2014

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Information, Communication & Society
Publication details, including instructions for authors and subscription information:
http://www.tandfonline.com/loi/rics20

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Published online: 02 Jan 2014.

Information, Communication & Society, 2013
http://dx.doi.org/10.1080/1369118X.2013.869615

Financial markets and online advertising: reevaluating the dotcom investment bubble

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(*Received 27 August 2013; final version received 21 November 2013*)

While the dotcom period is often dismissed as a false start in the history of the web's commercial development, it is better conceived of as highly generative of modern structures of online advertising. Soaring investment markets and the developing online advertising sector entered into a pattern of mutual reinforcement that began in 1995 and intensified until the bubble collapsed in 2000, transforming the character of the web in the process. This article sketches the contours of this generative capacity, focusing on the production of demand for online advertising services. Taking the approach of critical political economy [Pickard, V. (2013). Being critical: Contesting power within the misinformation society. *Communication and Critical/Cultural Studies*, *10*(2–3), 306–311], this narrative is contextualized as an outgrowth of broader social trends, namely the increased importance and interconnection of marketing communications, media technologies, and finance within the changing capitalism of 'the new gilded age' [Gillespie, R. (2012). Gilders and gamblers: The culture of speculative capitalism in the United States. *Communication, Culture & Critique*, 5, 364].

Keywords: Internet advertising; finance; dotcom bubble; political economy; marketing communications; Internet history

The Internet's market structures impact the communication it enables. Social media have been lauded for facilitating political and cultural participation, yet many of these platforms are created by companies that seek to monetize their users' activities, political or otherwise. In this capacity, social media are a recent iteration of a more general marketing function that has been under construction on the Internet since the inception of commercial online services and the World Wide Web over two decades ago. Although topics such as digital labour (Scholz, 2013), dataveillance (Zimmer, 2008), and networked publics (Papacharissi, 2010) have received deserved attention, scholarship offering critical narratives of the history of the web's commercialization remains sparse (Turow, 2011).

This article addresses this gap by outlining the connections between the dotcom investment bubble and the growth of online advertising, a central but often overlooked component of the web's commercial development. One tendency has been to gloss over the 1990s as a prosaic era of banners and pop-ups, a false start in the history of online advertising that was swept away in the bubble's collapse (McStay, 2009; Spurgeon, 2007). The real action is often presumed

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to begin in the early 2000s with Google's refinement of contextual advertising and implementation of the pay-per-click model (Auletta, 2009). At the same time, prevailing critiques of the bubble primarily focus on its economic destruction: market losses in the trillions of dollars and attendant costs that extended well beyond the investor class (Henwood, 2005; Lowenstein, 2004; Sherill, 2004).

The counter-argument presented here is that the dotcom era was also highly generative of modern online advertising structures. Soaring investment markets and the developing online advertising sector entered into a pattern of mutual reinforcement that began in 1995 and intensified until the bubble collapsed in 2000, transforming the character of the web in the process. This article sketches the contours of this generative capacity, focusing on the production of demand for online advertising services. Taking the approach of critical political economy (Pickard, 2013), this narrative is contextualized as an outgrowth of broader social trends, namely the increased importance and interconnection of marketing communications, media technologies, and finance within the changing capitalism of 'the new gilded age' (Gillespie, 2012, p. 364).

Integrating primary sources from corporate financial documentation and trade publications with existing scholarship and popular press accounts, the article proceeds in three sections. The first briefly outlines the processes of financial investment that underpinned the bubble's growth and contributed to the development of the online advertising market. The well-known dotcom company Netscape Communications serves as an extended example to illustrate the normalization of a Get Big Fast business model among companies looking to commercialize 'cyberspace'.

The second section situates the dotcom phenomenon within a broader entanglement of marketing, finance, and Internet technology. It documents the movement of advertising and public relations to the centre of the bubble's investment processes and describes how established measures of financial assessment such as profitability were superseded by marketing-based metrics such as 'mind share'. In this context, public and private investors funded the lavish advertising expenditures of a host of loss-making dotcom companies, through which billions of dollars of investment capital poured into the nascent online advertising sector.

