SUCCESSFUL ONLINE DISPLAY ADVERTISING

Small businesses that are considering online display advertising will find this booklet useful as it looks at ways to exploit sophisticated targeting techniques that have been developed in recent years. Advertising on the Internet should be considered as only one of your online marketing strategies. You may therefore want to read this booklet in conjunction with others in the series.

Key Concepts

What is Online Display Advertising?

Online display advertising is the use of the Internet as an advertising medium where your promotional messages appear on other websites and/ or search engine results pages. Targeted online display ads can give you an affordable means of putting your message in front of the exact market segment you are trying to reach. It is an interesting mix of both precision in reaching an exact audience and scale in reaching a large target market.

Formats for Online Display Advertising

Display advertisements can be posted in a variety of formats. Some of these formats are described below:

- **Banner**. A graphic image that announces the name and identity of a website, along with a brief description and call to action. Banner ads may also include audio/video content. Banners are the most common format used for display advertising. There are typically various shapes and sizes available, as well as location choices on a web page where the ad will be displayed. Choices are made by the advertiser based on budget.

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- **Pop-up**. An advertisement that loads between two content pages. Select this format with caution as these types of ads can create resentment in users and lead to low click-through rates (i.e. very few users will click on these ads).

- **Text only**. Sometimes text ads may be more appropriate than the other ad formats (e.g. an ad sent to mobile device users). This type of ad downloads quickly and is not affected by ad blocking software. Major search engines (e.g. Google, Bing and Alta Vista) only allow text ads within the search engine result pages, but you will see banner display ads on other areas of the search engine pages.

Benefits of Online Display Advertising

- You can reach a wide audience with a small budget.

- Pay per click (PPC) advertising campaigns only require that you pay when someone clicks on the link in the ad. Pay per click also allows you to set a ceiling on your advertising budget. You can increase or decrease the amount you spend once you review whether the advertising has resulted in achieving your goals.

- Effective display advertising can produce immediate results (e.g. increased sales).

- You can target your advertising campaign to the right audiences by placing your ad on relevant websites and by choosing the right keywords for ads on search engines.

- Even if users do not click on your ads, the advertisements can create and increase brand awareness (also known as brand impressions).

- Online advertisements are usually easily tracked and monitored (e.g. you can monitor how many users clicked on the ad). You can adjust your campaign based on the results.

Keep in mind that click-through rates can increase based on the relevance, placement and design of the ad on the website.

Limitations of Display Advertising

- Banner ads have experienced declining click-through rates (CTR), typically about .05% or less. This means that people are less likely to click on these ads than in the past. Used appropriately, however, this type of advertising can still be effective, particularly in terms of helping to brand your business or product.

- Performance is more difficult to measure as studies have shown that those who have seen an ad, but have not clicked on it, are more likely to visit the company's website than those who have not seen the ad.

- While the cost to run an online ad is relatively low and controllable, advertisers have to keep in mind the costs associated with ad design, landing page creation, and campaign longevity. Advertising only works if you can refresh the ad design and wording regularly to keep viewers interested.

- There is a risk associated with doing pay per click advertising as your competitors can click on your advertisement without purchasing anything and thus drive up your advertising costs.

Getting Started

1. Planning

Here are steps you can take to explore, document, implement and measure an online advertising approach that is best suited to your needs:

Online Display Advertising Action Plan

1. Set your goals and objectives. Are you trying to increase awareness of your company? Are you trying to eliminate excess inventory? Are you trying to sell to existing customers? Also consider what stage of the sales cycle your prospective client is in. Offering a free white paper in your ad might be better directed to those in the early stages, while including a discount offer or a free consultation would be better in ads aimed at those in the later stage of the sales cycle.

2. Define your target market/audience (e.g. their demographics, income, location, internet habits and information needs).

3. Explore different online advertising options. (*See page 5 for details*).

4. Set a budget for your online advertising. (*See Costs and Cost Considerations on page 7*).

5. Choose resources (creative team) to work with.

6. Examine how online advertising will fit in with your other online and offline marketing efforts.

7. Select best option(s).

8. Track your success using online tools such as Google Analytics or other analytics programs. (*See Assessing Your Online Display Advertising Strategy on page 8*).

