Popularity of Web brands signals power shift

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AMSTERDAM (Reuters) - A consumer poll on Friday exposed the worst kept secret in the business world: Internet companies are becoming more important to people than firms that operate in the real world.

Google retained its title as the world's most influential brand, and video-sharing site YouTube and online encyclopedia Wikipedia were catapulted into the top five at the No. 3 and 4 spots, according to the annual survey by online branding magazine brandchannel.com.

While brandchannel's survey is not uncontroversial as it asks 3,625 branding professionals and students "Which brand had the most impact on our lives in 2006?," rather than measuring economic impact, the evidence of the result is everywhere.

Visitors of technology and telecoms tradeshows, for instance, may be forgiven for thinking that photo-sharing site Flickr, blogging software firm Vox, Internet calling service Skype and YouTube are multibillion dollar companies, because no company from the old world announces anything without them.

At the Consumer Electronics Show in Las Vegas, Internet service provider Yahoo, at 12 years already an old timer in the Web world, was marched on stage during several "joint product" announcements, including those with Sony (founded in 1946) and Motorola (from 1928).

Mobile phone giant Nokia (founded 1865) needed Skype, Flickr and Vox to beef up its new product launches.

"All innovation is coming from the edge of the Internet," said James Enck, an analyst at Daiwa Securities, referring to the Web sites which offer services online.
As in any industry, innovation lures new customers.

John Chambers, the chief executive of Cisco (founded in 1984) which is the biggest plumber of the Internet, calculated that in four years time 20 families will generate as much Internet traffic as the entire world in 1995.

Analysts point to the obvious.

"Ask yourself how many more hours you are using the Internet compared with 10 years ago. Now ask yourself how many more minutes you make calls on a mobile phone. There's no comparison," said Bengt Nordstrom, chief strategy officer at business and technology consultants InCode.

"Internet brands are the brands people use and which they like. They are much stronger than mobile brands," he added.

Jupiter Research estimated last year that online users clocked up an average of 14 hours of Internet usage per week. That compares an average 5 to 10 minutes per day of mobile phone chats amongst consumers in Europe, China and India, according to market research group Wireless Intelligence.

It can be easy and cheap to run an Internet company and this means a lot of ideas are coming to the market and many products are free to use.

It explains why 3.5 year-old Internet community site MySpace has 90 million unique users. Rival Craigslist, despite its no-frills layout, has 10 million registered users and gets over four billion page views per month with just 22 employees.

Small wonder Philips, Nokia, Motorola and Sony, as well as telecoms operators like 3 all want to tap into those vast customer bases which embrace the new Internet brands.

"People value strong brands," said Gerard Kleisterlee, the chief executive of Philips which at CES launched Skype phones.

It may not be so surprising that Google tops the global brand chart. It has a market capitalization of $153 billion and also takes a strong position in the traditional Interbrand ranking of global brands -- at the No. 24 spot it is the world's fastest rising brand measured in dollar value.

More significant is the popularity of six year old online encyclopedia Wikipedia which has fewer than 10 employees and relies on volunteers to write the entries, and Skype which is a four year old company with 510 staff, 171 million registered users and ranks No. 2 in Europe according to Brandchannel.com.

"The Internet is the great equalizer. It doesn't matter how small you are, the Internet gives you power and presence and you can reach the global population in one fell swoop," said Skype's co-founder Niklas Zennstrom.