The final section explains how these outlays were legitimized through a prevailing New Economy rationality that fused 'mythologies of entrepreneurial risk taking' (Lovink, 2002) with promises of monopoly profits for those who could dominate as yet untapped Internet markets. It also describes the instrumental power of an investor class that deployed marketing communications as a tool to increase the value of short-term investments. These developments conditioned the web as an advertising channel, helping to legitimize the medium for traditional marketers who began to move online in earnest during the bubble's later stages. Contextualizing this history within broader political economic trends reveals that the structural relationship between finance capital and Internet technology became a central factor in the re-composition of new media and advertising during the dotcom bubble.

Risk investment in the dotcom era

Between roughly 1995 and 2000, the US economy was overtaken by a major financial market boom and bust that centred on the commercialization of the Internet – the dotcom bubble. The bubble grew out of a complex array of social forces, but was driven by *risk capital*, a term used here to indicate a highly speculative form of short-term investment whereby funds are rapidly deployed in search of above-average returns. Risk capital can be conceptualized as a subset of the more general 'finance capital' (Duménil & Lévy, 2004), which broadly signifies investment via instruments and markets that are detached from the production of traditional goods and services.

During the dotcom period, risk capital was deployed most significantly through a two-step mode of investment involving private venture capital (VC) firms, largely based in California's Silicon Valley, and the public stock markets of New York's financial district. VC firms establish high value investment vehicles (funds) constituted by agreements among the firm's principals (general partners) and outside investors (limited partners). Under the management of the general partners, funds are invested in portfolio companies in a cascading series of financing rounds that are usually conditional upon negotiated growth benchmarks. The goal is to build the value of portfolio companies and then realize profits by 'cashing out', usually via acquisition or by holding an initial public offering (IPO). Stewarded by investment banks and brokerages, the IPO is the process whereby companies go from private to public by issuing shares on a stock exchange. As increasingly lucrative exit strategies for VC investors, IPOs – and those listed on the technology-centric Nasdaq Stock Market in particular – became the bubble's main event.

The period was characterized by a prevailing sense that the rapidly popularizing Internet would foster markets with vast commercial potential. In order to exploit this potential, risk investors and company managers promoted a Get Big Fast business development strategy that was premised on a 'single prolonged bet on a future state of the world in which a select group of "winners" would dominate the e-commerce landscape' (Kirsch & Goldfarb, 2008, p. 261). The basic assumptions of Get Big Fast are straightforward. Rather than pursue incremental growth, the aim is to saturate a given market as quickly as possible in order to minimize competition. The 'Fast' is about gaining so-called 'first mover advantages', while the 'Big' is about securing them through rapid expansion. The rationale is that the first mover into a given market has more time to establish business competencies, a better chance to cultivate premier brand recognition, and thus greater opportunities for customer acquisition and retention. Dominant market share (bigness) is central to realizing these benefits and creating barriers to entry for competitors.[1] Thus, companies pursuing Get Big Fast prioritize the aggressive expansion of their operations and customer bases. The key is that growth of this nature requires substantial resources, which, in the context of the financial bubble, became increasingly accessible via risk investment.

Widely known for popularizing the graphical web browser, Netscape Communications' implementation of the Get Big Fast model was just as consequential, serving as a proof of concept for the flood of Internet companies and investors that followed.[2] In 1994, wealthy Silicon Valley businessman and Netscape co-founder Jim Clark arranged a $5 million investment in the company from top tier VC firm Kleiner Perkins Caufield & Byers (Peltz, 1996). The company used these funds to improve its Navigator browser and push it to market as quickly as possible. Citing future competitor Microsoft as an inspiration, Netscape's other co-founder, Marc Andreessen, summarized the rationale: 'Market share now equals revenue later and if you don't have market share now, you are not going to have revenue later' (Cassidy, 2002, p. 64). This strategy, paired with the company's 'relaxed' approach to collecting software license fees, enabled Netscape to control some 70% of the web browser market by mid-1995 (Quittner & Mondi, 1995).

Seeking to raise additional capital in order to entrench its position, Netscape went public in August 1995. Trading began so frantically on the day of the IPO that the company's share price nearly tripled prior to the market open and closed up an unprecedented 108% above the offer price. Valued at $21 million one year prior, Netscape's valuation instantly jumped to over $2.2 billion, netting the company and its investors huge sums (Lashinsky, 2005). As PBS's Frontline (2002) would later report, the IPO was an 'historic and prophetic moment on Wall Street'. It was historic because the explosive demand for Netscape's stock took the financial world by surprise. It was prophetic because it had the dual outcome of kick-starting widespread speculative investment in the nascent Internet sector and legitimizing the Get Big Fast strategy that 'came to define an entire generation of Internet technology companies' (Kirsch & Goldfarb, 2008, p. 261).