9. Decide whether to adjust your ad campaign.

2. Understanding Best Practices

The face of advertising changed with the introduction of ads on the Internet. Before embarking on your own online advertising strategy, consider the following best practices:

Best Practices for Online Advertising

• Integrate your online and offline marketing strategies.

• Pay attention to the quality of content contained in your advertisement. It should be informative, clear, concise and interesting. Questions or statements that create curiosity can be effective. Keep the message and wording simple and include a call to action. The user needs to quickly understand what the ad is saying.

• Assess how you can best reach your target audience. What websites would your audience likely visit? What keywords would they likely use?

• Pay attention to the design of your banner ad. Keep in mind that good design should highlight the content in a visually appealing way. Complex design involving animation will not be effective if the content is not highlighted. Font sizes and colours should optimize your ad's readability.

• Pay attention to the placement of the ad on the website. On one hand, home pages get the most traffic but, on the other hand, other web pages may attract a more targeted audience.

• Avoid intrusive types of display ads (e.g. pop-ups). Limit the use of banner ads to web pages that are relevant to the ad's content.

• For advertisements placed on other websites, ensure that the websites have high traffic and contain content relevant to your advertisement.

• Carefully review "free" online advertising offers. For example a "free" banner ad developer may want reciprocal links or ad placement on low quality websites that could damage your reputation for professionalism in the marketplace.

• Where appropriate, the ad should clearly identify how the targeted market will benefit from your product or service. If your product is geared to a specific audience, identify how they will benefit.

• For advertising via search engines, select a large number of relevant search words or phrases including terms used to describe your business, products, services, product names, product codes, and questions a user might type into a search engine. See the *Increasing Traffic to Your Website Through Search Engine Optimization Techniques* booklet for more on using and analyzing keywords.

• Ensure that the ad takes the user to the most appropriate page of your website. Ideally, you have created a landing page especially for the ad.

• Monitor the results of your advertising strategy and refine your strategy to better reach your target audience.

Implementing Your Online Display Advertising Strategy

1. Are You Publishing, Advertising or Both?

Publishing

Publishing ads is about making money. Publishers create a revenue source by hosting display banner advertisements or keyword advertising on their websites. Make sure, however, to keep your branding and reputation in mind by choosing advertisers who are professional and who offer products or services of interest to your web visitors. Here are some guidelines on Publisher Best Practices:

1. Clearly label ads as ads. By not making this distinction, you could annoy visitors who click on an advertisement expecting something else.

2. Change and rotate banner ads regularly.

3. Keep advertisers happy. Ensure that you have a good banner metric system in place, so that you can report back.

Internet Advertising Networks

An ad network is a company that connects people who want to host ads on their websites (publishers) with advertisers who want to run advertisements on those sites.

An ad network's value proposition to publishers is that it can sell inventory that the publisher can't sell itself—either because the publisher is small (and so doesn't have its own sales force), or, in the case of larger publishers, the inventory is of too low-value to merit direct selling. This kind of inventory is called remnant inventory. It also allows an advertiser to efficiently coordinate an ad campaign across many websites. Ad networks vary in size and focus. Some large networks require millions of impressions/month, while smaller ones may accept thousands. Some focus on categories (e.g. industry sector or technology), while others sell keyword-based ads (e.g. Google AdSense).

If you are using your website to generate advertising revenue, you can opt to become part of an advertising network to host other businesses' advertisements. Make sure you carefully review the Terms and Conditions for using these networks. Some examples of these networks include:

- **Google AdSense** matches ads to your website's content, and you earn money whenever visitors click on the ads (www.adsense.com).

- **adBrite** allows you to approve and reject ads that will be shown on your website (www.adbrite.com).

- **Yahoo Publisher** also matches ads to your website's content and allows you to earn money on qualified pay per clicks (http://advertisingcentral.yahoo.com/publisher).

Online Display Advertising Placement

Placing ads is about creating awareness for your product or service. There are four main display advertising options as outlined below. Please note that there are also different costing models with respect to paid advertisements. These are discussed later in the booklet.

