



# e-commerce

business. technology. society.

*eighth edition*

**Kenneth C. Laudon**

**Carol Guercio Traver**



## Chapter 7

# E-commerce Advertising

# Video Ads: Shoot, Click, Buy

## Class Discussion

- What advantages do video ads have over traditional banner ads?
- Where do sites such as YouTube fit in to a marketing strategy featuring video ads?
- What are some of the challenges and risks of placing video ads on the Web?
- Do you think Internet users will ever develop “blindness” towards video ads as well?

# Actiontuners.com



THERE IS NO OTHER GUITAR TUNER LIKE THIS IN THE WORLD!

Improve your guitar tuning  
**ORDER NOW!**



## String Master

The World's First Robotic Guitar Tuner

### TUNING HAS NEVER BEEN THIS EASY!

Just plug in your guitar to the tuner, choose your string, and the String Master Robotic Guitar Tuner will actually tune your guitar for you! Don't believe me? Watch the video! It's that simple. This guitar tuner is revolutionary in the fact that anyone can tune their guitar regardless of skill level, and be in perfect tune every time.

#### Automatic Guitar Tuner

New Invention Tunes the guitar for you.

**String Master**  
robotic Guitar tuner  
Operates on one new 9-volt Alkaline Battery.  
Works on any six string electric or acoustic guitar with an output for a guitar cord. Acoustic guitars without built in pick-ups require acoustic guitar adapter. (sold separatley.)

Suggested retail: \$99.95  
Purchase it direct for only: **\$49.95!**

Domestic(US)  **ADD TO CART**

#### Accoustic Guitar microphone adapter

Suggested retail: \$16.95  
Through this special offer only:

Whereer you're looking for a tuner or an electric string winder, or you just enjoy clever gadgets and gizmos, the String Master is loads of

#### The String Master Bench Test Results

## GuitarPlayer

Guitar Player Magazine

Kudos Easy to use: *Powerful motor.*  
Concerts: *None*



**Click Below for Video Demo!**

Real Player: [dial up](#) - [Broadband](#)  
Windows Media: [dial up](#) - [broadband](#)

# Learning Objectives

- **Identify the major forms of online marketing communications**
- **Understand the costs and benefits of online marketing communications**
- **Discuss the ways in which a Web site can be used as a marketing communications tool**

# Marketing Communications

## ■ Two main purposes:

- ❖ Sales—promotional sales communications
- ❖ Branding—branding communications

## ■ Online marketing communications

- ❖ Takes many forms
- ❖ Online ads, e-mail, public relations, Web sites



TABLE 7.1

WHAT'S NEW IN ONLINE ADVERTISING 2011–2012

TREND	IMPACT
Online advertising grows as a share of the total advertising budget, at the expense of traditional media.	Online advertising spending increases by 20% to \$31.3 billion, and now constitutes about 20% of all advertising spending, while advertising in traditional media is relatively flat.
Social advertising expands.	Social media ad spending grows 55% to over \$3 billion. Facebook, Twitter, and LinkedIn dominate the social ad platform, with MySpace fading from its previous prominence.
Mobile and local advertising expands.	Mobile ad spending grows 48% to \$1.1 billion. Local advertising accounts for about 60% of this amount. Apple and Google dominate the mobile platform.
Search engine advertising continues to be the dominant form of online advertising, but rate of growth is slowing somewhat compared to other formats.	Search engine advertising spending increases to over \$14 billion, almost twice the size of the display banner ad format (\$7.6 billion).
Display ad marketing continues strong growth as new ad platforms appear on social sites and mobile platforms.	Display advertising grows by 22% to \$7.6 billion, with 1 trillion display ads shown. Over 30% appear on social sites.
New ad formats emerge.	The simple banner display ad, in all its forms, gives way to an explosion in rich media, video, app ads, and game ads.
Targeted advertising based on behavioral tracking expands rapidly.	Behavioral tracking is used in over 60% of all display ads. The ideal of showing ads at the right time, to the right person, comes closer to realization.
Privacy disputes grow.	The online advertising industry is challenged by growing public and congressional resistance to behavioral targeting.
Apple and Google compete for dominance in the mobile ad market.	Both Apple and Google purchase firms with strong mobile advertising platforms.
Metrics become more challenging.	Social network and mobile advertising require new metrics for measuring impact.

# Online Advertising

- Paid message on Web site, online service or other interactive medium, such as interactive messaging
- \$31.3 billion in 2011 (see next Fig.)
- **Advantages:**
  - ❖ Internet is where audience is moving
  - ❖ Ad targeting : Ability to target ads to narrow segments and track performance in almost real time
  - ❖ Greater opportunities for interactivity
- **Disadvantages:**
  - ❖ Cost vs. benefit
  - ❖ How to adequately measure results
  - ❖ Supply of good venues to display ads