Annual VC investment surged during the bubble period, growing from about $7 billion in 1995 to nearly $100 billion in 2000 and then receding to less than $40 billion/year for the next decade (National Venture Capital Association [NVCA], 2011b). Between 1990 and 2000, the number of active VC firms more than doubled, while the number of companies funded in those years grew six-fold from 1050 to 6420 (NVCA, 2011a, 2011b). In 1999 and 2000, the peak years of the bubble, nearly 80% of VC investment went to companies seeking to commercialize the Internet (Zook, 2005). As this capital was deployed the population of new Internet companies increased, as did the value of individual funding commitments. Start-ups that only a few years earlier 'would have been happy to receive a few million in venture funding routinely [received] up to ten times that amount' (Williamson & Cuneo, 1999).

Stewarded by VCs looking for premium returns, the number of Internet start-up IPOs grew rapidly. For purposes of this analysis, the label 'dotcom' signifies those companies that held an IPO between 1995 and 2001 for which some aspect of commercializing the Internet was a major component of their business activity. These include well-known companies like Yahoo, Amazon, and E*Trade, as well as lesser-known entities such as DoubleClick and CMGI (online advertising services providers). Building on separate research by Ritter (2012) and Cassidy (2002), I have identified a population of 655 US-based dotcoms that collectively raised approximately $50 billion via IPOs during the bubble period.[3]

Many more businesses attracted various forms of financing outside of public markets, and many dotcoms continued to raise money beyond the IPO by issuing follow-on offerings. All told, an estimated 24,000 Internet-related firms raised some $256 billion from public and private investors during the bubble (Goldfarb, Pfarrer, & Kirsch, 2005). While dotcoms made up only a fraction of these ventures, they 'represented the lion's share of assets' and 'market capitalization' (Goldfarb et al., 2005, p. 3). As the best capitalized companies, dotcoms controlled the majority of the business spending in the nascent Internet sector.

The entanglement of marketing, finance, and Internet technology

In the image of Netscape and other early dotcoms such as Yahoo, Get Big Fast crystallized into a strategy of rapid business expansion primarily sustained by risk capital investment. What is overlooked about Netscape's classic case and Get Big Fast more generally is the fundamental role that marketing communications – and advertising and public relations in particular – played in all stages of the bubble's investment processes. The period became characterized by a deep entanglement of marketing, finance, and Internet technology, whereby advertising and public relations became key competitive weapons in the struggle not only to win customers, but also to win in the financial markets by attracting essential risk capital.

Standard investment analysis holds that the value of a company is based on objective indicators of business performance and underlying 'fundamentals'. The relatively new field of behavioural finance shows that factors like brand awareness and public image – heavily influenced by marketing communications but rarely accounted for on financial statements – are important determinants of a company's fundraising success. As Schiller (2009) argues in *Irrational Exuberance*:

> The role of the news media in the stock market is not, as commonly believed, simply as a convenient tool for investors who are reacting directly to economically significant news itself. The media actively shape public attention and categories of thought, and they create the environment within which the stock market events are played out. (p. 105)

During the bubble, the importance of marketing within investment processes grew to epic proportions as advertising and public relations became core drivers of financial valuation, superseding established metrics. Returning to Netscape, a crucial detail of its history is that on the day of its wildly successful IPO, the company had not recorded a single dollar of profit. This set in motion a new investment rationality for the dotcom era in which profitability, a long-standing rule-of-thumb for companies filing IPOs, was now seen as outmoded. In 1995, almost two-thirds of new stock issuers had profitable operations when they held IPOs. By the first quarter of 2000, fewer than one in five companies were profitable at the time of their IPO (Morgenson, 2001).

If Netscape's IPO was a triggering event, the retreat from the profitability standard was formally articulated into a new valuation model by a vanguard of investment professionals whose pronouncements were reproduced and enlarged by an uncritical and at times obsequious media system. In February 1996, a highly influential report from Morgan Stanley (1996) helped to legitimize speculative dotcom investment by framing the Internet as an under-explored commercial frontier with massive potential for growth. Building on the credibility of their institution, analysts Mary Meeker and Chris DuPuy articulated an investment approach that downplayed established economic markers (particularly negative cash flow) in favour of different metrics argued to be more in line with the potential of Internet markets. These indicators such as market share and the nebulous 'mind share' were not directly calculable using company balance sheets, and in some cases, not calculable at all. Rather, these were *marketing-based asset valuation models* that were largely functions of advertising and public relations.