ONLINE DISPLAY ADVERTISING OPTIONS

Ad Exchange

Method	Considerations	How To's
You can opt to exchange ads (typically banner ads) with another website.	• Least expensive option. • You control on which website(s) your ad is placed. • The website where you want to place your ad should have sufficient web traffic. • The other website should be complementary to your business (i.e. not a competitor).	• Contact local businesses that have complementary websites and offer to exchange ads. • Search for businesses on the Internet. For example, if you type in the keywords "banner exchange Ontario", you will find examples of Ontario businesses that will exchange banner ads. • Consider outsourcing ad design or self-designing your ad to keep your budget low.

Purchase Ad Space Directly on Specific Websites

Method	Considerations	How To's
This option is referred to as **direct advertising**. Ad space on specific websites is purchased directly.	• Costs will vary. Ad placement on high traffic sites will likely cost more. • You control on which website(s) your ad is placed.	• To increase the effectiveness of your ad, select high traffic sites and/or sites that relate to the content of your website. • Look at websites that are directed to people who might be interested in your products or services. Check with the website to see if you can purchase ad space. • Investigate ad networks for best placement options. • Check out some of the self-serve options that are part of larger ad networks. Examples of companies/ advertising networks that are offering self-service ad options include: Facebook (http://www.facebook.com/ads), AdReady (www.adready.com), AdBrite (www.adbrite.com), and AdItAll (www.aditall.com).

Bid on Specific Keywords and Phrases that Describe Your Product		
Method	**Considerations**	**How To's**
This option is often referred to as **contextual advertising**. With this option, you bid on specific keywords and phrases that describe your product. When users enter those keywords, the ad will appear on either the search engine results pages or other web pages that relate to your selected keywords.	• Cost will vary depending on the popularity of the keywords you select. • You can place a ceiling on your budget. • You can choose to Geotarget (have your ad displayed based on location of the site user). • You have little control over which websites your advertisement appears on.	• When you sign up with a contextual ad network, you are provided with a piece of code that your webmaster then places within the source code of your website. The website content and selected keywords are then evaluated by the ad supplier (i.e. Google, Yahoo!, Kontera and ad boutiques like Quake Marketing) and the relevant text ads are automatically displayed on the site based on what the user is viewing.

Advertise Through Product/Service Search Engines		
Method	**Considerations**	**How To's**
There are also special product search engines that can be used to find specific products or services.	• The products are usually ranked according to how much the advertiser pays. • The user can also sort the search results by price.	• Example sites include: www.shopzilla.com, www.nextag.com, www.shopping.com, and www.tripadvisor.com.

More About Contextual Advertising

If you enter keywords into a search engine such as Google or Yahoo, you will typically see a number of "sponsored links" at the top or side of the search engine results page. Many of the search engine companies also place the ads on other relevant websites (using a network of partner websites) based on the keywords selected by the user.

These ads are believed to be effective (as compared to banner ads) in establishing sales leads because the ads are more targeted to what users are looking for. There are companies/ad networks that offer to place your ads in search results pages and other relevant websites (using a network of partner sites). These companies typically allow you to bid on a set of keywords, and set a limit on how much you want to spend. Your ad is displayed until that limit is reached.

Examples of companies that offer contextual advertising services include:

• Google Adwords (www.adwords.google.com).

• Yahoo Search Marketing (http://smallbusiness.yahoo.com/marketing).

• Microsoft adCenter (http://adcenter.microsoft.com).

• Looksmart (www.looksmart.com).

Here is a link to a list of ad networks: http://www.adnetworkdirectory.com.

2. Legal Issues

Regardless of the advertising option you might choose, advertising laws require that advertising be truthful, fair and accurate.

3. Costs and Cost Considerations

An attractive feature of online display advertising is that you can control the costs according to your budget. You can manage your prices by selecting how much you are willing to pay per click or per impression and by setting a daily budget for spending in your account.

Remember to consider costs associated with ad production, not just costs incurred after the ad is placed. These expenses include design, copy writing and landing page creation. And if you are producing a video ad (e.g. placing a video ad with Google that displays on YouTube and the Google Display Network), the costs to create that ad have to be taken into account.

