



# SENDING A MESSAGE, ONLINE

WIRED WISCONSIN

## ONLINE ADVERTISING MAY BE AN INCREASINGLY EFFECTIVE BUSINESS MARKETING STRATEGY.

**F**rom the first online ad in 1994 to today's generally weakened advertising market, online advertising has faced an uphill battle. Even though the number of Americans online continues to grow and the amount of time spent online has expanded, many marketers have resisted implementing online advertising strategies.

The reasons for this resistance are many. Some advertisers do not understand the available options, or how to measure success. Others have been frightened away by abusive practices and consumer backlash generated by intrusive ad formats.

Still others believe that online advertising doesn't fit with their business strategies and the nature of their marketing channels. As Sydney Lindner, vice president of public relations at CUNA Mutual Group, states, "we are primarily a business-to-business marketer with a narrow and well-defined target audience of credit unions. We've found that other media works better at reaching this audience."

Many advertisers struggle with the goals of their online ad purchase. Is it to build their brand or elicit direct response? Those seeking direct response see declining click-through rates as evidence that the medium is not the best investment for their product or service.

Michael Knapstein, president of Madison-based integrated marketing firm Waldbillig & Besteman Inc., offers his perspective on branding versus direct response by saying "we try to get clients to realize that click-through rates aren't the only metric for evaluating effectiveness. In some ways, interactive advertising is no different than outdoor advertising, except that it is on the information highway, not the physical highway. It still has a brand-building role just like outdoor ads do. The goal doesn't have to be to stimulate direct response, but can just be image

building with the added dimension of allowing you to measure click-through rates."

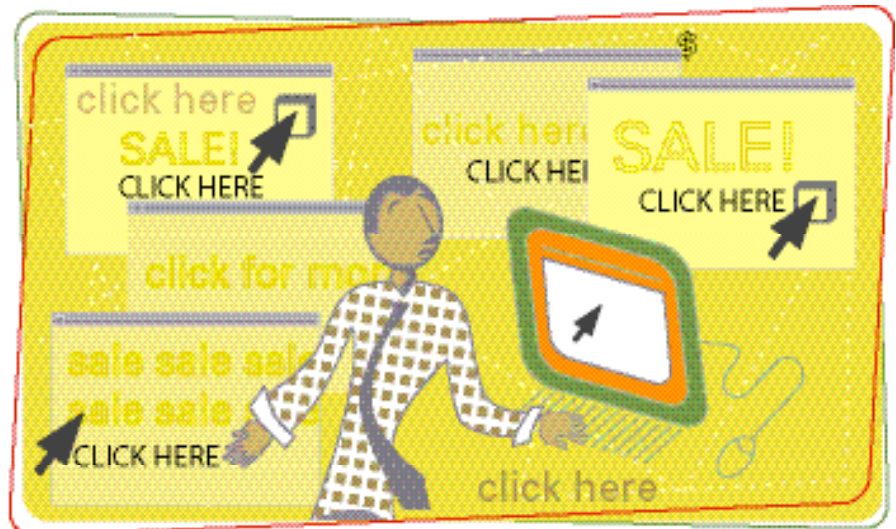
Comscore Media Metrix reported that 150 million Americans were online at the end of September, spending 3.1 percent more time online than they did in August. This increase reflects the growing penetration of broadband access (43 million according to MediaPost in July 2003) and Americans' increasing reliance on the Internet as an information, transaction and communications utility.

Advertisers are beginning to recognize these trends and are starting to shift media purchases to online advertising. Nielsen/NetRatings reports traditional advertisers increased their share of online advertising by 30 percent last year. The Interactive Advertising Bureau and PricewaterhouseCoopers reported that fourth-quarter 2002 advertising revenues reflected the first quarterly increase since 2000. Annual expenditures were estimated at \$6.3 billion and are projected to grow to \$7.2 billion by 2005, according to eMarketer.

Other positive developments include new measurement standards created by the IAB to clarify definitions of ad impressions, clicks and unique visits. These standards will help encourage online advertising due to the comparability of metrics across sites and media. They also allow for a more systematic interpretation of return on investment.

Advertisers have also become more comfortable with conversion metrics beyond sales or registrations. In addition, they have been successful in getting publishers to accept performance-based rates such as sales, leads, clicks or revenue sharing.

"One big advantage of online advertising is the speed of getting metrics back," Knapstein says. "For example, if you run ads on high-traffic sites like iVillage.com or HGTV.com, you can learn in half a day which ads are pulling and which aren't. We can produce four ads, rotate them evenly and find out which creative and message appeals are the most successful. This allows us to modify ads to improve their performance. Online, you



can do real-time message testing faster than doing research to get the results.”

One challenge facing all online advertisers is the number of ad formats currently available (over 10,000 according to DoubleClick). To address this, the Interactive Advertising Bureau is actively promoting its Universal Ad Package — a set of guidelines that reduces the number of standard sizes to four.

Among online advertisements purchased are sponsorships, search engine keywords, e-mail ads, rich-media ads, advergames and larger-size formats that offer greater potential returns for an astute marketer.

Pay-for-performance search engines like Google and Overture are seeing dramatic revenue increases from a growing number of advertisers. Advertisers are bidding on keyword ads that provide the advantage of contextual results targeted to the desired search criteria being sought by the consumer. “Google provides measurable and targeted results that other online advertising doesn’t,” says Rick Smith, director of digital marketing at Madison-based Promega Corp. “Beyond the selected brands we advertise on Google, there are many words that we bid on in English and in other languages relevant to our target markets.”

New technology includes ads that load between pages with television-quality streaming media, overlay ads that lie on top of editorial content, expanding banners that provide interactivity and size as visitors mouse over the ad, and pop-unders or leave-behind ads that load behind the active screen being viewed. While some consumers dislike the intrusiveness of these formats, advertisers have found them effective in generating leads, selling products or supporting brand strategies.

“High traffic may not be what you are looking for,” says Jori Clarke, president of Spectra-Com Inc., an interactive strategy firm based in Milwaukee. “In the print world, people choose a specialty magazine for placements. The same is true online; you need to advertise on a site where your target audience goes.”

As you explore ways to reach your prospects and customers, keep in mind the adage that the key to success is to “reach them in the right place, with the right message, at the right time.” Online advertising can help you accomplish this objective. ■

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