

OVER  
\$1600  
WORTH OF  
VOUCHERS

NEW  
CHAPTERS

ALL  
NEW  
CASE  
STUDIES

NEW  
CONTENT



# eMarketing

THE ESSENTIAL GUIDE TO  
MARKETING IN A DIGITAL WORLD

5TH  
EDITION



ROB STOKES  
AND THE MINDS OF QUIRK

# 11

## Online Advertising

**What's inside:** An **introduction** to online advertising, a brief **history** following the development of the Internet and an exploration of **how it works**. We look at **types of display advertising**, **payment models**, **advertising networks** and **exchanges**. We also explore **ad servers** and what they do and learn more about how **tracking** works. We **put it all together** and take a **brief look at the future of online advertising** followed by an exploration into its **advantages** and **disadvantages**. Finally we include a **summary**, a look at the **bigger picture** and end off with a **case study**.

## 11.1 Introduction

**NOTE**

Read more about this in the *Search Advertising* chapter.

Online advertising, simply put, is advertising on the Internet. Online advertising encompasses display adverts found on websites, adverts on search engine results pages (covered in the chapter on *Search Advertising*), adverts placed in emails and on social networks, and other ways in which advertisers use the Internet. Of course, this is not just limited to computers – digital advertising can be found anywhere you access the web, for example, through mobile devices.

The main objectives of online advertising are to increase sales, improve brand awareness and raise share of voice in the marketplace. It is based on the simple economics of demand and supply. Advertisers aim to stimulate a consumer need (demand) and then satisfy that need (supply).

Online advertising, naturally, follows web user behaviour. Advertisers want to place their adverts where potential customers will see them. Digital advertising is not limited to one specific medium or location – it can be placed almost anywhere on the web and can consist of images, text, videos, interactive elements, and even games.

Although the Internet provides new scope for creative approaches to advertising, we see its true advantages when we realise how trackable (and therefore measurable) Internet advertising is. It is possible to track all interactions with the advert itself: the number of impressions served, how many clicks it received, post-click-and-view data, and how many unique users were reached. This leads to valuable data that can be used to make sensible, effective business decisions.

In this chapter, you will learn:

- The various business objectives you can meet with online advertising
- All about the various ad formats, payment models and ad types available
- How and where to publish your adverts
- How to run an online advertising campaign step by step

## 11.2 Key terms and concepts

Term	Definition
Ad server	The technology that places ads on websites.
Animated GIF	A GIF (type of image file) which supports animations and allows a separate palette of 256 colours for each frame.

<b>Banner</b>	An online advertisement in the form of a graphic image that appears on a web page.
<b>Clickthrough rate (CTR)</b>	Click Through Rate = Clicks / Impressions %
<b>Conversion</b>	A visitor completing a target action.
<b>Cost per acquisition (CPA)</b>	Refers to the cost of acquiring a new customer. The advertiser pays only when a desired action is achieved (sometimes called cost per acquisition).
<b>Cost per click (CPC)</b>	Refers to when an advertiser pays only when their ad is clicked on, giving them a visitor to their site – typically from a search engine in pay per click search marketing.
<b>Cost per mille (CPM)</b>	Amount paid for every 1 000 impressions served of an advertisement.
<b>Display network</b>	Content websites that serve pay per click adverts from the same provider, such as AdWords.
<b>Google AdWords</b>	Google's PPC program, which allows advertisers to display their adverts on relevant search results and across Google's content network.
<b>HyperText Markup Language (HTML)</b>	A language read by web browsers. Certain HTML 'tags' are used to structure the information and features within a web page. As an example, HTML emails usually contain graphics and can be interactive.
<b>Internet protocol (IP) address</b>	The Internet Protocol (IP) address is an exclusive number which is used to represent every single computer in a network.
<b>Internet service provider (ISP)</b>	Internet Service Provider – this is the company that provides you with access to the Internet, for example, MWEB or AOL.
<b>Key performance indicator (KPI)</b>	A metric that shows whether an objective is being achieved.
<b>Marketplace Ads</b>	Facebook ad space units, a type of advertising available on Facebook.
<b>Paid search advertising</b>	Usually refers to advertising on search engines, sometimes called PPC advertising. The advertiser pays only for each click of the advert.
<b>Popup</b>	Unrequested window that opens on top of the currently viewed window.
<b>Tracking</b>	Measuring the effectiveness of a campaign by collecting and evaluating statistics.
<b>Tracking code</b>	A piece of code that tracks a user's interaction and movement through a website.
<b>Traditional media</b>	Newspapers, magazines, television and publishing houses are the realm of traditional media.