Another budgetary consideration are the tactics you may want to choose to get the most out of an entire ad campaign, not just the cost of a single run. Retargeting, for instance, can be a powerful conversion technique. It involves remarketing ads to visitors after they leave websites so that you will stay top of mind with them. Placing a small piece of HTML code on the web or landing pages that have been visited by your target allows you to re-serve your ad to that individual who has already shown interest in your product or service.

There are two main costing approaches for ad placement online:

Pay per Click – PPC (or cost per click). The price is based on the number of clicks your ad receives. In other words, you pay only when a person clicks on the ad. Prices can range considerably depending on the ad size, web page location, reach and option selected. Costs for advertisements via search engines are pay per click (i.e. contextual advertising). The amount you pay per click will depend on how targeted the keyword is and the competition for that keyword. The ads are ranked based on how much you pay to advertise on each search phrase. However, more targeted ads usually result in more sales.

Cost per thousand Impressions (CPM). Costs are based on the number of times your ads are viewed. The M in the acronym is the Roman numeral for a thousand, and as such it is also referred to as Cost per Mille. Banner ads are generally sold by CPM, but they can also be sold by pay per clicks. A $50 CPM means you pay $50 for every 1000 times your ad appears.

Note that pricing can also be based on number of sales, number of new leads and number of orders received. Pay per Call and Cost per Action means that the business only pays when the ad delivers a solid lead. Click fraud is minimized with this option.

When dealing with placing banners on smaller niche sites, sometimes they will charge a flat fee, regardless of number of impressions or click-throughs.

4. Designing Your Ad

The most important element to a good online advertisement is its text message. However, while attractive design is secondary to good text, you still have to get positive attention from your target buyers before they will read your ad and take the action you want them to take. Here is a list of online ad design tips.

Tips for Creative Ad Design

- **Keep it simple**. Choose colours for your banner ad that contrast to the background color of the website. Rather than emphasizing your logo, use pictures that evoke your product or service (e.g. a photo of people using and enjoying your product). Use highly legible fonts.

- **Write short, easy-to-understand content**. The message should include a benefit of your offer and a call to action. This will avoid confusing the readers and will help your designer focus on the creative aspects of the ad.

- **Don't use animation just because you can**. It may be tempting to assume that moving graphics and images will attract readers to your ad but, in reality, people are often put off by such design elements. Animation can be so distracting that people will click away from your ad in order to avoid it. In addition, such elements can look dated or unprofessional.

5. Call to Action Messaging

A message that prompts a reader to take an action or behave in a way that you want them to is known as a Call to Action (CTA). Getting people to take an action is at the very core of a successful online ad campaign, because regardless of what you are asking them to do, it sends them on the path towards your ultimate goal of converting a lead to a sale.

As competition for the attention of customers grows, creating a compelling message has never been more important. To be effective, a call to action should focus on solving a problem your prospective client has by providing a valuable offering. That offer can take many forms. Examples include: subscription to a newsletter, free white paper, request of a product demo, discount offer, or free consultation. The key is to provide something specific and of value. "Visit our website" will likely not be enticing enough.

6. Effective Landing Pages

A landing page is the web page to which a prospective client is directed when they click on your ad. Ideally, a unique landing page should be created specifically for your online ad. CTAs should direct people to a landing page that clearly fulfills the offer you have made, and collects their contact information so that you can further market to them.

Tips for Effective Landing Pages

- **Be consistent**. The purpose of creating a separate landing page for your offer is so that visitors don't have to navigate your website to find what they are looking for. Therefore, the language you use on the landing page should be as carefully crafted as—and mirror—your CTA. If visitors are confused about how to fulfill the CTA, they might leave the page.

- **Keep it simple**. A landing page provides more space in which to elaborate on your CTA offer, but don't expect prospects to be interested in a lengthy pitch. They want what they came to the page to get. The design and layout of that page should be simple too. Remove distractions like navigation links so that they will be focused on doing what you want them to do (e.g. fill out a form).

- **Use social media**. Include various social sharing links to encourage visitors to tell others about your offer.

- **Ask for only what you need**. Don't turn prospects off by asking them to fill in a lengthy and invasive form. Make it easy to receive your offer.

