

About.com. AOL's Seed. Associated Content. Demand Studios. Examiner.com. Suite101. These are just a few of the rapidly growing list of new-breed content providers seeking to take over the world of online content. Search for just about anything these days and much of what shows up in the first three pages of results will provide content driven by these providers. That is, in fact, the point. This generation of content company—many of which have their roots in search—are all about search engine optimization (SEO) and rising to the top of page rankings to pull in web surfers. And in today's web-oriented content business, this makes sense—and dollars: Web surfers find what they want, which creates click-throughs and, ultimately, advertising sales.

The foundational premise for this form of content delivery is really no different than it has ever been. Consider the 1950s, when television network executives created and delivered content to the masses and attracted advertisers interested in those eyeballs because they had products to sell the viewers attached to them. Today, internet executives are creating and delivering content to the masses and attracting advertisers interested in these same eyeballs because they too have products to sell. The basic principle is the same. The impact, however, is magnified exponentially.

THE DEMAND

It is estimated that YouTube surpassed 2 billion hits per day in 2010—about 70 million unique visitors a month in the U.S. It isn't difficult to understand why online advertisers would be interested in capturing a share of this volume. Examiner.com says that it receives about 21 million unique visits according to Omniture rankings and about 3.5 million according to comScore.

In 1955, *U.S. News & World Report* magazine examined the impact of television and found, "The biggest of the new forces in

CONTENT'S LATEST CREATION MODEL

Factory Farmed or Organically



Grown?

American life today is television. ... Two out of three U.S. families now own their own sets, or are paying for them. In 32 million homes, TV dials are flicked on and off, from channel to channel, at least 100 million times between 8 a.m. and midnight.”

In 2010, 221 million people in the U.S. will be online, according to eMarketer.com—about 71% of the total population. These numbers will continue to grow, reaching 250 million in 2014—more than 77% of the population. These growing numbers have created a virtually insatiable demand for content that will attract eyeballs and add dollars; content providers such as those listed earlier are eagerly attempting to meet the demand.

While this new breed of content providers have been the brunt of a significant amount of criticism and vitriol, most notably from journalists and freelancers who chafe at the low pay being offered for this content, branding these ventures “content farms,” many do not think that these models represent a threat to traditional journalism (at least not as a whole). For now, at least, they’re simply responding to a rapidly growing demand for information. Examiner.com, for instance, creates 3,000 articles a day and has 1.2 million stories in archive. But these stories are significantly different from the coverage that a *U.S. News & World Report*—or an *Econtent*, for that matter—would provide.

Rick Blair, the CEO of Denver-based Examiner.com, says, “We don’t cover breaking news. We don’t cover crime. We seldom have opinion pieces.” He says, “The news media space has their role and we have ours. Their role is to be the watchdog and our role is to make sure we provide readers with useful content from knowledgeable sources.”

Peter Berger, president and CEO of Suite101.com, based in Vancouver, British Columbia, with offices in Berlin, Madrid, and Paris, also points out that the competition for Suite101.com does not come from newspapers. “If there is competition, it will be much more from nonfiction book publishers,” he says. “In the past, you would have had to buy an entire book, for example, on how-to gardening.” Through Suite101.com, access to this type of content is free.

In fact, a phrase you’ll hear frequently from these new media content providers is “evergreen.” They’re not out to provide news that is timely and that will be “old news” in a day’s time—the purview of many in the breaking news media. They’re instead out to provide content that can be distributed for months, longer if possible, and still be attractive to advertisers who wish to place their ads adjacent to this information.

In fact, some critics of the model suggest that these content providers really don’t care whether anybody actually even reads the content, as long as they click on the advertisers’ links that appear near the copy or images they’re pushing out to the masses. Jake Wengroff is one of them. Wengroff is global director, corporate communications for Frost & Sullivan, a consulting firm based in Mountain View, Calif. “I suppose these companies have found a hole in the market,” Wengroff says, “and perhaps web browsers could care less about the quality of content. We’ll see how this will pan out. I think quality is going to suffer.”

