



Digital Media

Death Of The Banner Ad?

Peter Kang 05.02.06, 9:15 AM ET

NEW YORK -

Videogame portal IGN announced Tuesday it will be doing away with banner ads as it steps up its advertising technology.

Broadband penetration among readers of the popular gaming and entertainment network of Web sites prompted it to "kill" banner ads, the company said. It is by no means an end to the IGN's advertising-based revenue model, but rather a shift to fancier "sight-sound-motion" ads that employ newer technologies.

"These consumers are more and more savvy, we can't offer a cookie-cutter solution to reaching users, it's not effective," said IGN's head of marketing **David Tokheim**, in an interview. "That's why we work loosely with advertisers to create unique ads and custom-made components."

Tokheim highlighted a recent full-site ad commissioned by Ubisoft Entertainment, the maker of Splinter Cell, promoting the latest installment in the Tom Clancy franchise.

The elaborate animated advertisement "took over" the whole Web site for a full day, said Tokheim. The cost? The IGN executive would only say, "Enough to keep us in business."

Let's hope so. IGN was bought out by Rupert Murdoch's **News Corp.** (nyse: [NWS](#) - news - people) late last year for the hefty price tag of \$650 million. Prior to that, IGN was owned by private equity firm Great Hill Partners.

News Corp. has seriously ramped up its online media division, leading the surge in Internet acquisitions among the big media companies in the last two years. News Corp. snapped up MySpace.com last September for \$580 million. MySpace.com and IGN are the two main components of the recently created Fox Interactive Media division. Only **Time Warner** (nyse: [TWX](#) - news - people) with its America Online has a bigger piece of the Internet pie.

The scramble to pick up online media properties hasn't lost momentum in 2006; NBC Universal announced March 6 it would acquire women's Web site **iVillage** (nasdaq: [IVIL](#) - news - people) for \$8.50 per share, or about \$600 million.

The closest competitor to IGN looks to be **CNET's** Gamespot. While **CNET Networks** (nasdaq: [CNET](#) - news - people) has been viewed as a potential takeover candidate, analysts see the current valuation as a bit expensive. Other smaller companies that have seen gains in share prices include **PlanetOut** (nasdaq: [LGBT](#) - news - people) and Canada's **Kaboose**.

Most recently, **Viacom** (nyse: [RBV](#) - news - people) said it will acquire privately-held online gaming firm Xfire for \$102 million. Fox intends to attack the stranglehold Viacom and its MTV Networks division have on the 18 to 34 demographic.

Merrill Lynch analyst Jessica Reif Cohen said in an April 24 research report that the acquisition will enhance Viacom's ability to reach out to its core audience across all platforms. "Purchasing Xfire is consistent with Viacom's strategy of tuck-in acquisitions with a digital and/or international focus and we would expect similar acquisitions in the future," the analyst noted.

Meanwhile, **Microsoft** (nasdaq: [MSFT](#) - news - people) continues to branch out of software into online ventures. News surfaced recently that the Redmond, Wash.-based company will spin off its social networking project Wallop as a startup in what looks like an attempt to unseat Myspace.com. Microsoft is close to acquiring Massive, a company that places custom advertising directly into video games played online, in real time, according to the *The Wall Street Journal*. The price tag has been estimated to be from \$200 to \$400 million.