<b>Unique selling point (USP)</b>	Unique selling point (or proposition) – what makes your offering different to your competitors'.
<b>Viral video</b>	This is a video that becomes immensely popular, leading to its spread through word-of-mouth on the Internet via email, social networks and other hosting websites.
<b>Web analytics</b>	A software tool that collects data on website users, based on metrics to measure its performance.
<b>Web browser</b>	This is what allows you to browse the World Wide Web. Examples of browsers include Internet Explorer, Chrome, Safari and Firefox.

## 11.3 Online advertising objectives

Advertising, whether online or offline, has a number of objectives.

### 11.3.1 Building brand awareness

#### NOTE

Brand awareness is essential for launching a new brand or product, or approaching a new audience.

Making people aware of a brand or product is an important long-term goal for any marketer. Once customers know about it, they are more likely to trust the brand. The better known a brand is, the more business it can do. And the ultimate goal is to sell more of the product or service.

Online advertising is largely visual, making it an ideal channel for promoting brand imagery and making people familiar with its colours, logo and overall feel.



Figure 1. A banner ad that raises awareness.

### 11.3.2 Creating demand

Creating customer demand is a three-step process: inform, persuade and remind. Customers can't want what they don't know about. Advertising needs to convince them about what they should want and why they should want it. Online advertising provides a great way to communicate the unique selling points (USPs) of a product, helping to stimulate demand and reminding customers about the product and why they want it.



Figure 2. A banner ad that creates demand for a new product.

### 11.3.3 Satisfying demand

Once somebody wants a product, they need to find out how to satisfy that desire. At this point it is important for the marketer to show the customer how their particular brand or product will best meet that need.



Figure 3. A banner ad that meets the customer's need to save money.

#### 11.3.4 Driving direct response and sales

All forms of digital marketing need to drive traffic and sales in the long term. However, the immediacy of online advertising also drives traffic and sales in the short and medium terms. Unlike traditional media advertising, online advertising can turn the potential customer into an actual customer right there and then. What's more, it is possible to measure accurately how effective the online advertising campaign has been in this regard.

### 11.4 The key differentiator

Online advertising is able to drive instant sales and conversions. Unlike other advertising mediums, the consumer can go from advert to merchant in one easy click. Because of the connected nature of the Internet, online activities are highly trackable and measurable, which makes it possible to target adverts and to track and gauge the efficacy of the advertising accurately. Each display advert can be tracked for success.

### 11.5 Types of display adverts

There are many different ways to display adverts online. Here are some of the most common options.

#### 11.5.1 Banner adverts

A banner advert is a graphic image or animation displayed on a website for advertising purposes. Static banners are in GIF or JPEG format, but banners can also employ rich media such as Flash, video, JavaScript, HTML5 and other interactive technologies; these allow the viewer to interact and transact within the banner. Banners are not limited to the space that they occupy; some banners expand on mouse-over or when clicked.

#### Standard banner sizes

There are standard sizes (measured in pixels) for static, animated and rich media banner adverts. Creating banners in these sizes means the ads can be placed on many websites (advertisers sell space in these sizes as well). And here, size (both dimensions and file size) does matter – you can expect varying rates of clickthroughs and conversions across the range of sizes. Bigger is usually better, but if you want to know what works best for your brand, test.

Banner sizes available on the Google Display Network include (all sizes are in pixels):

- Banner (468 x 60)
- Mobile leaderboard (300 x 50)
- Leaderboard (728 x 90)
- Small Square (200 x 200)
- Skyscraper (120 x 600)
- Wide Skyscraper (160 x 600)
- Square (250 x 250)
- Medium Rectangle (300 x 250)
- Large Rectangle (336 x 280)

Banners may be animated, static or Flash, but must be under 50k in file size.