Kurtz (2000) demonstrates the extent to which investment analysts were given media platforms to espouse marketing-based asset valuation models and the degree to which such practices were encouraged by media owners and professionals who often had vested interests in market outcomes. While a new sub-genre of Internet investment market news was engendered (especially on cable television), the 'rhetoric of the New Economy was hot and glamorous' and became generalized across many mainstream media outlets (Lovink, 2002). This developing media discourse had material consequences. As Thrift (2001) argues, 'telling the new economy story worked, and worked to the extent that it began to re-describe market fundamentals' (p. 425). In practice, marketing-based assessment models of the sort endorsed by new economy analysts and gurus created significant incentives for dotcom companies to go after mind and market share, measured perhaps most directly by website traffic, in order to attract investment and increase their valuation (Trueman, Wong, & Zhang, 2000).

Digging deeper into the VC/IPO risk investment process illustrates precisely how dotcoms utilized marketing communications toward these ends. Following Netscape, the pattern for most dotcoms was to first secure funding from VC firms and/or wealthy 'angel investors' and then hold an IPO as soon as possible. Demonstrating forward momentum was essential to fundraising. More important still was the potential to become a household name and control a given market. To this end, it became increasingly necessary to generate positive media publicity, or 'investment buzz', across all stages of the investment process, but especially when approaching an IPO.

It is standard practice for companies seeking to go public to try to drum up interest among institutional investors in what is called the 'road show'. Usually a tour of major cities, the road show has been called 'the defining spectacle of the new economy' (Indergaard, 2004, p. 64) because of its importance in determining demand, and thus pricing, for shares. Lots of investment buzz generally equates to a higher offer price, which ultimately nets more capital to the issuing company, VC investors, and investment bank underwriters.

Netscape's road show was successful despite its lack of profits because the company had the dominant position in a web browser market with unknown potential. Still, it is often overlooked that Netscape's media acumen was critical to its fundraising success, although co-founder Clark

(1999) was quite clear on the matter. 'Anyone starting a company that doesn't try to influence the press's impression surrenders the future to fate, a tremendous mistake', (p. 98) he declared. Appearing successively in a bevy of major news outlets, Netscape leveraged the web medium's explosive diffusion by billing itself as the gateway to the Internet. This shrewd deployment of public relations was a critical factor in securing venture capital and holding a successful IPO. Positive publicity had the twin benefits of advertising Netscape's web software and services to consumers, while also raising the company's investment profile.

In other words, the emerging characteristics of the speculative financial bubble encouraged dotcoms to allocate inordinate resources to marketing communications. On this point, the Morgan Stanley (1996) analysts were clear: 'For now it's important for companies to nab customers and keep improving product offerings: mind share and market share will be crucial' (pp. 1–20). Netscape's IPO was so important because it demonstrated in dramatic fashion that financial success could be achieved through advertising and public relations *in the absence of profitability*. Subsequent dotcoms and investors took the lesson to heart, as 'branding' became 'essential for web companies' (Snyder, 1998) seeking to attract risk capital. After securing the first round of investment funding for his start-up, journalist and Internet entrepreneur Wolff (1999) quipped that his 'primary job was now to get the company's name in the paper' (p. 51). 'Publicity', he noted, 'is the currency of our time' (p. 54).

In this context, dotcoms routinely contracted advertising agencies and public relations firms to launch marketing campaigns in order to gain legitimacy in the eyes of potential investors. As one Internet executive declared, 'You've got to get an [ad] agency to show VCs that you are making progress with your business plan; having an agency is a comfort factor for VCs' (Freeman, 1999). During one eight-month period in 1999, TBDA/Chiat/Day, an agency known for its edgy creative work, reported meeting with no less than 174 dotcoms and signing 13 as clients (Johnson, 1999b). Interpublic Group's Goldberg Moser O'Neill ad agency claimed that its dotcom clients planned to spend in excess of $1 billion in the fourth quarter of 1999, roughly equivalent to the annual US ad spending of McDonald's and Burger King combined (Hwang, 1999).