# Online Advertising from 2003–2015

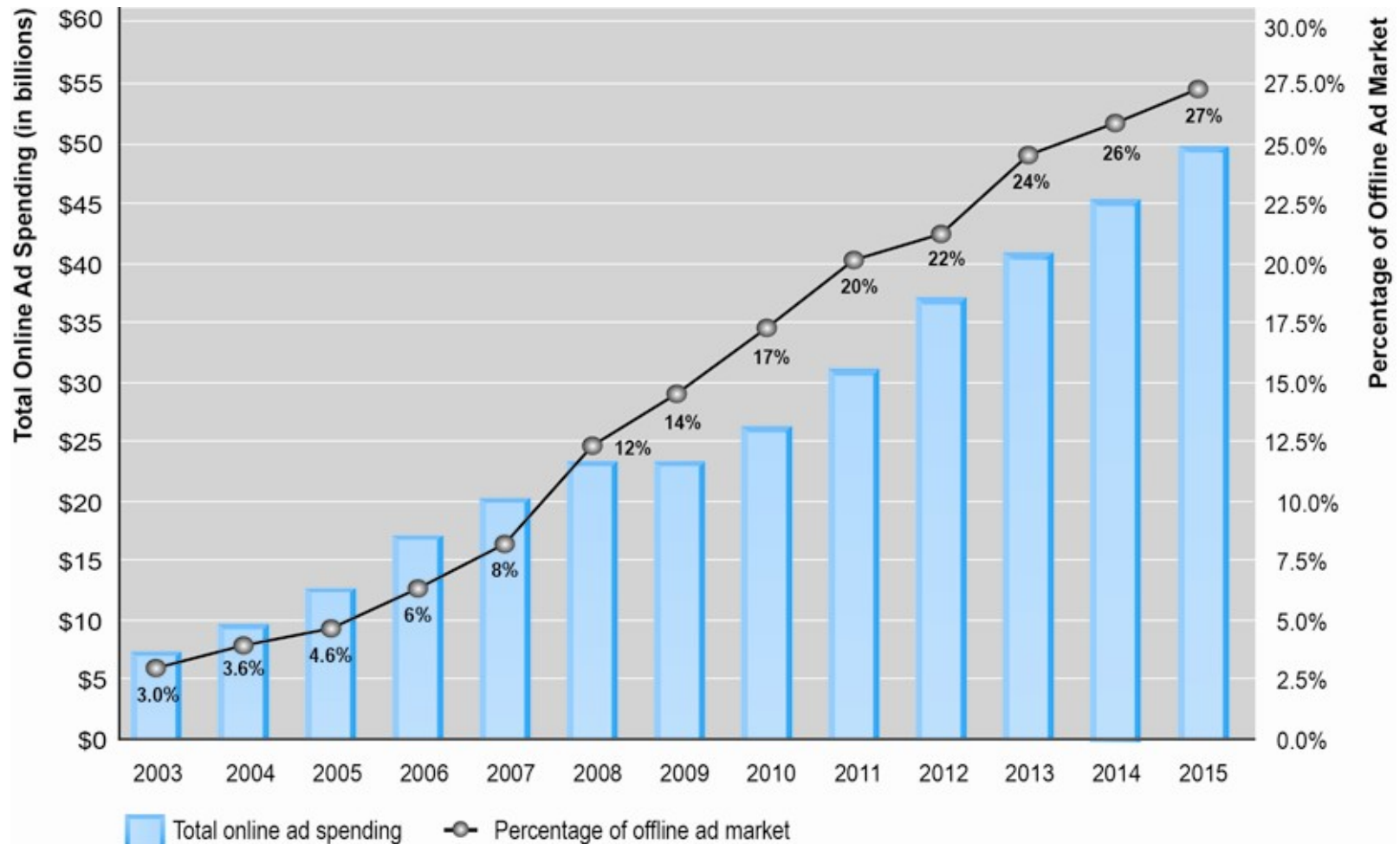


Figure 7.1, Page 472

SOURCES: Based on data from eMarketer, Inc., 2011a

# Forms of Online Advertisements

- Display ads (banners and pop-ups)
- Rich media ads
- Video ads
- Search engine advertising
- Mobile and local advertising
- Referrals (affiliate relationship marketing)
- E-mail marketing
- Online catalogs
- Social network, blog, app, and game advertising

**TABLE 7.2****ONLINE ADVERTISING SPENDING FOR SELECTED FORMATS  
(IN BILLIONS)**

FORMAT	2011	2015	% CHANGE
Search	14.38	21.53	50%
Banner ads	7.61	11.73	54%
Classifieds	3.00	4.29	43%
Video	2.16	7.11	229%
Rich media	1.66	1.68	1%
Lead generation	1.45	1.52	5%
Sponsorships	0.91	1.47	62%
E-mail	0.16	0.18	13%
Total	31.3	49.51	58%

based on data from eMarketer, Inc., 2011, used with permission  
Copyright ©2012 Pearson Education, publishing as Prentice Hall

# Display Ads

## ■ Banner ads

- ❖ Rectangular box linking to advertiser's Web site
- ❖ Interactive Advertising Bureau (IAB) guidelines
  - e.g., full banner is 468 x 60 pixels, 13K

## ■ Pop-up ads

- ❖ Appear without user calling for them
- ❖ Provoke negative consumer sentiment
- ❖ Twice as effective as normal banner ads, since users unintentionally click on the ads while trying to close them
- ❖ Pop-under ads: Open beneath browser window

**FIGURE 7.2**

**TYPES OF DISPLAY ADS**

Leaderboard  
728 x 90 pixels

Half Page Ad  
300 x 600 pixels

Wide  
Skyscraper  
160 x 600 pixels

Medium Rectangle  
300 x 250 pixels

Rectangle  
180 x 150 pixels

Button 2  
120 x 60 pixels

Micro Bar  
88 x 31 pixels



# Rich Media Ads

- Use Flash, DHTML, Java, JavaScript
- About 5% of all online advertising expenditures
- Tend to be more about branding
- Boost brand awareness by 10%
- Interstitials
- Superstitials

# Video Ads

## ■ Fastest growing form of online advertising

## ■ IAB standards

- ❖ Linear video ad
- ❖ Non-linear video ad
- ❖ In-banner video ad
- ❖ In-text video ad

Summarized in next  
Table

## ■ Ad placement

- ❖ Advertising networks, e.g. DoubleClick
- ❖ Advertising exchanges
- ❖ Banner swapping

