

## The hunt for the next web winner

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By Richard Waters

Published: December 28 2006 21:57 | Last updated: December 28 2006 21:57

This will go down as the year the second internet mania was born. It was the year when Google paid \$1.65bn for YouTube, the site for amateur videos, less than 12 months after YouTube was launched; when MySpace attracted more page views in the US than Yahoo; when Wikipedia, the online encyclopedia written by volunteers, became one of the 10 most-visited websites; and when Time magazine made "You" (in praise of those who use websites like these for self-expression) its "Person of the Year".

The race is now on to find the next upstart website capable of forging a mass audience from this outpouring of so-called user-generated content, and to spot the next broad trend that will shape how millions of people use the online medium. Five years ago, who would have expected blogging and social networking to enter the mainstream?

Trying to predict exactly what will emerge next from this massive experiment in online social behaviour is a mug's game. While companies such as Yahoo have started hiring anthropologists to help design their internet services, creating a hit consumer website is still like trying to catch lightning in a bottle.

It is at least possible, however, to identify the main forces shaping user behaviour on the web and out of which the Next Big Thing is likely to emerge. Next year, three forces in particular are likely to stand out and determine the next chapter of this evolving story.

One is the convergence of user-generated and professional "content" on the internet. Sites such as MySpace and YouTube are bidding to become distribution arms for traditional media – to sell digital music to their burgeoning audiences, for instance, or to showcase television shows.

"Professional content alongside user-generated content will be a big theme in 2007," says Richard Rosenblatt, a former chairman of MySpace. His new company, Demand Media, is putting \$200m behind the idea that people will want to build personal "channels" on the web, where they can mix both amateur and professional material.

The convergence of user-generated and traditional media could run much deeper. Max Levchin, founder of Slide, a site for creating slideshows of personal pictures, predicts that traditional media companies will soon start to "unbundle" their products and license out elements to be combined with user-generated content. At a basic level, this might involve, say, a company such as Walt Disney licensing out its characters so they can be featured in a digital photoframe for displaying family snaps online. More advanced forms could let internet users include movie clips in their home videos or add themselves as characters to their favourite TV shows. "User-generated content mashed together with professional content will be rampant next year," says Mr Levchin.

Exactly when and in what form this convergence of amateur and professional content will come is hard to predict. Much depends on how quickly copyright owners become comfortable with licensing out their products in digital form, whether in their entirety or piecemeal. However, it could lead to new ways of consuming all kinds of media online. As YouTube proved, there is no reason why a little-known website should not hit on the exact formula for stardom in the next phase of this revolution.

A second convergence that could provide fertile ground for the next user-generated internet craze is the one that is starting to bring together the worlds of web-browsing and video games. The result: virtual worlds such as Second Life, where users are represented by fictional characters or avatars.

This is partly just a product of an "arms race" between websites trying to build their own online communities, says Mr Levchin. With too many sites competing for attention, those with the best three-dimensional graphics should stand out. However, it also represents a variation on the social networking craze. Appearing in the guise of an avatar leads to different forms of online

behaviour, says Geoff Yang, a venture capitalist who was an early backer of MySpace and is now an investor in the virtual world, Gaia. Unlike MySpace, “where you talk about the real world, this is a fantasy role-playing thing, or a Disneyland,” he says.

It is too early to predict whether any of the virtual worlds will become a true mass-market hit. Despite recent media infatuation, Second Life still has only a small active base of users and has suffered growing pains. The extent of the experimentation under way in these alluring virtual worlds, however, suggests this may be the place for the next craze.

A third form of convergence that could help determine the winners from the next phase of the web’s evolution is that of the internet and the TV. Until now, the internet has got along just fine without the TV set and YouTube proved this year that video, at least in short form, can thrive on the personal computer. As traditional media content and video game-style graphics come to play a bigger part in the web experience, though, access to a TV screen could become key. Also, the technical means to bring internet-delivered media into the living room could soon be at hand.

Apple has already staked out its claim to the TV set, announcing plans for a networking gadget early next year to stream video from a computer – unusual for a company that does not normally talk about new products in advance, and a sign of how strategically important this is.

Apple wants to bring digital movies and TV shows to the goggle box: but linking internet and TV could also breathe life into other web-based experiences and create unlikely hits every bit as powerful as YouTube.

For now, there is no way of telling which companies will navigate these currents most effectively, or whether another YouTube or MySpace is waiting to be born. But, looking back a year from now, it will all seem so obvious.

[richard.waters@ft.com](mailto:richard.waters@ft.com)

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