Bear in mind that the advertising network often includes a small graphic overlay on the bottom of the advert, and does not resize your advert to accommodate this. To avoid this obscuring your advert, you can leave a few pixels of blank space on the bottom of your advert.

All adverts need to be supplied with a destination URL. Some rich media adverts allow for multiple destination URLs.

#### 11.5.2 Interstitial banners

These are banners shown between pages on a website. As you click from one page to another, you are shown this advert before the next page is displayed. Sometimes the advert can be closed.

#### NOTE

Google AdWords offers a rich media banner advert builder. You can find it in the 'Ads' tab in the AdWords account interface.

#### NOTE

Start with the most common banner size.

### 11.5.3 Popups and pop-unders

As the name suggests, these are adverts that pop up, or under, the web page being viewed. They open in a new, smaller window. You will see a popup straight away, but will probably become aware of a pop-under only after you close your browser window.

These were very prominent in the early days of online advertising, but audience annoyance means that there are now 'popup blockers' built into most good web browsers. This can be problematic as sometimes a website will legitimately use a popup to display information to the user.

### 11.5.4 Floating adverts

**NOTE**

**Remember:** your goal is to inform and motivate customers, not annoy them.

This advert appears in a layer over the content, but is not in a separate window. Usually, the user can close this advert. In fact, best practice dictates that a prominent close button should be included on the advert, usually in the top right hand corner. Floating adverts are created with DHTML or Flash, and float in a layer above a site's content for a few seconds. Often, the animation ends by disappearing into a banner advert on the page.



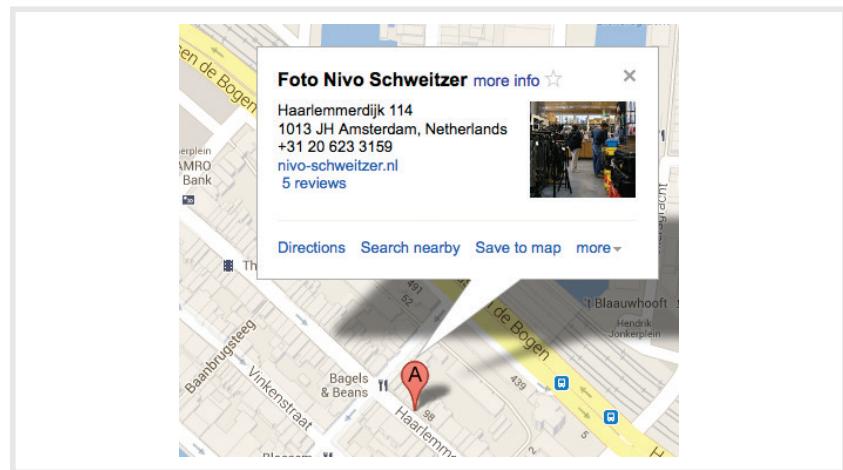
**Figure 4.** An expanded banner ad, including video, on the Los Angeles Times website.

### 11.5.5 Wallpaper adverts

This advert changes the background of the web page being viewed. It is sometimes possible to click on an advert of this type, but not always. The effect of these adverts is difficult to measure as there is often no clickthrough, and its chief purpose is branding.

### 11.5.6 Map adverts

This is advertising placed on an online map, such as Google Maps. This type of advert is ideal for local businesses and is usually based on keyword searches for the brand's offering.



**Figure 5.** A map advert on Google Maps.

## 11.6 Payment models for display advertising

As well as a variety of mediums and formats, there are also a number of different payment models for display advertising.

### 11.6.1 CPM

CPM stands for cost per thousand impressions (M is the Roman numeral for a thousand). This means the advertiser pays for every thousand times the advert loads on the publisher's page. This is how a campaign is normally priced when brand awareness or exposure is the primary goal.

CPM rates for rich media adverts are usually higher than for standard media adverts. This is often based on file size.