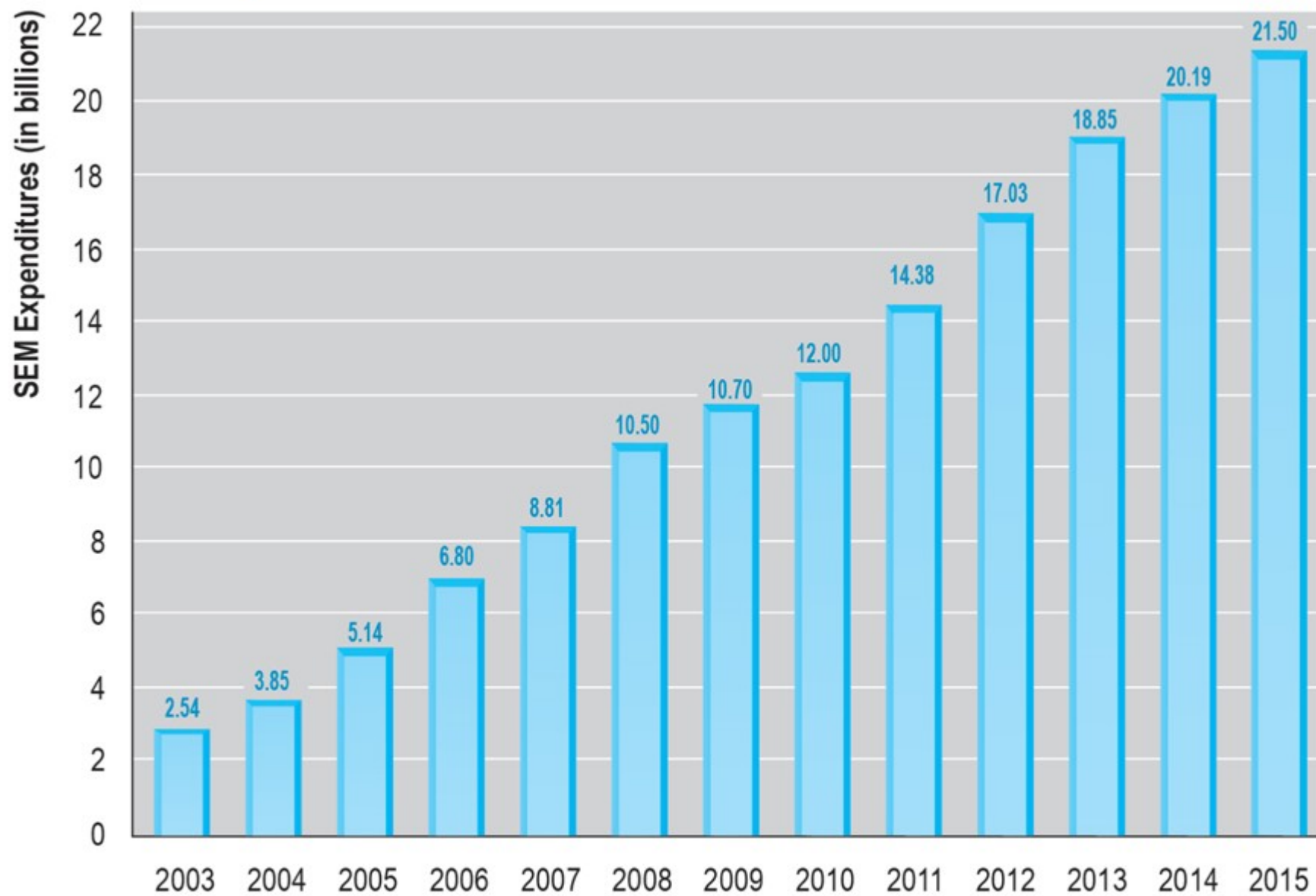
**TABLE 7.3****TYPES OF VIDEO ADS**

FORMAT	DESCRIPTION	WHEN USED	USED WITH
Linear video ad	Pre-roll; takeover; ad takes over video for a certain period of time	Before, between, after video	Text, banners, rich media video player skins
Non-linear video ad	Overlay; ad runs at same time as video content and does not take over full screen	During, over, or within video	
In-banner video ad	Rich media; ad is triggered within banner, may expand outside banner	Within Web page, generally surrounded by content	None
In-text video ad	Rich media; ad is delivered when user mouses over relevant text	Within Web page, identified as a highlighted word within relevant content	None

Copyright ©2012 Pearson Education, publishing as Prentice Hall

# Search Engine Advertising

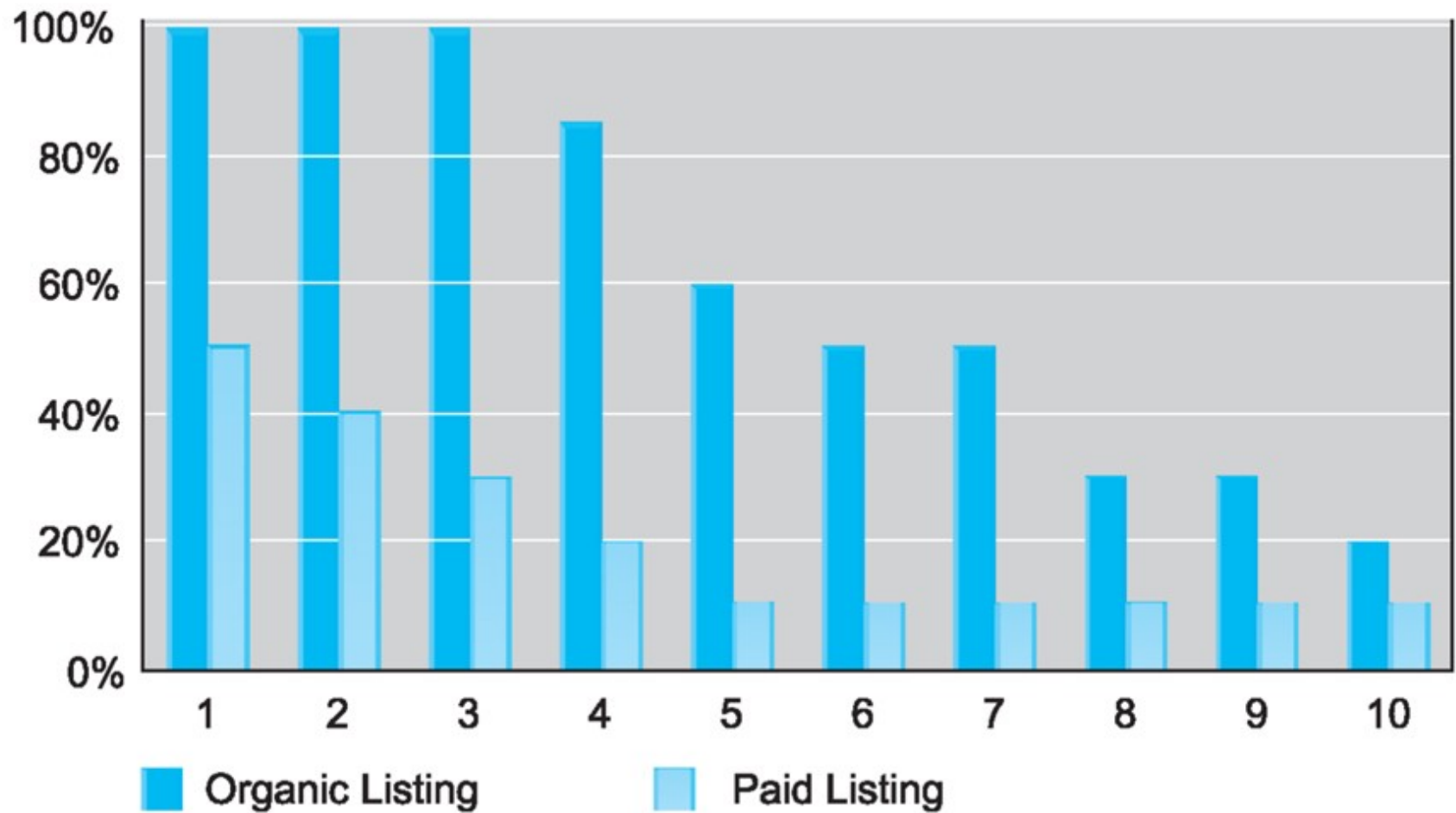
- One of fastest growing (see next Fig.) and most effective forms of online marketing communications
- 46% of online ad spending in 2011
- Types:
  - ❖ Paid inclusion or rank (see next 2<sup>nd</sup> Fig.)
    - Inclusion in search results
    - Sponsored link areas
  - ❖ Keyword advertising (see next 3<sup>rd</sup> Fig.)
    - Merchants buy keywords through bidding for ranking and visibility of their ads on search result page
    - Ads are ranked in terms of money paid by advertiser and site's popularity
    - e.g., Google AdWords, Yahoo PrecisionMatch, Microsoft adCenter
  - ❖ Network keyword advertising (context advertising)
    - e.g., Google AdSense, Yahoo ContentMatch

**FIGURE 7.3****SEARCH ENGINE MARKETING REVENUES**



**FIGURE 7.4**

## THE IMPORTANCE OF RANK FOR CUSTOMER VIEWING BY TYPE OF SEARCH



**FIGURE 7.5****A PAID LISTING ON YAHOO**

The screenshot shows a Microsoft Internet Explorer window displaying a Yahoo! search results page. The address bar shows the search URL. The search bar contains 'excel training' and the results show a list of sponsored and organic search results. The sponsored results are highlighted in a light blue box. The organic results are listed below. The page also includes a sidebar with 'SPONSOR RESULTS' and a 'Yahoo! Mail' link.

excel training - Yahoo! Search Results - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Search Favorites Media Print Links Go

Address http://search.yahoo.com/search?p=excel+training&fr=yfp-t-471&toggle=1&cop=mss&ei=UTF-8

Yahoo! Mail Welcome, Guest [Sign In] Help

Web | Images | Video | Local | Shopping | more

excel training Search Options

1-10 of 26,400,000 for excel training (About) - 0.39 sec

Also try: [free excel training online](#), [excel training classes](#), [More...](#)

**SPONSORED RESULTS**

- Microsoft Excel Training - Official Site**  
NewHorizons.com - Classroom & Online Training. Locate a Center Near You.
- Excel Courses from Edulearn Inc.**  
www.yeulearn.com - Used by 1000's of companies. Learn MS Excel from quality corporate...