THE MODELS

The delivery models for this sort of content business vary widely. Suite101.com, for instance, works in many ways like EzineArticles.com, which is a site where would-be experts post articles hoping to gain web exposure that will boost their recognition and web traffic. However, Suite101.com differs from EzineArticles.com in at least a couple of important ways. While EzineArticles.com offers very lengthy and specific editorial guidelines, the editing process itself isn’t as rigorous as Suite101.com’s,

relying instead on “self-policing.” In addition, Ezine Articles.com writers don’t earn anything for the pieces they post (other than revenue they may generate themselves through driving traffic to their sites). Suite101.com’s “over 10,000 professional, paid contract writers,” on the other hand, participate in a revenue-sharing arrangement. This can represent small change, though Berger says some earn thousands of dollars a month. “Our best-earning writers make more than \$3,000 monthly for all of the content they have written in the past,” he says.

Suite101.com differs, in turn, from content providers such as Demand Studios in that Suite101.com writers can write about anything they choose; search algorithms do not drive content creation. And, while Demand Studios does offer a revenue-based payment option for some of its pieces, most of the work is paid at a flat rate ranging from \$3 per item for Answerbag items (30-word answers to questions such as, “What percentage of mortgages are from third parties?”) to \$15–\$20, and sometimes more, for longer (400–500 word) pieces on a wide range of articles that writers can “claim.” Article titles are literally driven by actual searches performed by content consumers, which Demand Media believes promotes the creation of content that aligns with consumer interests and, ultimately, that will drive advertising revenue.

AOL’s Seed works similarly but pays a bit more: A quick look at a recent list of available assignments ranged from \$10 to \$40, and the site’s owners say some articles may be worth as much as \$300. With Seed, though, writers undertake a more speculative process in which they write and submit a piece that, presumably, others may also be writing and submitting, and they are taking a chance that their copy will be selected.



Content branding also varies among these content approaches. Both Suite101.com and Examiner.com privately brand their content. When you access these materials, their websites will be part of the domain name. Other providers such as Demand Media and Seed distribute content through other sites—generally sites that they own, such as AOL’s DailyFinance and MovieFone. Examiner.com is quite similar to About.com; both offer writers an opportunity to be aligned with their own content. You become an Examiner, for instance, for a



Examiner.com offers a mix of hyperlocal and globally relevant content. Examiner.com covers more than 240 major cities, towns, and neighborhoods in the U.S. and Canada, with articles written by more than 24,000 “examiners” across North America. These writers are generally those seeking to brand themselves as experts in a given subject matter area.

particular city or an About.com guide for a particular topic.

The growth in demand for this content has been “phenomenal,” says Blair. Unique visits to Examiner.com, for instance, were up 58% in May compared to January 2010. This growth and the potential for related revenue is not going unnoticed, and competition has continued to arise from many sources, including very small providers such as Emerging Cast, Inc., “a fast growing company focused on producing digital content on a massive scale.” Based in Buenos Aires, Argentina, Emerging Cast is recruiting freelancers “proficient in English and/or Spanish from all over the world,” according to a press release.

It is going to be hard, though, for new entrants in this market to compete with the already established content providers, especially as large media firms such as Time Warner-owned AOL enter the fray. In fact, Wengroff predicts that the next entrants will be companies such as Viacom and CBS, stating, “Larger publishers that have a substantial number of internet properties will also develop, probably just to acquire content and distribute it among their family of sites.”

Suite101 strives to cultivate relationships with its writers, promising them the opportunity to “write what you want, where you want and generate revenue over the lifetime of your career.” Its team of editorial professionals will help “you hone your writing skills and maximize the searchability of your articles online.”

In fact, one area for which Wengroff sees growth is online video, an area in which these large media companies already possess great content resources. “Online video is the last great hope for reaping advertising dollars,” he says. “It probably really moves the market forward.”