Retaining ad agency services became a critical method for driving up the value of an impending IPO. In a common practice, the online music retailer CDNow used $10 million of its venture funding to hire an ad agency and launch a 'marketing blitz' six months prior to its public offering (Snyder, 1998). By some interpretations, using advertising to condition financial markets in advance of an IPO should have attracted scrutiny from the Securities and Exchange Commission (SEC). Others argued that regulatory frameworks, at least at the level of enforcement, accommodated such practices under the recognition that 'you've got to be able to do business' (Hwang, 1999). Still, observers noted that many dotcom ad campaigns seemed to be 'disproportionately skewed' to investor publics in order to 'generate confidence' (Hwang, 1999).

Relatively few IPOs have historically been considered newsworthy for audiences outside the financial sector, but during the bubble IPOs served an important role within the escalating dotcom 'image-making apparatus' (Indergaard, 2004, p. 56). Again, Netscape's Clark was forthright in admitting that he viewed the IPO as 'more marketing bullshit' (Cassidy, 2002, p. 81). For Netscape and most dotcoms thereafter, the IPO's purpose was to generate two windfalls: risk capital and publicity. A pattern emerged whereby dotcoms generated significant media attention through explosive first day increases in share price, the quantity and magnitude of which were unprecedented during the bubble. Share prices rose by an average of 6% on first day of trading during the decade of the 1980s (Lowenstein, 2004, p. 112). In 1999 and 2000, nearly 200 companies saw first day share prices double, while only four did so in the decade following the bubble's collapse (Ritter, 2011).[4]

While price spikes were functions of the overarching trend of speculative investment, they also became grist for calculated public relations campaigns. On its face, a large spike implies a highly sought-after stock and thus a valuable company. The catch is that excessive first day increases are not strictly in the best financial interest of the issuing company, which only collects the value of the shares sold at the initial offer price. Because all subsequent trading profits (or losses) are realized by external parties, the difference between the opening and closing price multiplied by the number of shares issued is known as 'money left on the table'. While dotcom theGlobe.com's record-breaking 600% price spike in late 1998 produced a wave of media attention, the company left nearly $170 million on the table. It should be safe to assume that under normal circumstances most executives would not consider this a sound long-term business decision. While demand for shares cannot be perfectly predicted, investment bankers had managed to solidify a de facto standard first day price increase between 10% and 15% (PBS, 2002). Despite this, dramatic price spikes were routinely sought after by dotcoms as marketing pseudo-events.

Even while leaving substantial sums 'on the table', dotcoms collectively generated $50 billion via IPOs during the bubble period, a significant portion of which went directly to fund marketing communications. E-Stamp committed nearly two-thirds of its $110 million IPO earnings to 'ads, marketing and brand-building' efforts (E-Stamp, Stamps.com send off TV pitches, 1999). Likewise, online insurance peddler HealthExtra used its IPO to finance a $25 million ad campaign (Goetzl, 2000). Advertising budget data such as these are more meaningful when compared across business sectors. One method for gauging a given company or industry's relative emphasis on marketing activities is to compare sales-and-marketing expenses as a percentage of revenue (SME ratio). A study commissioned by *Advertising Age* found that the dotcom sector had an average SME ratio of 94% in the fourth quarter of 1999, meaning that the typical dotcom spent 94 cents on sales and marketing for every incoming dollar of revenue (Johnson, 2000). While high SME ratios are not uncommon among new businesses, dotcoms allocated disproportionate resources to sales and marketing efforts compared to offline retailers, which averaged SME ratios of 25–40% (Taylor, 2001).

A range of marketing expenses generally factor into SME ratios, including the labour costs of sales personnel. A more precise picture of the dotcom sector's explicit focus on marketing communications can be obtained by looking at dedicated advertising spending as a percentage of revenue (AR ratio). Since most companies do not regularly include ad expenditures in public securities filings, definitive sector-wide analysis is out of reach. However, 111 Nasdaq-listed dotcoms reported ad spending of $1 million or more in 1999, making it possible to calculate AR ratios.[5] While the sample is imperfect, it represents a variety of companies comprising about one-sixth of the total dotcom population.

Offline retail and publishing industries (comparable equivalents to the e-commerce and web publishing dotcoms in the sample) together yielded an average AR ratio of approximately 5% in 1999 (Advertising to sales ratios by industry, 1999). Of the 200 largest advertising spending industries, all but one produced AR ratios below 15%. About two-fifths of the sampled dotcoms fell below the 15% high water mark for offline industries. Another two-fifths had AR ratios between 15% and 100%, while the remaining one-fifth was composed of 22 dotcoms whose advertising expenditures exceeded revenues, in some cases by large multiples. Three-quarters of this highest spending group held IPOs in 1999.