**1. Excel 2003 - Training - Microsoft Office Online**  
Home > Help and How-to > Training. Excel 2003 Courses. Courses 1-15 of 38. Page: [1] 2 3  
Next ... Great Excel features. Length: 50 min. Rating: (59674 votes) ...  
office.microsoft.com/en-us/training/CR061831141033.aspx - 54k - [Cached](#)

**2. Excel Training Free Excel Training & Free Question Support on All ...**  
Excel Training. Excel VBA Training From Pro Developers & FREE Question Support and  
Instant Download ... All Excel/VB training is in full HTML format. ...  
www.ozgrid.com/Training - 24k - [Cached](#)

**3. Getting Strated with Excel**  
... basic features of Microsoft Excel, a spreadsheet program on ... Training Services -  
Information Technology Services. The University of Texas at Austin ...  
www.utexas.edu/its/training/handouts/UTCPA\_ExcelGS - 38k - [Cached](#)

**4. Training Home Page - Microsoft Office Online**  
Excel 2003 to Excel 2007. Outlook 2003 to Outlook 2007. PowerPoint 2003 to PowerPoint  
2007 ... Word 2007 with video demos, training courses, or articles. ...  
office.microsoft.com/en-us/training/default.aspx - 40k - [Cached](#)

**SPONSOR RESULTS**

**Microsoft Excel Training**  
[CDs](#)  
Master Microsoft Excel with this  
comprehensive tutorial. Covers the...  
www.teachucomp.com

**Excel Training**  
Free Demo: MS Excel 2007,  
Instantly Show the Value in Data.  
www.Office2007.com

**Excel Classes in Los Angeles**  
Flexible schedule, Eve, Sat, Day  
time, small classes, licensed by...  
www.compumatics.us

**Excel Training Specialists**  
Become an Excel Power-User. We  
specialize in nationwide on-site  
MS...  
www.excelsolutionsteam.com

**Free MS Excel Training**  
Video Professor Teaches You to  
Become an Expert at Your Own  
Pace.  
www.VideoProfessor.com

**Excel Training**

Internet

A search on "Excel training" on Yahoo's search engine brings up a list of companies that have paid for their inclusion and placement on the search results list.

# Search Engine Advertising (cont.)

- Nearly ideal targeted marketing

- Social search

- ❖ Google's +1, Facebook's Like

- Issues:

- ❖ Disclosure of paid inclusion and placement practices: 62% users unaware of difference between paid and unpaid search engine results
- ❖ Link farms: group of Web sites that link to one another, thus boosting their ranking in search engines
- ❖ Content farms: companies that generate large volumes of textual content for multiple Web sites designed to attract viewers and search engines
- ❖ Click fraud:
  - Competitor hires third parties to fraudulently click on competitor ads to drive up costs
  - Site publisher fraudulently clicks on ads posted on their sites to increase ad revenue
  - Fraudsters call up a search results page where their competitor's ads appear, and do not click on the ads, resulting in low ad popularity rank, which can result in their being pushed down the rank order of ads

# Mobile and Local Advertising

## ■ 91 million users access Internet from smartphones, tablets

### ❖ Messaging

- Especially effective for local advertising

### ❖ Display ads

### ❖ Search

### ❖ Video

## ■ Local advertising

### ❖ Enabled by mobile platform with location services

### ❖ 60% of mobile advertising and to increase to 70% by 2015



# Sponsorships and Referrals

## ■ Sponsorships

- ❖ Paid effort to tie advertiser's name to particular information, event, and venue in a way that reinforces brand in positive yet not overtly commercial manner
- ❖ E.g., WebMd.com offers Philips to describe their home defibrillators on WebMd site

## ■ Referrals

- ❖ Affiliate relationship marketing
- ❖ Permits firm to put logo or banner ad on another firm's Web site from which users of that site can click through to affiliate's site
- ❖ E.g., Amazon's logo posted onto personal Web sites