- **Thank visitors for responding to your offer**. Set up your form so that a thank you page appears after your visitor has completed it. This page can include suggestions for other offers they might be interested in, and navigation links to other parts of your website. You can also set up an auto response e-mail with suggestions for other calls to action.

Assessing Your Online Display Advertising Strategy

1. Tracking Online Advertising

It is important to keep track of your online advertising campaign to help you assess what works and what doesn't. Some metrics are easy to track. You can measure success through various metrics such as click-through rates, page impressions, cost per acquisition, and so on. Some search engine companies have free or low cost tracking tools available (e.g. Google Adwords).

Conversion tracking helps you track the number of sales you receive from your advertising campaign. Reviewing your sales and the value of the sales can help you decide if you should increase your budget or further adjust your advertising campaign to better target customers.

Key Measurements for Online Advertising	
Click-through rate (CTR)	Shows what percentage of the people who have seen the ad actually clicked on it.
Click-to-Submission (CTS) or Landing Page Conversion Rate (LPCVN)	Shows the number of visitors who filled out the lead-capture form.
Impressions	Shows the number of times the ad has been displayed.

There are also statistics packages that can help you measure your website traffic (e.g. number of visitors, where visitors are coming from, where they are going, what pages they are visiting on your website, how long they are staying).

Popular website analytics and statistics packages include:

- Google Analytics – www.google.com/analytics
- Web Trends – www.webtrends.com
- Microsoft adCenter – http://adcenter.microsoft.com
- AWStats – http://awstats.sourceforge.net
- Yahoo Site Explorer – http://siteexplorer.search.yahoo.com

The above comprises only one piece of the tracking puzzle. The number of times an ad has been clicked on may appear to be the only metric you need to judge the success or failure of a campaign. Keep in mind, however, that a person who clicks on an ad is not necessarily a prospect that becomes a customer. Nor do the number of clicks measure the impact of increased awareness of your company that advertising creates.

The way to achieve the most from your ad campaign is through testing.

2. A/B Testing

This is a scientific, yet relatively uncomplicated, approach to help you develop a successful ad campaign strategy. To perform A/B testing, you create two or more versions of your landing page and test a specific element. Users will see one version or the other and, by tracking the performance of each version, you can understand which variation yields better results.

Your choice of what to test will depend on your goals. For example, if people are clicking on your ad but not filling out the form to get access to the resources it provides, you may want to test different form lengths or form field questions to try to learn what is preventing them from signing up.

Here are some other elements you may wish to test:

• Amount of text on the page (short vs. long)

• Landing page layout

• Inclusion of a testimonial

Where are Online Display Ads Heading?

Watch for these trends:

• **Banner ads driven by consumer input.** Similar to dynamic web pages that serve content based on how the user interacts with the site, online ads will be served to users dependent upon their actions. The ad content changes for each target audience, providing banners that speak directly to them—a marketer's ultimate dream.

• **Location guided advertising.** Advertisers will increasingly place mobile ads based on location data because they can serve them to users when they are at a particular location or area, driving consumers to take actions locally. Through services like Foursquare www.foursquare.com, or Facebook Places www.facebook.com/about/location, marketers can create campaigns that reward viewers who "check-in" by giving them special offers for their interaction with the business—for example, retail stores can offer a discount when viewers are near their location.

• **Social media advertising.** Because of their exploding growth, social media and networking sites are starting to offer highly-targeted advertising opportunities to businesses and this can only grow rapidly. Facebook, for instance, serves ads on individuals' profile pages based on user preferences—data that Facebook has collected via user click-through data. A recent tool offers advertisers metrics about those who are viewing or clicking on their social media ads. Launched by comScore, Ad Metrix Social offers clients demographic information well beyond the scope of traditional metrics (www.comscore.com/Products_Services/Product_Index/Ad_Metrix).

• **Video ads.** Expect more online ads to be in video format. Google even offers a video ad creation tool that can be distributed on the Google Ad Network (http://support.google.com/adwords/bin/answer.py?hl=en&answer=2375463).

Related Topics Covered in Other Booklets

• *Creating a Dynamic Web Presence*

• *Social Media for Small Business*

• *Integrating Mobile with Your Marketing Strategy*

To view or download these booklets visit Ontario.ca/ebusiness.

