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Web, computer "widgets" offer branding opportunities

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DENVER (Billboard) - Pop quiz: What technology is on the cusp of changing the face of Internet advertising as we know it?

Answer: Widgets.

Simply put, widgets are mini-applications that offer easy access to Internet-based content and information. What makes them special is that they do so without requiring users to visit a specific Web site.

They primarily live in two places -- online or on the computer desktop. Web widgets are designed for blogs, social networking profiles or personal Web sites, enabling users to display personal or third-party content and services without moving to another site. Examples include embedded YouTube videos, movie trailers, audio streams and photo slideshows set to music.

Desktop widgets are downloadable tools that provide access to information, content or services without requiring one to launch a Web browser. For instance, rather than visiting the Weather Channel's Web site for the latest forecast, one can simply download the company's widget and view continuously updated weather information in a small window. Similar widgets exist for stock information, news feeds, maps and multimedia content like pictures, videos and music.

What's this got to do with advertising? In a sense, widgets blur the line between an ad and a personalized service. Rather than just providing a banner ad linked to their site, savvy content providers can create a useful widget and slap their brand on it. Because it provides a service, users are more likely to interact with it longer than a mere banner ad, thereby increasing brand loyalty and longevity. Additionally, allowing users to share the widget with others provides free distribution and placement.

SHOWING OFF

"Users are looking for ways to show off what they like," said Jai Shen, co-founder and chief technology officer of widget developer RockYou. "Look at ringtones. People pay more for a ringtone than a song on iTunes. The reason is because a ringtone is a point of self-expression. This is kind of an accessory thing that shows off what you are. Widgets are the same thing."

Shen said the various widgets RockYou creates get around 150 million views per day collectively and estimates the company creates 200,000 new widgets daily.

Several companies have used music-focused widgets to promote their own services, such as 20th Century Fox's "Live Free or Die Hard"-themed iTunes player and Snocap's MyStore on MySpace. Other music-related widgets include streaming music desktop players from the likes of Sonific, Finetune, Imeem and various local radio stations, as well as the Warped tour video interview widget for TagWorld.

But until recently, few record labels have dabbled in this world.

Universal Music Group created the U Music Gadget, a widget for Microsoft's Windows Sidebar feature in the new Vista operating system. The widget lets users access their entire music and video libraries (regardless of whether they include UMG acts) directly from the desktop. It also provides news, tour information and new music videos from UMG acts based on the users' preferences. Currently, it is available only in the United Kingdom.

Canadian label Nettwerk Music Group, meanwhile, has partnered with RockYou to feature its artists in the company's photo slideshow widget. The application allows users to create soundtracks to slideshows of personal photos. When downloading the widget, users can select one of several featured acts on the RockYou site.

STILL TAKING SHAPE

But before the music industry embraces widgets more widely, there are several hurdles to overcome. While the number of widgets in use is estimated in the hundreds of millions, Internet tracking sites like ComScore and Nielsen NetRatings are not yet monitoring them. Additionally, the business model for them remains unclear. Outside of music licensing fees, widgets by themselves are largely free.

Licensing issues remain a concern. MySpace blocks any streaming music widget from its site unless the developers register with audio fingerprint firm Audible Magic to ensure that the application does not violate any copyrights. The impact of the new royalty rates for Internet radio stations remains a big question mark.

Yet the demand for music-based widgets is high. According to Shen, RockYou receives a "huge river" of requests for more music selections for the company's slideshow application, and it recently partnered with Snocap to sell music on the RockYou site. Additional experiments are just a matter of time.

"We're trying to figure out, A, how to do it the right way, and B, not to lose money doing it," he said.

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