# E-mail Marketing and the Spam Explosion

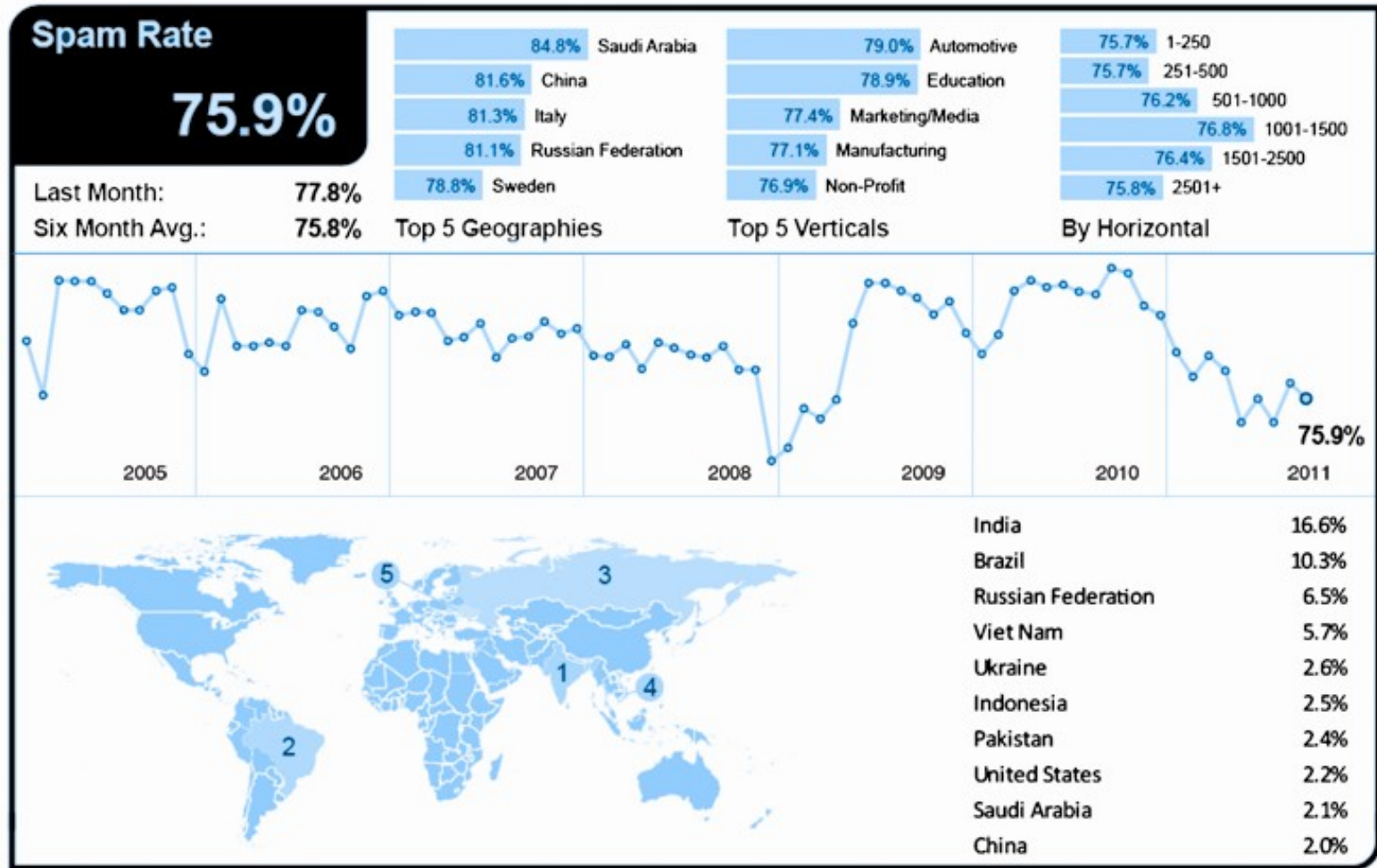
## ■ Direct e-mail marketing

- ❖ Low cost, primary cost is purchasing addresses, 5-20 cents/address, depending on how targeted the list is
- ❖ Much cheaper compared to traditional direct mail: \$5-\$10 per 1,000 VS \$500-\$700 per 1,000

## ■ Spam: Unsolicited commercial e-mail

- ❖ Approximately 75% of all e-mail
- ❖ Efforts to control spam:
  - Technology (filtering software): only partly effective
  - Government regulation (CAN-SPAM and state laws): largely unsuccessful
  - Voluntary self-regulation by industries (DMA): on-going
  - Volunteer efforts

# Percentage of E-mail That Is Spam



August 2011

Figure 7.5, Page 487

SOURCE: Symantec MessageLabs, 2010.

# Online Catalogs

- Equivalent of paper-based catalogs
- Was popular in early years, but quickly went out because pages took so long to load
- Graphics-intensive; use increasing with increase in broadband use
- Two types:
  - ❖ Full-page spreads, e.g., Landsend.com
  - ❖ Grid displays (more popular), e.g., Amazon.com
- In general, online and offline catalogs complement each other





PAX HEMNES wardrobe  
with three doors  
**\$520**

HEMNES 8-drawer  
dresser  
**\$299**

new



Multiple mirrors take the guess work out of styling. Hanging three in a row - the outside two on hinges - lets you see yourself from all angles.

**PAX HEMNES wardrobe with three doors \$520**

Handles sold separately. Stained and clear lacquered solid pine and birch finish. Designer: K. Hagberg/ H. Hagberg, RA. W56x D234x H92 1/2". Black-brown 496.47/5.12

**KOMPLEMENT interior organizers sold separately.**

**PAX shelves \$15/2pk**

Fall finish, RA. W194x D22 1/2". Black-brown 701.2/5.35

**new KOMPLEMENT storage with nine compartments \$30**

Pull out for easy overview and access to contents. Polished aluminum. Designer: Håkan Ekblad, RA. W194x D22 1/2". Gray 801.99/3.33

**KOMPLEMENT dresser \$30/ea**

Fall finish, RA. W194x D22 1/2". Black-brown 701.2/5.35

**HEMNES 8-drawer dresser \$299**

Extra roomy drawers. Stained and clear lacquered solid pine. Designer: K. Hagberg/H. Hagberg, RA. W56 1/2x D23 1/2x H92 1/2". Black-brown 501.2/5.35

**STWE mirrors \$56/ea**

Create your own combination of three mirrors. The hinges needed to create this solution are included with STWE 15 1/2x 6 1/2". Stained and clear lacquered solid oak. Glass, RA. W52 1/2x H52". Black-brown 795.62/5.56

**ALVINE RUTTA fibre rug \$649**

Reversible; two identical sides for even wear. Handwoven. 100% pure new wool pile. 100% cotton warp. Imported. W57 1/2x L7'10". White/yellow 901.652/85

# Social Advertising

## ■ Social advertising

- ❖ Uses social graph to communicate brand images and promote sales
- ❖ Adopts Many-to-many model

## ■ Social network advertising

- ❖ Social network sites are advertising platforms
  - Corporate Facebook pages
  - Twitter ads
    - ❖ Promoted tweets: advertiser pay to show their tweets in users' search results as “promoted”
    - ❖ Promoted trends: advertisers pay to move their hashtags to the top of Twitter's Trends List
    - ❖ Promoted accounts: advertiser pay to have their branded account moved to the top of their “Who to Follow”



# Social Advertising

## ■ Blog advertising

- ❖ Blogs difficult to monetize
  - Audience size: Few blogs attract large audiences
  - Subject matter: Most blogs are highly personal and idiosyncratic
  - Search engines have difficulty indexing

## ■ Game advertising

- ❖ In-game billboard display ads: e.g., Honda's CR-Z billboard ad in Car Town
- ❖ Branded virtual goods: Placing brand-name products within games, e.g., 7-11's FarmVille virtual drink
- ❖ Sponsored banners, e.g., Nat Geo logo on Bola
- ❖ Branded games (advergames): Sponsored games created by companies to promote brands, e.g., Coca-Cola, Burger King

# Behavioral Targeting

- **Interest-based advertising (behavioral targeting):**  
Using search queries and clicks on results to target consumers
- **Social marketing:** Using personal profiles, posts, Likes, and photos to target consumers
- **Personal information sold to third party advertisers, who deliver ads based on profile**
  - ❖ Search engine queries, browsing history, offline data
- **Ad exchanges**
  - ❖ Online, real-time auction where data aggregators sell personal tracking info to advertisers
  - ❖ Enable advertisers to retarget ads at users as they browse
  - ❖ 16% online ads are targeted

# Mixing Offline and Online Marketing Communications

- **Most successful marketing campaigns incorporate both online and offline tactics**
- **Offline marketing**
  - ❖ Drive traffic to Web sites
  - ❖ Increase awareness and build brand equity
- **Consumer behavior increasingly multi-channel**
  - ❖ 60% consumers research online before buying offline

# Online Marketing Metrics: Lexicon

## ■ Measuring audience size or market share

- ❖ Impressions– no. of times an ad is served
- ❖ Click-through rate (CTR) – % times an ad is clicked
- ❖ View-through rate (VTR) – % times an ad is not clicked immediately but Web site is visited within 30 days
- ❖ Hits – no. of http requests
- ❖ Page views – no. of pages viewed
- ❖ Stickiness (duration) – average length of stay at a Web site
- ❖ Unique visitors – no. of unique visitors in a period
- ❖ Loyalty – no. of pages viewed, frequency of single user visits to the site, % customers who return to site in a year
- ❖ Reach – % site visitors who are potential buyers or % total market buyers who buy at a site
- ❖ Recency – time elapsed since last action, e.g., site visit or purchase, taken by a buyer