However, there are low-cost upstarts in this area as well. Daniel Blackman is co-founder and chief operating officer of Howcast Media, with offices in San Francisco and New York. He and co-founder Jason Liebman worked together at Google on the Google Video team. They noticed a trend of high demand for searches related to how-to, instructional types of information. Video seemed to be a great delivery mechanism to provide that instructional content in a very user-friendly way. Today, Howcast.com produces hundreds of videos each month that are distributed across its network of top platforms including mobile, TV, and on-demand. Howcast.com produces video content based on search engine results, similar to Demand Media, but also produces unique content for clients that include Kodak, 1-800-Flowers, and Home Depot. Video content is in high demand, and that demand is likely to continue to grow, as YouTube well knows.

THE CRITICS

Wengroff is one of many vocal critics of content providers, both based on what can feel very much like the exploitation of writers forced to accept “abysmally low” rates and because of what he feels these providers will ultimately do to the quality of content consumers have access to. “I think quality is going to suffer,” he says. “People who are browsing these blogs or channels or websites are going to real low-quality content.” And, he adds, when they do, they will not be likely to return to those pages. “So the client who has bought in is going to be angry. The people who



will lose out are the publisher clients and end-user readers.”

“There are tens of thousands of journalists and writers who are out of work,” says Wengroff. They’re hungry for work and they’re willing to work at low rates, and content providers are more than willing to pay those low rates while they sell material at exorbitant rates to website owners eager to drive traffic to their sites to generate ad revenue. Associated Content, for instance, requires a minimum commitment from its customers, he says. “A minimum commitment for Associated Content is going to be 1,000 syndicated pieces at \$12–\$15 per article—that’s a \$12,000–\$15,000 spend; or if you want exclusive original pieces, 200 is the minimum at a rate of \$85–\$125.”

“I’ve looked at a lot of content on these sites and it’s the most dumbed-down, rudimentary, basic information,” says Karen Leland, the author of six books who has also been published by *Woman’s Day*, the *Los Angeles Times*, *AllBusiness.com*, and others.

Howcast was created to provide useful how-to informational videos. Topics run the gamut from “How to Survive a Bear Attack” to “How to Form a LLC.”

“Forget being well-written; it’s the gefilte fish of journalism,” she says. “I don’t know if you’ve ever had gefilte fish or seen it made, but it’s a whole lot of ingredients mashed together. It makes for a very bland and inoffensive culinary offering but nothing you would write home about.”

THE REALITY

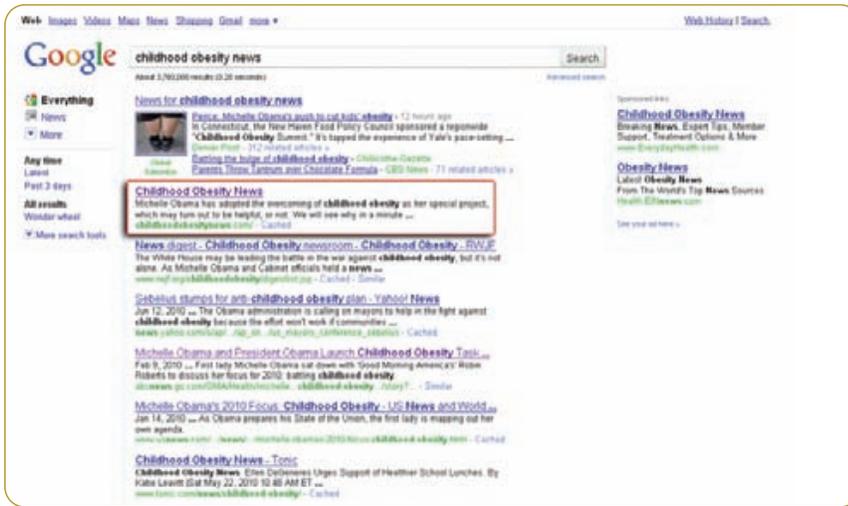
Given that Seed reports that, in the past year alone, it has increased the amount of original content on its sites from 25% to 80%, hired 150 full-time editorial staffers, and expanded its freelancer pool from 500 to 3,000, there are certainly those who are buying into this model. In fact, Seed is led by Saul Hansell, the founder of

nytimes.com’s Bits blog, and boasts more than a dozen Pulitzer Prize winners as well as staffers from *Forbes*, *Rolling Stone*, *BusinessWeek*, *Women’s Wear Daily*, and *The Associated Press*.

