

## Business

### Hungry Media Companies Find a Meager Menu of Web Sites to Buy



*Glu Mobile, Cnet and PhotoBucket.com are among the companies that have elicited merger speculation.*

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Media companies are still hungry. Is there much left for them to consume that they'll find satisfying?

NBC Universal's \$600 million acquisition of [iVillage](#), an early Internet company catering to women, highlights the continuing interest by media companies in adding new Web sites to reach and connect with consumers, hobbyists, parents, investors, car buyers, Scrabble players and virtually every other niche audience.

To that end, digital-era media companies like [Yahoo](#) and [Google](#), as well as traditional media companies, including those with deep roots in television and print, continue to scour the Internet for emerging content and technology companies. But the pickings of obvious acquisition candidates, while hardly exhausted, are slimming, according to financiers, entrepreneurs and industry analysts who follow the sector.

That leaves the media companies trying to figure out — as they did with far less discipline during the dot-com boom — which of the emerging generation of Web sites have lasting business models or, at least, can continue to build traffic.

"There was a point last year where we thought the midlevel Internet deals were over," said Rafat Ali, editor of [paidContent.org](#), a site that follows the business of digital media, referring to acquisitions valued at several hundred million dollars. But the iVillage deal last week "means that some of the midsize properties are still in play."

Mr. Ali said media companies would also like to acquire smaller companies — up-and-coming content sites that might cost tens of millions — but that there were few proven sites left to buy. A lot of smaller "good sites have gone," he said. Media companies "are looking at the new sites coming out of Silicon Valley" to determine what to buy next.

# The New York Times

Media companies appear to be focusing their acquisition interest on sites that cater to niches but that have the potential for broad appeal. High on their shopping list are community networking Web sites like [Myspace.com](http://Myspace.com), which the [News Corporation](http://News Corporation) bought last year for \$580 million.

Also of interest are sites that allow people to play casual interactive games; store, send, manipulate and print photos; build and store blogs; and research and shop for big-ticket items like cars. Also eliciting interest are "next generation" Web sites, like those focused on allowing people to search the universe of blogs more effectively.

The media companies' interest has to do with the continuing shift in the ways Americans consume entertainment and shop. Just as the advent of cable television carved up a once-concentrated block of network TV viewers, so has the Internet — with its literally millions of Web sites — created highly fragmented niche audiences.

For big companies, the key is to build or buy Web sites that attract those niche audiences, but in substantial numbers. For a Web site to pique the interest of mass-market advertisers, it needs to have at least a million unique visitors a month; to be considered a major takeover candidate, it needs to have five million unique visitors, said Sharon Wienbar, a managing director with BA Venture Partners, a Silicon Valley venture firm that invests in Internet content companies.

In the case of iVillage, the company had 13.4 million unique visitors from the United States in February 2006, though that was down from 16.6 million in the same period a year ago, according to comScore Media Metrix, which measures Web traffic.

When the media companies guess right, the payoff has been growing, said Mark Pincus, chairman of Tribe Networks, which operates a social networking site. Mr. Pincus said the prices that advertisers were paying to reach large, specific audiences had been increasing, and looked as if they would continue to do so.

Mr. Pincus noted that to reach a narrowly defined audience, the cost for having an advertisement seen 1,000 times, an advertising industry standard measure, was \$20 to \$50. An example, he said, would be visitors to a major portal's finance page. He said that to reach broader audiences with specific interests — like the people who visit a job search site — ads command \$4 to \$10 per thousand impressions, a "huge jump" from \$1 or \$2 just two years ago.

To reach general audiences, like the masses who use Myspace.com on a regular basis, he said the price has jumped to \$1 or \$2 per thousand impressions, from pennies. Mr. Pincus's site, [Tribe.net](http://Tribe.net), has been among the privately held social networking properties sometimes mentioned as acquisition candidates. Others in the category that are eliciting interest include Xanga.com, a community of online diaries that had 7.2 million visitors in February, comScore said, as well as Facebook.com and [Hi5.com](http://Hi5.com). In December 2005, Yahoo bought Del.icio.us, a company that makes software for bloggers and writers of online diaries, but did not disclose terms of the deal.