These data show that the dotcom sector funded marketing communications, and advertising in particular, at rates that far outpaced comparable offline businesses. This trend can be attributed in part to certain large-scale branding efforts via traditional media channels, which resonated with the assumptions of Get Big Fast. Prices rose, as virtually all offline media experienced a 'mad rush' of dotcom demand for ad space (Beeler, 2000). This was most pronounced in television where dotcoms bought ad inventory at premium rates, including no less than 17 spots in the 2000 Super Bowl (Friedman, 2000; Ross, 1999).

Yet the majority of offline media spending came from an unrepresentative cluster of the highest-profile and best-funded Internet companies (Gilbert, 2000b). A select group including WebVan, Value America, HomeGrocer, CNET, AltaVista, and E*Trade each launched $100 million plus ad campaigns in 1999 (Cuneo, 1999; Gilbert, 2000a; Kawamoto, 2000; Mad.Av. Dotcom: Special report, 1999; Williamson, 2000a). CNET's outlays represented nearly 80 times the total advertising expenditures of its previous seven years (Williamson, 1999). While the major television advertising of these and a few other companies achieved the highest visibility, most dotcoms were spending the bulk of their ad dollars on a medium much closer to home.

Online advertising represented a small fraction of total US ad spending at the start of the bubble. By 2001 it had surpassed outdoor media and trade publications on its way to becoming the second largest media category in 2010 (Domestic ad spending by medium, 2001; Interactive Advertising Bureau, 2001, 2011). Annual outlays more than tripled from 1996 to 1997, more than doubled from 1997 to 1998 and again from 1998 to 1999, and grew by 75% from 1999 to 2000 (Interactive Advertising Bureau, 2001). Pursuing Get Big Fast, the dotcom sector propelled this growth.

In 1996, 6 of the top 10 online advertising spending leaders were dotcoms ('Top advertisers by Media', 1997). The group included Excite, Netscape, Infoseek, Yahoo, Lycos, and CNET, all of which had recently held IPOs. Infoseek spent 60% of its advertising budget online, while Yahoo spent nearly all of its ad dollars on the same (Svanas, 1997; Yahoo, 1996). In 1997, all but CNET again ranked among the top 10 online spenders. More generally, dotcoms and companies in the computing and technology sectors (e.g. Microsoft, IBM) accounted for more than half of all online ad spending in 1996 and 1997 and about 40% in 1998 (Elsworth, 1997; Johnson, 1999a). In 1999 and early 2000, a group of about 80 well-capitalized dotcoms paid for over three-quarters of all web advertising (Featherly, 2000b). And while they figured less prominently among the top 10 online advertising spenders, dotcoms still accounted for two-thirds of the top 200 (Featherly, 2000a).

Dotcom leadership in online advertising spending must be juxtaposed with the relative ambivalence of traditional marketers regarding the web as an advertising channel. While a few major marketers, primarily within technology-related sectors, experimented with online banner advertising and corporate websites as early as 1994, most were hesitant to move ad dollars online in any systematic manner during the bubble period. In 1998, just 19 of the largest 100 national marketers allocated funds for Internet advertising (100 Leading National Advertisers, 1999). Unconvinced of the web's potential to deliver brand experiences, Proctor & Gamble and other consumer packaged goods marketers were still holding out for 'interactive television'. Greater numbers of traditional marketers moved online in the bubble's later stages, but dotcoms remained the most important constituency driving online advertising's growth. Although only intermittently available, ad impressions data confirm this. In the second and third quarters of 1999, the 10 largest dotcom marketers collectively purchased over 7.5 billion banner ad impressions, more than double the amount purchased by the 10 leading traditional marketers over the same period (Net results, 1999).

'New economy, new rules'

Propped up by risk capital, dotcoms maintained robust marketing budgets even as 'burn rates' – the total amount of money spent in excess of income each month – climbed steadily. These expenditures, which would have previously been marked as unwise, were legitimized through a 'New Economy' rationality, a 'frame of representation' (Flichy, 2007, p. 1–2) that coordinated the activities of the social actors involved. The New Economy was steeped in 'mythologies of entrepreneurial risk taking' (Lovink, 2002) and promises of monopoly profits for those who could dominate yet untapped Internet markets. Mosco (2004) characterizes the period as being overtaken by a 'myth of the digital sublime' whereby the dotcom designation

> conferred a mythical power that allowed firm[s] to transcend accepted marketplace conventions. … What made the dotcom boom a myth was not that it was false but that it was alive, sustained by the collective belief that cyberspace was opening a new world by transcending what we once knew about time, space, and economics. (pp. 3–4)

As technology and free market evangelist Kevin Kelly (1998) wrote, the New Economy meant new rules for conducting business. 'Those who play by the new rules will prosper, while those who ignore them will not' (p. 1).