### 11.6.2 CPC

CPC stands for cost per click. This means that the advertiser pays only when their advert is clicked on by an interested party, regardless of how many times it has been viewed. CPC advertising is normally associated with search advertising,

**NOTE**

**Read more about this in the *Search Advertising chapter*.**

although it has become very popular in display advertising too, especially when using ad networks. Banners can be priced this way when the aim is to drive traffic and conversions. It is also a payment method sometimes used in affiliate marketing, when the aim is to drive traffic to a new website.

### 11.6.3 CPA

CPA refers to cost per acquisition. This model means that the advertiser pays only when an advert delivers an acquisition after the user clicks on the advert. Definitions of acquisitions vary depending on the site and campaign. It may be a user filling in a form, downloading a file or buying a product.

CPA is often the best option for advertisers because they pay only when the advertising has met its goal. For this reason, it is also the worst type for the publisher, as they are rewarded only if the advertising is successful. The publisher has to rely on the conversion rate of the advertiser's website, something that the publisher cannot control. The CPA model is not commonly used for banner advertising and is generally associated with affiliate marketing.

**NOTE**

**Read more about this in the *Affiliate Marketing chapter*.**

### 11.6.4 Flat rate or sponsorships

Sometimes, owners of lower-traffic sites choose to sell banner space at a flat rate – in other words, at a fixed cost per month, regardless of the amount of traffic or impressions. This would appeal to a media buyer who may be testing an online campaign that targets niche markets.

There are several variations to what a sponsorship on a website entails. Examples include exclusive adverts on all the pages and slots on a specific page, newsletter or section, and sponsoring content. Sponsorship means that no other advertiser will appear in that section. Sponsorships are often difficult to measure and are mostly used to raise brand awareness. These can be very effective when launching a new brand.

### 11.6.5 CPE

With the cost per engagement (CPE) model, advertisers pay for interactions with adverts, normally placed in videos or applications (such as Facebook applications). An interaction, referred to as an engagement, usually starts with a rollover (or mouse-over) that expands the ad. Once expanded, an advert may contain a video, game, form, or other interactive content. The ad doesn't take the user away from the web page, and marketers pay only when an individual completes an action.

## 11.6.6 What payment model can you expect?

The advertiser rarely has a say over the payment model used – this comes down to the website owner or publisher, advertising type and other factors, such as the popularity of the site.

CPM favours the publisher, while CPA favours the advertiser. Sometimes, a hybrid of the two payment models is pursued.

High-traffic, broad-audience websites (often referred to as 'premium' or booked media) will typically offer CPM advertising. Examples include web portals such as [www.yahoo.com](http://www.yahoo.com) or news sites such as [www.cnn.com](http://www.cnn.com).

Niche websites with a targeted audience are more likely to offer CPC or CPA advertising to advertisers with an appropriate product. These can also fall under the umbrella of affiliate marketing.

Types of advertising can be seen on a scale from more intrusive (and thus potentially annoying to the consumer) to less intrusive. In the same way, payment models can be scaled from those that favour the publisher to those that favour the advertiser.

When planning a campaign, it is important to know how the advertising will be paid for and what kinds of advertising are offered by publishers. A lot of this can be solved by using a company that specialises in advert serving, media planning and media buying.

## 11.7 Getting your ads online

To get your ads to appear online, you need to find and pay for the space where it will appear. There are several options for doing this:

- Premium booked media
- Advertising networks
- Advertising exchanges
- Social media advertising placements
- Mobile advertising
- Ad servers

### 11.7.1 Premium booked media

Premium booked media works very much in the traditional way of booking advertising – the advertiser contacts the premium media provider (usually a single group that oversees a key, high-profile online space) and discusses options for placing an advert. This will involve negotiating on targeting and pricing for the space desired, and is usually a costly but high-profile option.