# Online Marketing Metrics (cont.)

## ■ Conversion of visitor to customer

- ❖ Acquisition rate
- ❖ Conversion rate
- ❖ Browse-to-buy-ratio
- ❖ View-to-cart ratio
- ❖ Cart conversion rate
- ❖ Checkout conversion rate
- ❖ Abandonment rate
- ❖ Retention rate
- ❖ Attrition rate

## ■ Social networking

- ❖ User insights
- ❖ Interaction insights

## ■ E-mail metrics

- ❖ Open rate
- ❖ Delivery rate
- ❖ Click-through rate (e-mail)
- ❖ Bounce-back rate



<b>Acquisition rate</b>	Percentage of visitors who indicate an interest in the Web site's products by registering or visiting product pages
<b>Conversion rate</b>	Percentage of visitors who become customers
<b>Browse to buy ratio</b>	Ratio of items purchased to product views
<b>View to cart ratio</b>	Ratio of "Add to cart" clicks to product views
<b>Cart conversion rate</b>	Ratio of actual orders to "Add to cart" clicks
<b>Checkout conversion rate</b>	Ratio of actual orders to checkouts started
<b>Abandonment rate</b>	Percentage of shoppers who begin a shopping cart purchase but then leave the Web site without completing a purchase (similar to above)
<b>Retention rate</b>	Percentage of existing customers who continue to buy on a regular basis (similar to loyalty)
<b>Attrition rate</b>	Percentage of customers who do not return during the next year after an initial purchase
<i><b>SOCIAL MARKETING METRICS</b></i>	
<b>Gross rating points</b>	Audience size times frequency of views (audience reach)
<b>Fan size growth</b>	Average number of "Likers" each month
<b>Average number of Likes or comments</b>	Average number of Likes/comments for every post or page element; engagement measure
<b>Mentions</b>	Number of times users tagged you in their posts to their walls or friends' walls
<b>Daily users</b>	Count of unique visitors
<b>Page views</b>	Average number of pages viewed by visitors
<b>Duration of engagement</b>	Average time on site
<i><b>E-MAIL METRICS</b></i>	
<b>Open rate</b>	Percentage of e-mail recipients who open the e-mail and are exposed to the message
<b>Delivery rate</b>	Percentage of e-mail recipients who received the e-mail
<b>Click-through rate (e-mail)</b>	Percentage of recipients who clicked through to offers
<b>Bounce-back rate</b>	Percentage of e-mails that could not be delivered
<b>Unsubscribe rate</b>	Percentage of recipients who click unsubscribe
<b>Conversion rate (e-mail)</b>	Percentage of recipients who actually buy