These new rules maintained that dotcoms had to focus on attracting customers in the traditional sense, while also attending to the demands of a different set of clients: investors and stockholders. A portfolio manager with the institutional investor Neptune Capital Management spelled out what this client base cared about most: 'In the internet world, you have to look for the dominant player. We're not looking for profitability. Now, we're only looking for growth' (Messina, 1999). Growth can occur across various dimensions such as increasing staff, investing in technology, and buying competitors. And while dotcoms pursued these methods to different degrees, their core strategy was to expand sales and marketing efforts. Spending your last dime on an ad campaign was rational in an economic context where mind share and market share were paramount indicators of value and gateways to essential investment capital. As *Fortune* magazine reported, 'if budget-busting advertising campaigns or product giveaways are what it takes to propel your company into the ranks of web giants, well, that's okay. … Profligacy pays' (Fox, 1999).

This was especially true for risk investors who used marketing communications as a primary means to deliver returns on speculative investment. During the bubble's upswing, VC firms and investment banks propelled and exploited the financial mania to collect substantial investment payouts and service fees. As one journalist noted, 'Instead of using the stock market to build companies, venture capitalists and entrepreneurs use[d] companies to create stocks' (Cassidy, 2002, p. 241), a strategy that was remarkably profitable. In 1999, US VC firms realized a 'staggering' collective return of 147% (Barrow, 2001, p. 79).

Venture capitalists in particular employed advertising and public relations as means to build valuation prior to exiting investments via IPO markets. Execution of this strategy was dependent on VCs exerting managerial influence within portfolio company boardrooms. As the *Wall Street Journal* reported, 'when it comes to the marketing craze among web-based start-ups, the most powerful advertising executives aren't in the advertising business at all. They are the people of Sand Hill Road, Silicon Valley's venture-capitalist enclave' (Hwang, 2000). VC firms' managing partners typically sat on the boards of portfolio companies and participated actively in business operations by 'providing strategic counsel regarding development and production, making connections to aid sales and marketing efforts, and assisting in hiring key management' (NVCA, 2011a, 2011b, p. 11). In late 1999, an estimated 80% of venture funding provided to Internet companies was being spent on advertising (Williamson & Cuneo, 1999). Thus, Thrift's (2001) assessment that 'it's the romance, not the finance' requires a subtle but important alteration: it's the romance *and* the finance. For dotcoms in the New Economy, advertising was perhaps the sole mandatory expense. This is indicative of the instrumental power of an investor class that deployed marketing communications as a tool to increase the value of short-term investments.

In a striking illustration of the contortionism propelled by this entanglement of marketing, finance, and technology, dotcoms with little cash on hand began to employ their own inflated stock as transactional currencies to finance ad campaigns. In what by early 2000 was a 'commonplace' practice, Pets.com offered equity to The Walt Disney Company in exchange for millions of dollars in advertising time on its ABC network (Williamson, 2000b). Ad agency GSD&M went so far as to create a new division focused solely on bartering marketing services for stock holdings in Internet start-ups. According to the agency's president, 'The basic premise is we provide venture ideas, venture marketing, and venture creative for equity' (Snyder, 1999).

To summarize, the dotcom bubble became a self-perpetuating system in which the most important business competency was attracting investment capital. This was achieved to a significant degree through advertising and public relations, whereby companies sought to demonstrate their potential to become dominant in a given online market, to Get Big Fast. Dotcoms with a strong market position and positive media profile found it much easier to attract investors, while securing risk capital through IPOs and other means were deployed as public relations events in their own right. At the same time, those with investment funding spent heavily on advertising to further build market share and enhance brand image, which in turn aided fundraising. This powerful feedback loop between marketing and finance rationalized otherwise irrational business practices and directed significant investment toward transforming the web into a channel for marketing communications.