**NOTE**

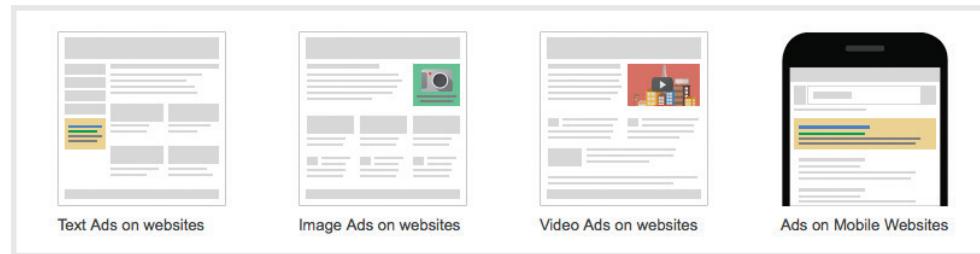
**Read more about this in the *Affiliate Marketing chapter*.**

**NOTE**

**Which is the best payment model for you? This will depend on the purpose of your ads and the return you expect on your investment. Each payment model can be effective and lucrative if used appropriately.**

## 11.7.2 Advertising networks

An advertising network is a group of websites on which adverts can be purchased through a single sales entity. It could be a collection of sites owned by the same publisher (for example, New Line Cinema, Time Inc. and HBO are all owned by Time Warner Inc.) or it could be an affiliation of sites that share a representative. The Google Display Network is one of the largest advertising networks in the world.



**Figure 6.** Ad formats available on the Google Display Network.

The advertising network acts as an intermediary between advertisers and publishers, and provides a technology solution to both. As well as providing a centralised ad server that can serve adverts to a number of websites, the networks offer tracking and reporting, as well as targeting.

Advertising networks usually categorise the sites by factors such as demographics, topic, or area of interest. Advertisers pay to advertise in specific channels, and not in individual sites. Most times, the campaign will then be optimised based on the best converting sites.

Rates are often negotiated with the network, and placements are booked over a period of time.

## 11.7.3 Advertising exchanges

Advertising exchanges, on the other hand, are where unsold advertising space – called inventory – is placed by publishers for bidding. The inventory is sold to the highest bidding advertiser. Giving advertisers far more control, this type of advertising mimics the PPC model of search advertising (Generalised Second Price auction) – but bids are for audience profiles and space rather than for keywords. It allows publishers to fill unsold inventory at the highest available price, and can give smaller advertisers access to this inventory.

## 11.7.4 Social media advertising

Many social media platforms offer an advertising option, as this is their primary source of revenue. Social media can be an excellent place to reach prospects because you can usually target very accurately based on user-provided demographic information.

### Facebook

Facebook offers four paid-for advertising solutions:

- Facebook Ads** are standard adverts that appear in the user's right-hand sidebar. They have no minimum spend and can be bought on either a cost per thousand impressions (CPM) or cost per click (CPC) basis. These adverts are served based on interests and demographic information. For example, an advertiser can request to have their advert shown to all women in London who are interested in men, who are single and between the ages of 25 and 35, and who like dogs or puppies.

**Audience**

**1,120 people**

- who live in the United Kingdom
- who live in London
- exactly between the ages of 25 and 35 inclusive
- who are female
- who like dogs or puppies
- who are single
- who are interested in men

**Suggested Bid**

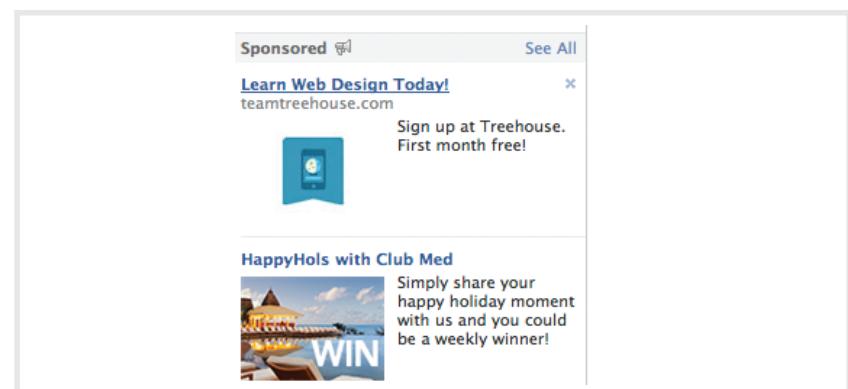
**£0.20–£0.48 GBP**

### NOTE

Facebook will show you the size of the audience you have targeted and how much each click is likely to cost.

