

Testimony of

Tim Carter

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Testimony of Tim Carter - AsktheBuilder.com to the U.S. Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights

"The Google-Yahoo Agreement and the Future of Internet Advertising"

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I sincerely appreciate the opportunity to submit this testimony to the members of the US Senate. It is my hope that my comments will aid you in making an informed decision about this very important topic.

The future of Internet advertising is brilliant. In fact, some say it might possibly be one of the fastest growing segments of our national economy as we move forward. The proposed agreement between Google and Yahoo, as seen from my eyes as a consumer and an Internet publisher, is actually a very good idea. There are many, many more winners who benefit from this business transaction than those who make claims about being harmed.

Real Estate

In the most basic sense, this transaction is about real estate and eyeballs. Those of us who own and operate websites possess pieces of virtual real estate. In the physical world we live in, location, location and location are the three most important axioms in real estate. In the case of Internet websites, great location can be defined as a website that gets a substantial amount of traffic. A number of Internet-traffic-analysis companies, as of July 12, 2008, show Yahoo.com as being the number one website in the USA with respect to traffic or eyeballs.

The consumers whose eyeballs are viewing Yahoo's website are there for one of two reasons: they either have a problem or they have some time to burn and are looking for a little pleasure. But my personal research has indicated that far more people each day are on the Internet to solve problems.

Advertising Solves Problems

People like you and me have problems each day. We seek out solutions to those problems, and with the advent of the Internet, it has never been easier or faster to discover precise and accurate solutions to those problems.

In my opinion, one of the reasons for Google's success stems from the fact they are an excellent matchmaker. They created a streamlined search engine that displays search results as well as contextual advertising that matches the exact search term typed by tens of millions of consumers each day, many of whom are your constituents. Google is not the sole search engine that does this. Many, if not all, of the other search engines such as Yahoo, MSN Search, etc. do the exact same thing.

The advertising that is part of the search results is purchased by small and large companies alike. To the best of my knowledge, this method of displaying a highly targeted ad is quite possibly the key component to the paradigm shift that is happening right now in the advertising industry. Never before could companies be in front of so many consumers who needed their product or service at that exact instant in time. The old methods of advertising usually had some type of delay built in.

But it gets better. A business like mine can buy these contextual ads with ease and a small budget. I have done it for years to market some of my own products. Using Google's system, and similar ones at other search engines like Yahoo, Microsoft Search and Ask.com, I can set my own ad rates, set my own daily budget, determine exactly who can see my ads, when they see my ads and track in real time the performance of my advertising dollars. No wonder growing numbers of businesses large and small are spending their money on Internet ads. They work, and they work very well.

Several weeks ago I testified in front of a US House of Representatives Subcommittee about online advertising and small businesses. One of my newsletter subscribers summarized how powerful online advertising is.

Ms. Rachael Kahne from Nashville, TN wrote, ".....I work for a small business whose bread and butter comes from online advertising. There's simply no other better, more viral way to get in touch with a targeted audience. Online marketing allows a business to track and target what is working, and what isn't. It's certainly one of the most cost effective solutions out there today."

Billions of dollars are being spent on Internet advertising, and the market is growing. It is growing because it is a win-win-win-win situation. Consumers who quickly solve their problems win. The company selling the solution to the consumer wins. The Internet company that sold the ad wins. And finally, a website that displays a syndicated ad wins.

Syndication of Advertising

I happen to write a syndicated newspaper column called Ask the Builder. Syndication is a highly productive method of distribution. I write my column just once, yet it appears

in nearly 100 newspapers each week. Content is not the only thing one can syndicate. You can syndicate ads as well as many other things.

Google, Yahoo and other different Internet companies discovered years ago that it can be beneficial to many to syndicate advertising. I display syndicated advertising on my AsktheBuilder.com website. These ads magically appear on the pages of my website because I copied and pasted small amounts of HTML or javascript code into the pages of my website. You know it's very easy to add this code if a builder like me can do it. My ads are supplied by Google, Kontera and Taboola. I am currently considering an additional company as well called Chitika. These are not the only companies that syndicate Internet advertising.

The real magic of the syndicated ads is they help me and many other websites to dramatically increase productivity. I don't have to worry about running a huge ad-sales team, creating programming infrastructure to display the ads and expanding my accounts payable and receivables department. That is all done by the company serving the ads. I can focus my talents on what I do best, which is create content. I'm not alone. Hundreds of thousands of websites can and do display syndicated ads from Google, Yahoo or a host of other companies that sell these online ads.

Maximizing Revenues and Returns

Yahoo has valuable real estate on their website pages that is seen by tens of millions of people each day. They can sell or lease that virtual real estate to whomever they please or even fill the space with things they create. I do the exact same thing at AsktheBuilder.com. I fill my pages with my written or video content, ads sold by others or ads I sell myself.

Yahoo is a public corporation. They need to do, in my opinion, what is best for their stockholders. If they can lease space on their website to some other company and derive revenue for doing virtually nothing, why would you or anyone stop them? Who is getting harmed? Surely not the people who are clicking the ads! They willingly clicked them hoping to discover a solution to the problem they have.

Let's take this one more step down the anti-trust pathway. When and where will you stop sliding down this slippery slope? I had a discussion with a fellow Internet entrepreneur about this topic. His name is

Dan Gray, and he is a writer / Internet publisher like me. He said, "Tim, are you next? When you become the most powerful home-improvement website on the Internet, will the government come in and tell you that you can't display Google ads? If that were to happen, it would be the most un-American thing I could imagine."

Dan is right. Why would you punish a company or multiple companies for being successful when few, if any, are harmed in the process?

Summary and Conclusion

This hearing is being held in front of a Subcommittee that considers anti-trust issues. My recollection of what my grade and high-school history teachers taught me is still fresh in my mind. If memory serves me right, anti-trust actions were initiated when some company or a small group of companies enriched themselves at the expense of many others who were harmed financially by the actions of the company or companies. The subject is no doubt far more complex than that, but I feel my explanation is the lowest common denominator of anti-trust.

That can't be said about the proposed deal between Google and Yahoo. The tens of millions of consumers each day who visit the Yahoo website are going to see ads that solve their problems. Many will click those ads. Hundreds of thousands of businesses who sell the products and services to these consumers will increase their revenues when those ads are clicked. Those companies end up paying more taxes, and our economy grows.

Who is harmed in this transaction? Perhaps some other company or companies that decided to follow a different pathway in the business jungle. My father-in-law taught me long ago that there is no substitute for brains. Furthermore, during my own journey in the business world over the past 34 years, I've discovered that healthy competition is a great thing. I personally love to compete against other home-improvement websites as it helps keep me focused and in the zone.

This proposed deal has the potential to increase the revenues of Yahoo by hundreds of millions of dollars each year. The ad revenue that Yahoo receives from Google will flow into Yahoo with virtually no expenses. If the management of Yahoo is wise, they will reinvest this money back into their company to provide the healthy competition that we as consumers want and need. The deal may also force other companies in the Internet business world to work a little harder. My experience as a builder is that a little hard work never really hurt anyone.

Thank you again for taking the time to consider my opinions in this very important issue.

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