Internet Advertising

Why Internet Advertising?

- TV audiences are migrating to the Net
  - In a Forrester Research Report, PC users were asked which activities they were giving up to spend more time on their computers
    - 24% admitted giving up eating or sleeping while 78% sacrificed TV.

The Net is the Fastest Growing Medium in History

- The first banner ads were sold in 1994
- The Net captured 50 million users in 5 years, this compares to 13 years for TV and 38 years for radio

Internet Demographics are a Marketer’s Dream

- Internet users are young, well-educated and earn higher incomes

Advantages of Advertising on the Internet

- Ability to target
- Interactive capabilities
- Relationship building
- Potential exposure (especially if on a limited budget)
- Sales potential
- Information source

Communications Objectives

- Target new users
- Create awareness of a business and its products
- Sales support in business to business
  - leads for staff and training
- Create/maintain a relationship with customers
  - http://www.pg.com
- PR

- Build databases – collect info on customers
  - http://www.cocacola.com
- Disseminate product information
  - http://www.kingarthurflour.com
- Create a company image
  - http://www.bmwfilms.com
- Stimulate trial through electronic coupons, samples, etc.
  - http://www.coolsavings.com
- Improve customer service

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### Advertising on the Internet

- **banners** – *highly effective in generating awareness*
- **sponsorships** – event sponsorship and sponsor site content; *good for branding and awareness objectives*
- **interstitials** – ads that appear on a screen while a site was downloading
- **email**
- **pop-ups**

### IAB Guidelines for Measurement:

- Clicks/click-through rate
- Visits – requires a text or graphic download
- Unique visitors - # of different visitors in a specific time period
- Page Impressions – page request
- Hits - # of times a specific component of a site is requested (shows which part of the site is most popular)
  - weaker metric

### Most Effective Type of Online Advertising

*(in survey of 2,000 companies by Harris Interactive)*

- **Pay for Placement**
  - Pay a fee to show up high on a list of search results at a search engine (highest bidder gets the top slot)
  - Highest satisfaction (41%) and ROI (29%)
- **Opt-in E-Mail**
  - Companies send promotional email to customers who request it (deliver targeted relevant messages to consumer who opt-in)
  - Satisfaction of 33%, ROI of 24%
- **Paid Inclusion**
  - Pay a flat fee to be included in sites like AltaVista
  - Satisfaction of 31%, ROI of 23%

### Least Effective Online Advertising

- **CPC Banners (cost per click)**
  - Place banner ads on a site and pay per surfer who clicks on the banner
  - Satisfaction of 21% and ROI of 16%
- **CPM Banner**
  - Companies place banner ads on a site and pay per thousand times the page containing the banner is viewed (cost per thousand, impressions)
  - Lowest overall satisfaction (19%) and ROI (12%)

### ROI is more important than page views or number of surfers who click on an ad

- **Relevance of message to the target audience is key**
  - Give users something they are interested in or actively searching for and they will be more inclined to click on it or respond to the offer
What Makes an Effective Banner Ad?

Jupiter Communications found that “informative ads featuring discounts, coupons or sweepstakes – inviting the participant to interact, have a much better shot these days than ads that simply beep, whistle, and glow”

http://www.banneradmuseum.com

On-Line Ads

- **Winners**
  - Precise Targeting
  - Useful Info
  - Fulfills consumers’ goals
    - Communications
    - Research
    - Shopping

- **Losers**
  - Deliberately deceive
  - Trick you into clicking
  - Gaudy graphics
  - “In your face” - flashing

IMC and the Internet

- **Sales Promotion – sweepstakes, contests, coupons**
  
  Used to get you to visit a site again (repeat visits are a measure of audience size and reflect what the site can charge advertisers and sponsors)

**Ex.** coolsavings.com, e-centives.com, hotcoupons.com, webstakes.com

Saab’s sweepstakes

CAR SHOPPING ON THE NET

**RIDING WITH THE BIG GUNS**

Saab and Volvo databases began a dialog with prospects. Those creating consumers who entered the sweepstakes of the different vehicles. Over 9,000 people crossed the finish line over the past two years from Saab.com
**IMC and the Internet**

- **Personal Selling on the Internet**
  - Visitors are a valuable source of leads
  - The Web can stimulate trial through demonstrations or samples
- **Direct Marketing**
  - Emails are like direct mail
- **Database Marketing**
- **Ecommerce**
- **Public Relations – provide information for the press**

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**Procter & Gamble**

**Why they use the Web:**

- Test consumer interest for new products
  - It is a lab for testing consumer demand (can buy products in test markets)
- Determine likes and dislikes of consumers quickly and cost effectively
  - Internet survey can be done in 10 days for $10,000 vs traditional research that takes 3-4 weeks and costs $50,000
  - “Information gathering is more important than selling products”

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**P & G’s Online Consumer Research Budget**

- $30 million (20% of its $150 million consumer research budget)
  - Rose 40% in 2nd year
  - Increased 50% in following year

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**Crest Whitestrips**

- 80% of buyers were women, half were between 35 and 54 (so they tailored their ad campaign to them)
- P&G changed the taste and feel of the strips based on their results

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**Kraft Foods**

- Maintains an interactive kitchen site complete with recipes, food ideas, and nutritional information
- Interactive Games
- Theme Songs, Ads
- [http://www.kraftfoods.com/](http://www.kraftfoods.com/)