**Figure 7.** Targeting options on Facebook.

- Facebook Engagement Ads** are similar to standard ads, but include an element that fans can engage with, such as a Like or Share button, a video, an event, or a poll. These are bought on a CPM basis with a minimum spend threshold.
- Sponsored stories** are posts that are created whenever someone engages with a specific element of the brand's Facebook Page; these then appear in their connections' news feeds. You allocate a budget to the specific post, and this is spent to have the ad appear.
- Promoted posts** allow you to publicise an existing post that you have made. A page must have at least 400 Likes before this option becomes available.

**NOTE**

Facebook Advertising information can be found at [www.facebook.com/advertising](http://www.facebook.com/advertising).

Figure 8. Ads on Facebook.

## Twitter

Twitter offers a self-service ad platform with several options and allows a degree of specific targeting. The service is still relatively new, which means that it changes frequently, and not all options may be available to all regions or user accounts.

- **Promoted tweets** are tweets that appear at the very top of a user's timeline, or in Twitter mobile apps. There is no minimum spend, and advertisers pay when users retweet, @reply to, favourite or click on a promoted tweet.
- **Promoted accounts** are user accounts that appear on the left of the user's Twitter timeline, in the section called "Who to follow", which recommends accounts the user may like. Advertisers pay when a user follows the promoted account.



Figure 9. A Promoted account on Twitter.

**NOTE**

More information on Twitter advertising can be found at [business.twitter.com/advertise/start](http://business.twitter.com/advertise/start).

- **Promoted trends** is available only to full-service Twitter Ads customers and allows a brand to list their brand name, hashtag or slogan in the left-hand 'Trends' section of a user's Twitter timeline, which is usually reserved for the most popular topics of the moment on Twitter. These generally have a flat fee and can cost hundreds of thousands of dollars, depending on how wide the geographic targeting is.

## YouTube

YouTube offers a wide range of advertising formats and options for businesses. These are covered in detail in the chapter on video marketing.

## LinkedIn

LinkedIn Ads is a self-service advertising platform that allows you to create and place adverts on prominent pages on the LinkedIn website, including a user's home page, search results pages, groups and more. There are many targeting options available, including job title, job function, industry, geography, age, gender, company name, company size, and LinkedIn Group. There is a minimum budget requirement of \$10 a day (though no minimum spend), and ads can be served on a CPM or CPC basis.

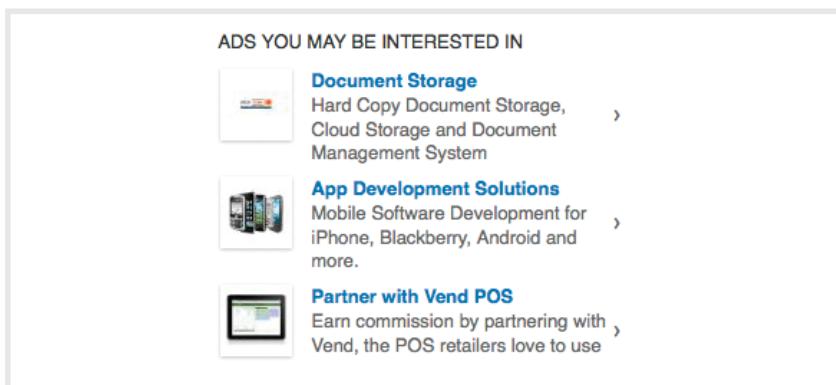


Figure 10. LinkedIn ads.

## 11.7.5 Mobile advertising

There are three types of mobile networks that you can choose from when embarking on a mobile advertising campaign.

### Blind networks

These networks target a large number of independent mobile publishers, and generally allow you to target by country or type of content, but not by specific websites. Payment tends to be on a CPC basis, which can vary. An example of this kind of network is BuzzCity ([www.buzzcity.com](http://www.buzzcity.com)).

**NOTE**

You can find out more at [www.youtube.com/yt/advertise](http://www.youtube.com/yt/advertise).

**NOTE**

Read more about this in the *Video Marketing* chapter.

## Premium blind networks

Advertising on premium blind networks tends to be more expensive, but allow the advertiser to target better-known brands and high-traffic sites. Broadcasters or operator portals fall under this category. Payment here is often on a CPM basis. Millennial Media ([www.millennialmedia.com](http://www.millennialmedia.com)) is an example premium blind network. While targeting options are available, different networks can work in different ways, with varying levels of support.