# An Online Consumer Purchasing Model

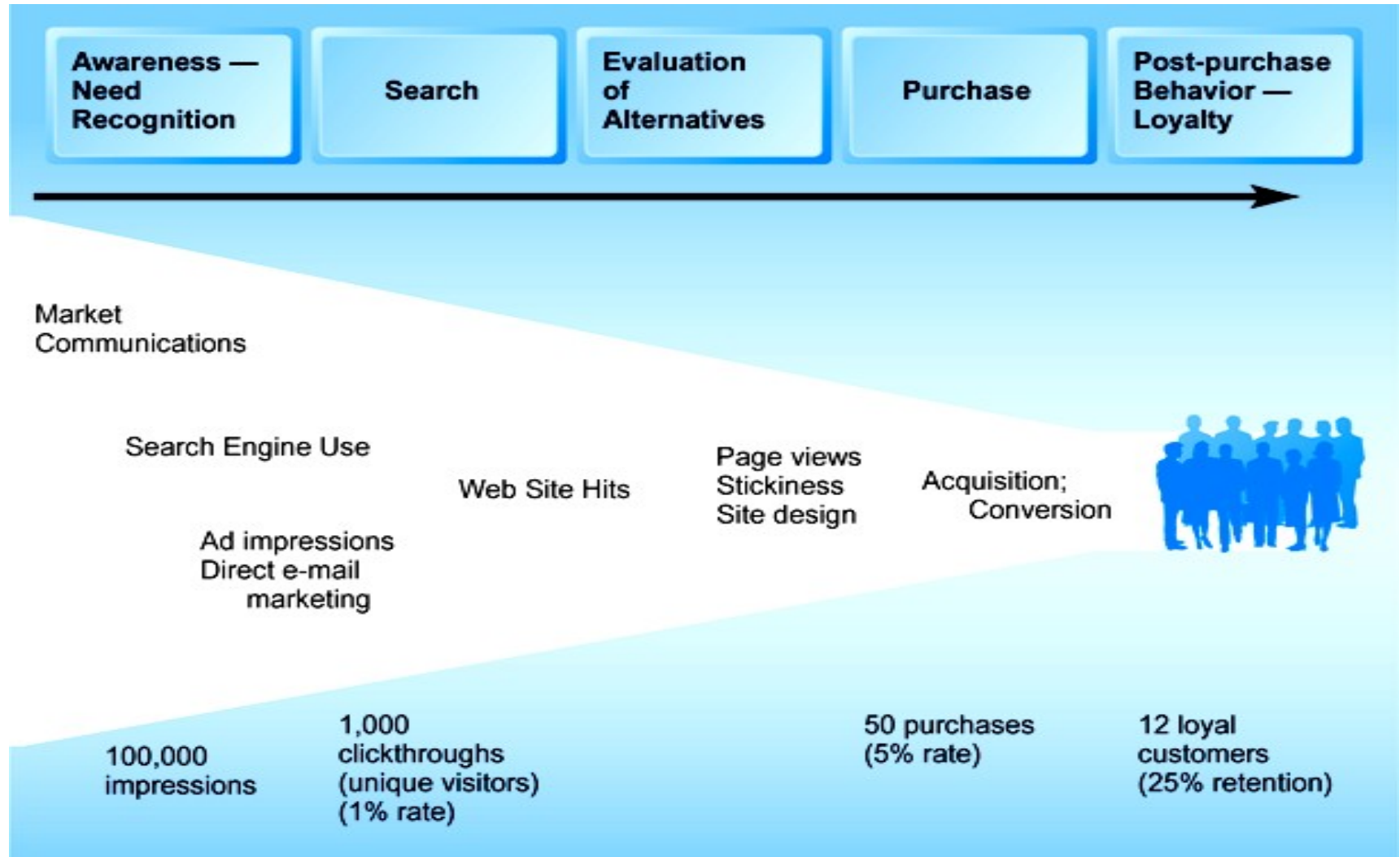


Figure 7.7, Page 509

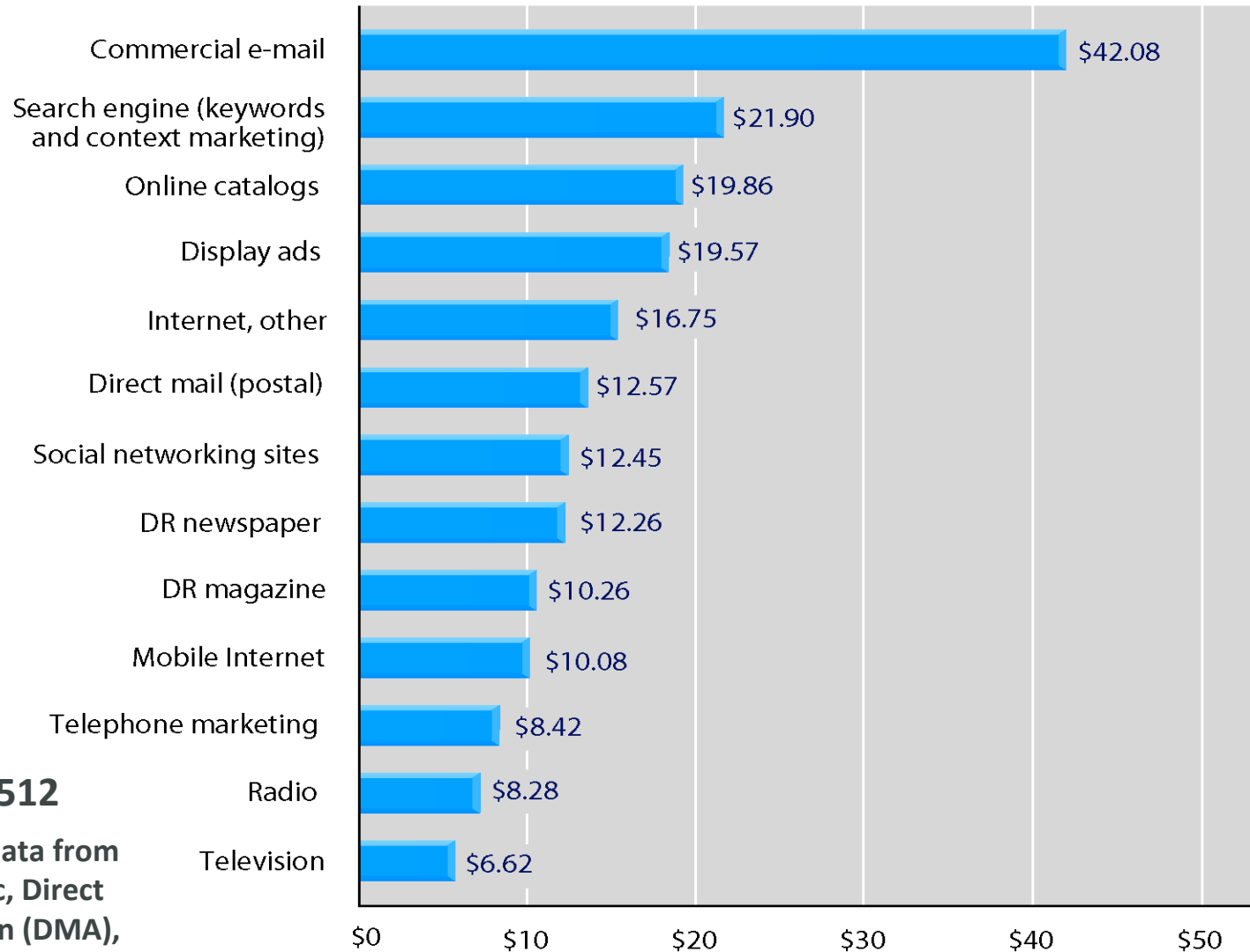
# How Well Does Online Advertising Work?

- Ultimately measured by ROI on ad campaign
- Highest click-through rates: Search engine ads, permission e-mail campaigns
- Rich media, video interaction rates high
- Online channels compare favorably with traditional
- Most powerful marketing campaigns use multiple channels, including online, catalog, TV, radio, newspapers, stores

**TABLE 7.5****ONLINE MARKETING COMMUNICATIONS: TYPICAL  
CLICK-THROUGH RATES**

MARKETING METHODS	TYPICAL CLICK-THROUGH RATES
Display ads	.06%–.35%
Interstitials	.02%–.16%
Superstitials	.02%–.16%
Search engine keyword purchase	1.00%–5.00%
Video and rich media	.50%–2.65%
Sponsorships	1.50%–3.00%
Affiliate relationships	.20%–.40%
E-mail marketing in-house list	5.00%–6.00%
E-mail marketing purchased list	.01%–1.50%
Online catalogs	3.00%–6.00%

# Comparative Returns on Investment



**Figure 7.8, Page 512**

**SOURCES:** Based on data from eMarketer, Inc. 2010c, Direct Marketing Association (DMA), 2009, authors' estimates.



# The Costs of Online Advertising

## ■ Pricing models

- ❖ Barter : exchange of ad space for something of equal value
- ❖ Cost per thousand (CPM)
- ❖ Cost per click (CPC)
- ❖ Cost per action (CPA) : pays only when user performs a specific action, e.g., registration or purchase

## ■ Online revenues only

- ❖ Sales can be directly correlated with online marketing efforts

## ■ Both online/offline revenues

- ❖ Offline purchases cannot always be directly related to online campaign

## ■ In general, online marketing more expensive on CPM basis, but more effective in producing sales

**TABLE 7.7****AVERAGE COST PER CUSTOMER ACQUISITION FOR SELECT MEDIA IN THE UNITED STATES, 2011**

Internet search engine	\$8.50
E-mail (opt-in)	\$10.00
Television	\$11.00
Magazine	\$19.00
Yellow pages	\$20.00
Newspaper	\$25.00
Online display ads	\$50.00
Direct mail	\$50.00

Copyright ©2012 Pearson Education, publishing as Prentice Hall

**TABLE 7.8****TRADITIONAL AND ONLINE ADVERTISING COSTS  
COMPARED***TRADITIONAL ADVERTISING*

Local television	\$4,000 for a 30-second commercial during a movie; \$45,000 for a highly rated show
Network television	\$80,000–\$600,000 for a 30-second spot during prime time; the average is \$120,000 to \$140,000
Cable television	\$5,000–\$8,000 for a 30-second ad during prime time
Radio	\$200–\$1,000 for a 60-second spot, depending on the time of day and program ratings
Newspaper	\$120 per 1,000 circulation for a full-page ad
Magazine	\$50 per 1,000 circulation for an ad in a regional edition of a national magazine, versus \$120 per 1,000 for a local magazine
Direct mail	\$15–\$20 per 1,000 delivered for coupon mailings; \$25–\$40 per 1,000 for simple newspaper inserts
Billboard	\$5,000–\$25,000 for a 1–3 month rental of a freeway sign

*ONLINE ADVERTISING*

Banner ads	\$2–\$15 per 1,000 impressions on a Web site, depending on how targeted the ad is (the more targeted, the higher the price)
Video and rich media	\$20–\$25 per 1,000 ads, depending on the Web site's demographics
E-mail	\$5–\$15 per 1,000 targeted e-mail addresses
Sponsorships	\$30–\$75 per 1,000 viewers, depending on the exclusivity of the sponsorship (the more exclusive, the higher the price)

# Web Site Activity Analysis



Shopping Cart Executive Summary	
Total visits	24,134
Engagement rate	16.7%
Total shoppers	4,031
Abandonment rate	97.4%
Conversion rate	0.4%
Total buyers	103

## Shopping Cart Executive Summary – Help Card

**Abandonment rate** — The percentage of **shoppers** who did not become **buyers**. This includes both **cart abandoners** and **checkout abandoners**.