Despite criticism, these content creators are not having any trouble finding people eager to provide them with content, be it copy, photos, video, etc. Blair says that Examiner.com receives 2,000 Examiner applications each week and has 42,000 active examiners. This for pay that he readily admits is not going to allow these contributors to give up their day jobs.

Resources

Demand Media www.demandmedia.com	Seed www.seed.com
Examiner.com www.examiner.com	SixEstate Communications www.sixestate.com
Frost & Sullivan www.frost.com	Suite101 www.Suite101.com
Howcast www.howcast.com	



Some would say this is simply capitalism at work; economics suggests that where the supply and demand curve meets is where the price for services will be established. As long as there are people willing to provide services and those services are meeting the needs of the entity paying for the services and absent of any government intervention as with the establishment of a minimum wage, low rates will prevail. It's the American way. The writers, photographers, and videographers who don't like it can seek work elsewhere. And, in truth, the type of work provided to content providers such as About.com or Seed is not the same as the type of content provided to the many thousands of established media outlets.

THE FUTURE

The proliferation of sites such as Examiner.com, Suite101.com, Seed.com, and Demandmedia.com, which provide evergreen content and deliver SEO content, certainly serves a market that is experiencing high demand. If people like Wengroff are correct, though, consumers will eventually grow dissatisfied with the general nature of this content or not find sufficient depth to coverage and demand deeper content of better quality.

Then, despite this initial gold rush for quick content fixes, advertisers will lose eyeballs and new models will need to emerge. Certainly, experiments abound,

such as SixEstate Communications in New York. The company was started by CEO David Reich and COO Steve O'Keefe, who worked together at Patron Saint Productions, Inc., where they developed and refined the concept of "Newsblogging." The name SixEstate refers to the Fourth Estate, a term for the mainstream media that was coined in the early 19th century. The Fifth Estate is a term often used to describe alternative media such as underground newspapers, pirate radio, and even the internet and public-access TV, say Reich and O'Keefe. This duo believes that the Sixth Estate is the next step in the evolution of journalism, which will provide a new kind of news for organizations.

Newsblogging, says Reich, was created by his partner O'Keefe in 2007 for Kaiser Permanente, which wanted to grow its presence online in the area of healthcare reform. "Instead of ghost blogging, we set up a journalist to cover healthcare reform, basically for Kaiser Permanente," he says. The service grew from there. Today, SixEstate matches journalists with organizations, and they develop content on behalf of that organization directly related to news and current events, every day. "We don't see AOL Seed as a direct competitor for us," says Reich. "Just an alternative way of distributing content."

As in any other consumer exchange, those who use this content will drive demand and shape the business models

Much of online content consumption today is search-driven, and while its editorial content isn't driven by search terms, SixEstate work with businesses, nonprofits, and other organizations to create news-based content that leverages targeted keywords to rank high in search results, such as with the Childhood Obesity News site it helped eHealth International to create.

for the future. Website owners that need content to generate visitors and fuel advertising have choices including hiring on-site staff or freelancers to create unique content or licensing content from existing media companies, arguably resulting in higher quality content but at comparably higher cost, and buying content from a content aggregator like Demand Media, or something in between similar to what SixEstate is providing.

Ultimately, Reich says, quality will prevail.

"Quality is everything," he says. "Maybe you can make money selling ads with crappy content but, for the most part, if you want to build and engage your audience and really establish yourself as a leading voice in some area of subject matter, you're not going to cut corners; you don't sacrifice quality for keywords."

However, given the beleaguered state of the news media, the conundrum of "good enough" free content, pricing and format wars in ebook publishing, and the increasing power of search to reflect real-time demand and drive production, the content creation story will continue to unfold and undoubtedly has some surprising plot twists still ahead. **EC**

[Both Seed and Demand Media were contacted for this story. Seed did not respond to our inquiries, and Demand Media declined to comment. —Ed.]

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