## Premium networks

These networks often offer sales as a direct extension of the big brands that they offer. More detailed targeting and sales support is available, but they also charge higher rates. An example of this kind of network is Widespace ([www.widespace.com/en](http://www.widespace.com/en)).

**NOTE**

The Mobile Marketing Association publishes a set of useful guidelines for mobile advertising. Download the latest version at time of publishing here: [www.mmaglobal.com/files/mobileadvertising.pdf](http://www.mmaglobal.com/files/mobileadvertising.pdf).

Figure 11. Widespace is an example of a premium mobile ad network.

## 11.7.6 Ad servers

Ad servers are servers that store advertisements and serve them to web pages. Ad servers can be local, run by a publisher to serve adverts to websites on the publisher's domain, or they can be third-party ad servers, which serve adverts to web pages on any domain. Ad servers facilitate advert trafficking and provide reports on advert performance. They have two functions: to help publishers manage their ad inventory, and to help advertisers monitor and optimise their campaigns.

## The benefits of ad servers

Rather than distribute copies of each piece of creative advertising to each publisher or media buyer, you can send out a line of code that calls up an advertisement directly from the ad server each time an advert is scheduled to run. The agency loads the creative to the server once and can modify rotations or add new units on the fly without needing to re-contact the vendors. This is referred to as third-party ad serving.

The ad servers provide a wealth of data, including impressions served, adverts clicked, CTR and CPC. While publishers have their own ad servers, most of the third-party ad servers also have the ability to provide performance against post-click activities such as sales, leads, downloads, or any other site-based action the advertiser may want to measure.

Ad servers provide a consistent counting methodology across the entire campaign enabling the advertiser to gain an 'apples to apples' comparison of performance across the entire media schedule, which includes multiple websites. This ensures that the advertiser gets what they are paying for, and avoids fraudulent activities, such as click fraud, as a good third-party ad server should be audited.

The ad server also allows sophisticated targeting of display advertising. Examples of third-party ad servers include Google DoubleClick, Atlas and MediaMind.

## 11.8 Targeting and optimising

Ad servers serve adverts across a number of websites, and can track a user visiting websites using cookies or IP addresses. This means that ad servers can offer advertisers:

- **Frequency capping:** this limits the number of times a specific user sees the same advert in a set time period.
- **Sequencing:** this ensures that a user sees adverts in a particular order.
- **Exclusivity:** this ensures that adverts from direct competitors are not shown on the same page.
- **Roadblocks:** this allows an advertiser to own 100% of the advertising inventory on a page.

The ad server can also target adverts based on the business rules of the advertiser or the profiles of the users:

**NOTE**

Location targeting can be very cost-effective for physical events and regional offers.

- **Geo-targeting:** online advertising has the ability to target markets by country, province or city, and can even drill them down to something as specific as their IP address. This is also known as IP targeting.
- **Network or browser type:** markets can further be targeted via networks or browser types such as Mozilla Firefox, Internet Explorer, Chrome and Safari.
- **Connection type:** users can be segmented and targeted according to their Internet connection type, for example, whether they use broadband or dial-up connections.
- **Day and time:** advertisers can choose the time of day or day of the week when their adverts are shown. Advertisers can specify when their campaign should flight, down to the minute. This usually depends on the client's objective for the campaign or the product itself.
- **Social serving:** websites gather demographic data about users and then serve each user targeted and relevant advertising. For example, Facebook will allow advertisers to select specific characteristics of users who will be shown an advert.
- **Behavioural targeting:** the ad server uses the profile of a user (built up over websites visited previously) to determine which adverts to show during a given visit. Ad servers can base this profile on cookies or on IP addresses. For example, the ad server may choose to show adverts for pet insurance on a news page to a user who has visited the pets and animals section of a general media site previously.

Re-marketing is another form of behavioural targeting. This allows the ad server to display ads to users after they have interacted with a website in a certain way – for example, by adding an item to their cart on an eCommerce page but not checking out. The user may then see an ad for the product they have in their cart, to encourage them to go back and make a purchase.