**Conversion rate** — Percentage of visitors who became **buyers**.

**Engagement rate** — Percentage of visitors who become **shoppers**.

**Total buyers** — Number of buyers who visited your site. Buyers are visitors who reached a page that you configured as an **order complete page**.

**Total shoppers** — Number of shoppers who visited your site. A shopper is a visitor who reached a page that you configured as a **shopping page**.

**Total visits** — Number of times a visitor came to your site.

Figure 7.9, Page 515



# The Web Site as a Marketing Communications Tool

- Web site as extended online advertisement
- Domain name: An important role
- Search engine optimization (SEO):
  - ❖ Search engines registration: Register with as many search engines as possible
  - ❖ Keywords in Web site description
  - ❖ Metatag and page title keywords
  - ❖ Links to other sites by placing advertising to your site, create Web sites with links to your main site, and entering into affiliate relationships with other sites



# Web Site Functionality

- **Main factors in effectiveness of interface**
  - ❖ Utility
  - ❖ Ease of use
  - ❖ Credibility and trust
- **Top factors in credibility of Web sites (see next Fig.)**
  - ❖ Design look
  - ❖ Information design/structure
  - ❖ Information focus
- **Organization is important for first-time users, but declines in importance**
  - ❖ Information content becomes major factor attracting further visits

# Factors in the Credibility of Web Sites

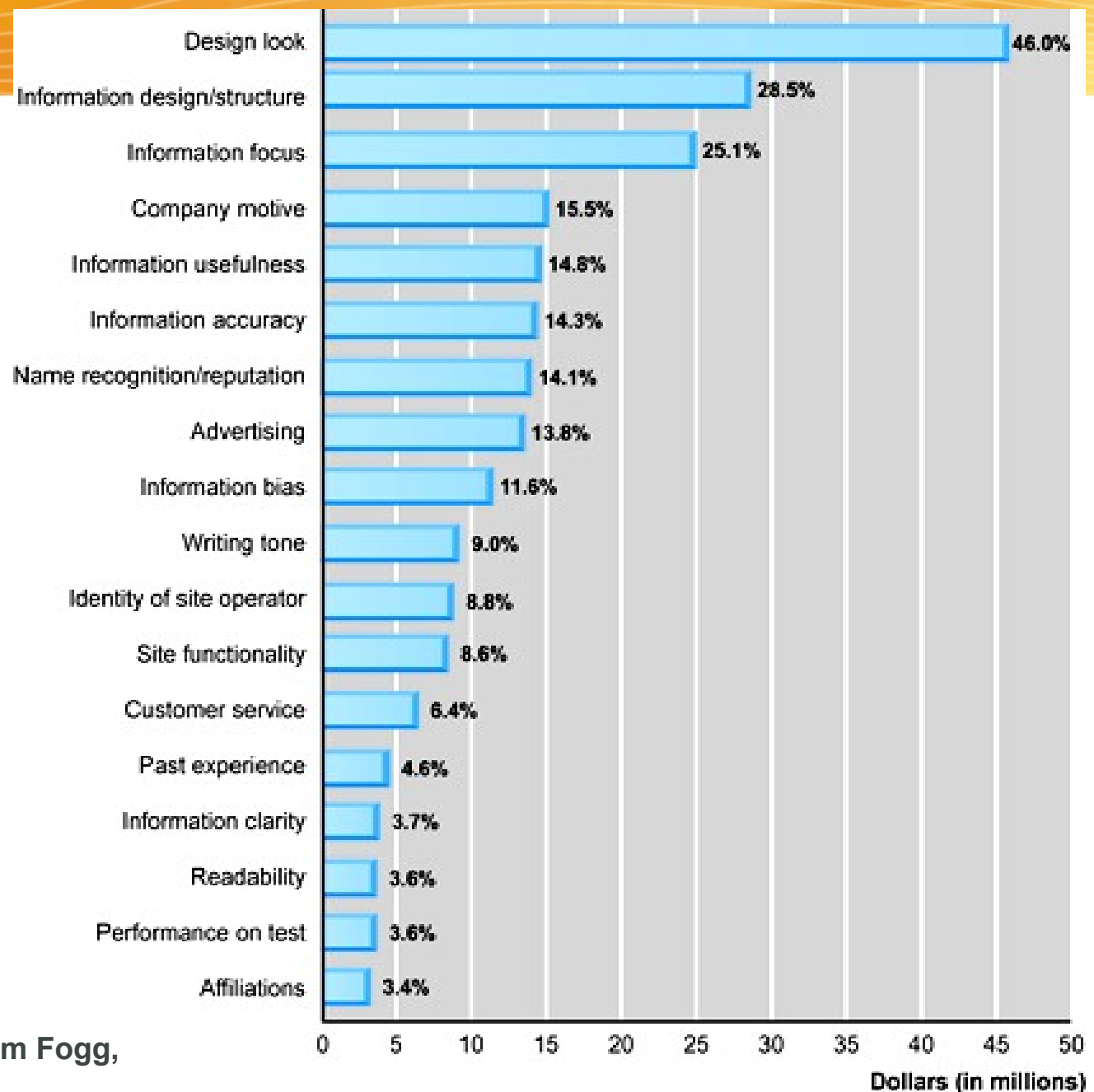


Figure 7.10, Page 521

SOURCE: Based on data from Fogg, et al., 2003.

**TABLE 7.9****WEB SITE DESIGN FEATURES THAT IMPACT ONLINE PURCHASING**

DESIGN FEATURE	DESCRIPTION
Compelling experience	Provide interactivity, entertainment, human interest; site is fun to use.
Editorial content	Provide helpful content, opinions, and features on subjects of interest to visitors in order to increase stickiness.
Fast download times	Quicker is better; if longer, provide amusement.
Easy product list navigation	Consumers can easily find the products they want.
Few clicks to purchase	The shorter the click list, the greater the chance of a sale.
Customer choice agents	Recommendation agents/configurators help the consumer make quick, correct choices.
Responsiveness	Personal e-mail response; 1-800 phone capability shown on Web site.

**Table 7.9, Page 522**



**This work is protected by United States copyright laws and is provided solely for the use of instructors in teaching their courses and assessing student learning. Dissemination or sale of any part of this work (including on the World Wide Web) will destroy the integrity of the work and is not permitted. The work and materials from it should never be made available to students except by instructors using the accompanying text in their classes. All recipients of this work are expected to abide by these restrictions and to honor the intended pedagogical purposes and the needs of other instructors who rely on these materials.**