.

message board—A site on which people can post up a comment or question on a variety of topics, and other users can post responses.

pay per click—A method of paying for Web advertising that charges advertisers a pre-set amount for each time a Web user clicks on an ad.

product placement—The subtle (and not so subtle) placement of specific brands into the scenes of TV shows and movies.

public relations—The branch of marketing that concentrates on spreading a message through mass media.

reach—The amount of people that are exposed to a marketing campaign, message, Web site, etc.

social media—The umbrella term for the many tools that allow people to socialize on the Web, such as social networking sites, blogs, wikis, etc.

social network—A social structure made of individuals or organizations that are tied by one or more specific types of interdependency, such as values, visions, ideas, financial exchange, friends, etc.

threads—The grouping of digital messages in a message board, hierarchically by topic.
Traditional marketing—Marketing that is not new media-driven, such as print advertising, TV and radio commercials, direct mail, etc.

Venture capitalists—Investors who invest cash in new and emerging businesses.

Review Questions

1. Which of the following demographics is most likely to use online bill paying features?
   a. Men
   b. Women
   c. Teens
   d. Senior Citizens

2. What year did the stock market peak, and the original dot-com bubble burst?
   a. 1998
   b. 1999
   c. 2000
   d. 2001

3. Which of the following is least likely to be considered part of “social networking” on the Web?
   a. Having your own site on MySpace
   b. Checking Yahoo for local movie times
   c. Leaving your comments on a popular blog
   d. Meeting someone on a dating Web site

4. When it comes to online advertising, what is most likely to help increase overall revenues?
   a. Standardization of banner ad sizes
   b. Elimination of banner ads in favor of streaming video ads
   c. Improved ad design by graphic designers
   d. Limitations on banner ad animations
5. According to Dr. John Suler, the effects of socializing on the Internet can be most closely related to:
   a. Giving charity anonymously at Christmas
   b. Going to a costume party on Halloween
   c. Socializing on New Year’s Eve
   d. Going wild on spring break

6. Which of the following contributed the least to the growth of the Web?
   a. CERN’s announcement on April 30, 1993
   b. Improving technology
   c. Faster connection times
   d. Google’s purchase of YouTube

7. In the 1990s, the “browser wars” were fought between:
   a. Netscape and Internet Explorer
   b. AOL and Internet Explorer
   c. Netscape and Firefox
   d. Mosaic and Internet Explorer

8. Cadabra.com was the original name of which of the following Web sites?
   a. Yahoo!
   b. MySpace
   c. Amazon.com
   d. eBay

9. The first Web browser was called:
   a. Mosaic
   b. AOL
   c. Internet Explorer
   d. Netscape

10. Women are more likely than men to:
    a. Listen to online radio
    b. Download music
c. Use e-mail for work purposes
d. Send e-mail to friends

11. Internet users under age 29 least often use the Web for:
   a. Job-related research
   b. Starting a blog
   c. Listening to music
   d. Watching videos

12. Which of the following demographic categories uses the Internet the least?
   a. People with less than a high school education
   b. People over age 65
   c. People whose household income is less than $30,000/year
   d. English-speaking Hispanics

13. Blog creation is in the marketing strategies for what percentage of companies?
   a. 49.8%
   b. 24.4%
   c. 19.7%
   d. 16.1%

14. Which of the following aspects of the Web is the biggest danger to brands?
   a. News can easily get lost in a sea of information
   b. Bad news can remain online forever
   c. Web users take brands less seriously
   d. People have a negative reaction to banner ads

15. Social networks on the Web differ from more traditional, “real life” social networks in which three ways?
   a. Reach, anonymity, and ambiguity
   b. Reach, permanence, and indifference
   c. Reach, anonymity, and permanence
   d. Indifference, anonymity, and ambiguity
16. According to *Inc.* magazine, roughly what percentage of the fastest growing companies considers social media a “somewhat important” or “very important” part of their future marketing strategies?
   a. 33%
   b. 50%
   c. 66%
   d. 75%

17. Put the following in the order in which they were launched, from first to last:
   a. MySpace
   b. Wikipedia
   c. Facebook
   d. iTunes

18. Which number is highest?
   a. Total number of Web sites online as of October 2006
   b. Number of instant messages sent in a single day
   c. Total number of MySpace users as of 2006
   d. Total number of iTunes downloads as of February 2007

19. How much would a single share of Google have cost you if you bought it when it first went public?
   a. $85.15
   b. $115.78
   c. $750.90
   d. $786.22

20. According to FT.com, as of 2007, which is ranked as the most valuable brand?
   a. Apple
   b. Microsoft
   c. Google
   d. McDonald’s
Projects

1. Over the next week, keep an accurate log of everything you do on the Internet. Calculate the percent of time you spend:
   - communicating via instant messenger or e-mail
   - networking on a social media site like MySpace or Facebook
   - watching online videos
   - doing research for school
   - engaging in other online activities

   Compare your total time online to the total amount of time you spend doing offline activities, such as watching television, going out with friends, reading a book, etc.

   Based on these findings, write a one-page synopsis of the role that the Internet plays in your life.

2. Many business analysts have called the growth of social media sites, blogs, and streaming video a second Web bubble and have compared it to the original Web bubble of the late 1990s. Write a three-page report that explains whether you believe the social networking revolution represents a second Web bubble or if the media is creating baseless hype. Consider facts including stock market activity, number of new sites being launched, etc. Make sure to reference all findings.

3. Select one of the following dot-com companies that went bankrupt in the original Web bubble:
   - Webvan
   - eToys.com
   - Pets.com
   - Flooz.com
   - Kozmo.com

   In a report no longer than three pages, summarize the business concept on which the site was based, the market it intended to reach, and why you think it failed. Do you think that if the site you chose had launched after 2005, it would have had a better chance of succeeding? Why or why not?
4. Interview five of your classmates about their Internet usage. Develop a set of 5 questions, such as:

- How often do they use the Internet?
- What type of sites do they use?
- Do they use it for entertainment? Blogging? Research?

Then interview five people over the age 35 and ask them the same questions. How, if at all, do the generations differ? Are there any differences in gender usage? What other demographic differences do you notice?

5. Using your programming knowledge and your own use of the Internet, write a two-page report on what you think the Internet will be like ten years from now.

Endnotes

7. Ibid.
10. Ibid.
11. Ibid.
12. Ibid.
13. Ibid.
22. Ibid.