Glossary of Terms

Above the fold: The area on the web page that is viewable without the viewer having to use the vertical scroll bar. Ad space in this area is usually more expensive since it is more likely to be viewed by the visitor.

Ad space: The space on a web page reserved for the displaying of advertisements. The assigned space is typically at the top or bottom of a page or, if a small advertisement, in the right or left column. The most desirable ad space is above the fold.

Banner: A graphic that appears on a web page that is usually hyperlinked to an advertiser's website. The banner may be in a variety of formats including GIF, JPEG, Flash, HTML, Java, JavaScript and other formats.

Call to Action: A message that prompts a reader to take an action or behave in a way you want them to.

Campaign: The process of planning, creating, buying and tracking an advertising project from start to finish.

Cookies: A process by which a small file is sent from a web server to the local user's computer to store information unique to that browser. Often used by advertisers to keep track of the number and frequency of advertisements that have been shown to a visitor or by sites to help them determine the number of unique visitors.

Copy Writing: The process of writing text for an advertisement that gets readers' attention, generates interest, and prompts action.

CPA (Cost per acquisition): One of the online payment methods by which advertisers pay for every sale or acquired client. Prices typically range from $1 to $500 or, if calculated on a percentage of the sale, 1% to 25% of the sale price. This is a preferred method of payment for advertisers who want to guarantee only the number of customers generated as a result of an advertisement.

CPC (Cost per click): The most popular way to purchase traffic - made very popular by overture.com and then Google AdWords. With this method of purchasing traffic, the advertiser only pays for the traffic that goes to their website. This is a preferred method of payment for advertisers who need to guarantee they only pay for those surfers who click on the advertising link or banner and then go to their site.

CPM (Cost per thousand impressions): One of the online payment models by which advertisers pay for every 1000 impressions of their advertisement. This is a preferred method of payment for advertisers who want to guarantee only the number of people who see their banner.

FLASH ads: Flash technology, built-in Adobe FLASH creative software, which is used in creating interactive banner and button advertisements.

Frequency: A term used to describe the number of times the same advertisement is shown to the same visitor during a particular session or time frame. This can be monitored through the use of cookies.

GIF: Graphical interchange format is a graphical file extension. Most banner advertisements are created in the GIF format. GIF89a or animated GIFs are a sequence of standard GIF images combined to create animated banners.

Impressions: The number of times a banner or text ad was requested and presumably seen by users. It is often hard to obtain an accurate impression count as impressions can be under counted due to issues relating to cache or they can be over counted due to requests that were not completed.

Interstitial: An intrusive type of advertisement that loads between web pages without having been requested by the visitor.

Inventory: The number of ad spaces available for sale on a website during a certain time frame. This number will be determined by taking into consideration the number of advertisements on a page, the number of pages with advertisements and the number of page views during a specific time frame.

JavaScript: Commonly used on web pages to add interactivity and dynamic content such as banner rotation, and tracking code.

Landing page: The page on a website where one is taken after clicking on an advertisement. While this can be any page, it is often a page designed to expand on the service or product mentioned in the initial advertisement.

Lead: The term used to describe a person or a company that has expressed interest in an offer. Businesses follow up on leads in hopes of converting them into customers.

Media kit: Information offered to potential advertisers by publishers to help advertisers understand the publisher's rates, visitor demographics, terms, and conditions prior to advertising with that publisher.

PPC (Pay per click): One of the online payment models by which advertisers pay for each click-through made on their advertisement. This is a preferred method of payment for advertisers who need to guarantee they only pay for those viewers of the text or banner that click on it and visit a page of their choosing.

Text ad: Advertisement using text-based hyperlinks.

Tracking code: Specific JavaScript code written as part of the HTML to assign a method of tracking the click-through information from the banner ad. It allows you to keep track of how many times your ads and links are being viewed and clicked on.

Unique visitors: Individuals who have visited a website (or network) at least once in a fixed time frame, typically a 30-day period.

Vertical banner: A banner ad measuring 120 pixels wide and 240 pixels tall.

Website traffic: The number of visitors and visits a website receives.

White paper: A marketing/sales document that provides objective, useful information to a company's customers and prospects about a particular business issue or challenge and outlines potential solutions.

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