While the bubble's collapse momentarily stalled online ad spending, the nascent Internet media economy had already been conditioned to incorporate advertising. Dotcoms drove demand within the online ad market when significant elements of the mainstream marketing complex were largely ambivalent about the web. For commercial web publishers that tried and failed to institute consumer subscription programmes, dotcom ad dollars were vital sources of revenue. Most importantly, the marketing/finance feedback loop funnelled substantial resources to the pioneers of surveillance-based Internet advertising (Crain, 2013). Companies such as DoubleClick and CMGI, now major components of Google and Microsoft, respectively, benefited from dotcom ad spending and were themselves heavily integrated into risk capital markets. This enabled them to rapidly develop massive capacities to deliver targeted banner ad messages and collect information about web users; DoubleClick alone went from delivering 1.5 billion targeted ads in 1996 to some 621 billion in 2000. At the height of the bubble, 70% of DoubleClick's clients were dotcoms.

Taking a step back, it is reasonable to conclude that dotcoms' relentless pursuit of mind share helped fuel the bubble itself, as widespread media coverage of Internet investment 'success stories' prompted greater speculation. The financial news media and 24-hour cable news channels in particular played an important role in 'pumping and publicizing the money machine' (Kurtz, 2000, p. xviii). Business journalism perpetuated and amplified the bubble as coverage of technology stocks became a cultural spectacle that encouraged greater popular participation in investment markets.

New online stock brokerages such as E*Trade, themselves among the largest dotcoms, fuelled the bubble even more directly by running massive advertising campaigns to persuade individuals to invest in Internet stocks via online trading services. As Indergaard (2004) notes,

> It was a linking up of the new media with the financial sector and old media … that led large numbers of people to believe that dotcom start-ups were carriers of revolutionary change – and worth $100 or more a share. (p. 56)

In 1999, the chairman of the SEC, Arthur Levitt, excoriated the online brokerages for producing advertising that 'more closely [resembled] commercials for the lottery than anything else' (Lux, 1999). Singling out one television spot that featured a working class truck driver who had purchased a tropical island with proceeds from his securities trading, Levitt argued that such promises of instantaneous wealth were highly disingenuous. Even if the immediate effects of such campaigns on popular investment are difficult to demonstrate, a culture saturated in advertising of this nature 'sets up a new background in which investing is a normal practice' (Thrift, 2001, p. 424).

The story here goes beyond the instrumental priming of the web for advertising messages and the concomitant rise of technology-related speculative investment. It is also about a generative moment in which the importance and intersection of marketing communications, media technologies, and finance were heightened within capitalism.[6] The entanglement of marketing, finance, and Internet technology was imbricated in the political ideology of neoliberalism and manifested as 'deregulation' across a spectrum of public policy issues. In particular, long-standing regulatory frameworks in the finance and technology/media industries were gutted as these two sectors were positioned as the twin engines of the short-lived economic 'recovery' of the 1990s. Marketing-based measures of financial valuation rose in lockstep with the growth of 'hollow corporations' (Klein, 2010, p. xvii), which count creating brand experiences and customer relationships among their core competencies while divesting direct ownership of productive facilities. Finally, the Get Big Fast risk investment model epitomizes the rule of maximizing shareholder value, which prioritizes short-term profits and came to dominate business management theory and practice in exactly the period at hand (Fox, 2013).

Marketing communications such as advertising and public relations have been central to business since the creation of national markets and the rise of corporate industrial capitalism in the early twentieth century (Ohmann, 1996; Pope, 1983). The financial sector has grown increasingly important in the last four decades, as banks and investors have pioneered new forms of technology-enabled speculation and ratcheted up the use of debt throughout the economy. What this particular episode in the commercialization of the Internet underscores is that the boundaries separating the spheres of marketing and finance are increasingly porous and that an understanding of these political economic forces is essential for Internet, communication, and media studies.

Notes

1. As McChesney (2013) notes, 'the notion of competitive free markets may be great for economics textbooks and consumers, but it is a nightmare for any sane capitalist' (p. 37).
2. Get Big Fast investment is not unique to the dotcom period. Perez (2002) argues that this type of risk investment was integrated into five major technological revolutions since the 1700s.
3. Compiled from Bloomberg, Capital IQ, and Wharton Research Data Services financial databases.
4. Data represent IPOs with an offer price of greater than five dollars.
5. Compiled from Bloomberg, Capital IQ, and Wharton Research Data Services financial databases.
6. Of course, these political economic forces have been building steam for decades. See Harvey (2005), Schiller (1984), and Schiller (2007).

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