Another approach to behavioural targeting is to set up parameters to determine when a certain advert needs to be shown. For example: if the user has clicked on a banner advertising a test drive, and the user has actually booked the test drive, the next time they see an advert from the advertiser, a different advert will be shown because the user has already responded to the first one.

- **Contextual advertising:** the ad server deduces the optimum adverts to serve based on the content of the page. For example, on an article about mountain bike holidays in Europe, the ad server would show adverts for new mountain bikes, or adverts from travel companies offering flights to Europe, or perhaps adverts for adventure travel insurance.

## 11.9 Tracking

The trackability of online advertising is what makes it so superior to conventional advertising. Not only can an advertiser tell how many times an advert has been seen (impressions), but also how many times the advert has been successful in sending visitors to the advertised website (clicks). As discussed in the chapter on conversion optimisation, the tracking needs to continue on the website to determine how successful the advert has been in creating more revenue for the website (conversions).

As well as tracking adverts, advertising networks can also provide information about the people who saw the advert, as well as those who acted on it, including:

- Connection type
- Browser
- Operating system
- Time of day
- Internet service provider

Many third-party ad servers will set a cookie on impression of an advert, not only on clickthrough, so it is possible to track conversions that happen indirectly (called view-through conversions). Simply put, third-party ad servers can track not only the post click data, but also the post view data: when a user sees an advert, does not click on it, but goes to the website after viewing the advert (either by typing in the URL, or by searching for the site).

Using this information, the ad server can target the adverts displayed, helping advertisers to optimise campaigns and get the most from their budgets.

**NOTE**

Read more about this in the *Conversion Optimisation* chapter.

## 11.10 Step-by-step guide to online advertising

Knowing the various types of display options and payment models available is all very well, but you may be wondering how to put this all together as you plan your campaign. Here is a step-by-step guide that you can follow to ensure that you run effective adverts.

**NOTE**

Don't forget to keep an eye on any non-digital advertising that the brand is doing – this could have a significant effect on your results, and you want to ensure that you are communicating the same message.

## 1. Determine the goal of your campaign.

Are you embarking on a branding campaign, or is your primary focus direct response?

## 2. Identify your key performance indicators (KPIs).

Which figures will let you know if you are succeeding? This should tie in closely to your goal.

## 3. Investigate your target audience.

What websites are they likely to be visiting? The type of creative you use and the payment model you follow will largely be determined by the websites that you advertise on.

Online advertising is an acquisition and awareness channel. It does not require users to seek an interaction actively, as search advertising and email marketing do. So, it is crucial that the adverts are placed in front of the audience that is most likely to convert.

## 4. Research potential websites to host your adverts.

Niche websites with a smaller, more targeted audience will most likely charge a flat rate for display advertising, or a CPA rate. They could be flexible in display options that they give you, but you will need to take into account their bandwidth costs if they serve the adverts.

High-traffic websites with a broad audience will usually charge on a CPM basis. They will broker their advertising inventory through an advertising network, or even a number of advertising networks.

## 5. Set a budget.

Most advertising platforms will let you set and dynamically manage your budget. Decide how much you are willing to pay per click, impression, action or engagement, and set your total budget in line with this.

## 6. Create your adverts.

Now, you will need to brief your creative team to ensure that you have the optimum banners for your campaign.

Your online adverts will need to:

- Attract attention
- Convey a message
- Entice action

Animation attracts attention, but be wary of being one of several animated banners on a website. Banners should not be considered in isolation, but rather in the context of the website on which they will appear.

Web users respond well to being told what to do, and the content of an online advert should be concise and directional. Examples of these CTAs include:

- "Phone now for the best deals on insurance."
- "Click here for fast home delivery."
- "Donate now."

## 7. Choose or create a landing page.

All advertising needs an appropriate landing page or destination URL. Whether this involves creating a microsite, or merely leading users to an existing page on the website, ensure that clickthroughs are not being wasted. Generally, sending advertising traffic to your home page is not a good idea as it leaves the user confused about where to go next.

## 8. Run your adverts.

Now that you're all set up, you can let your ads go live! Keep a close eye on your spending to ensure that you're getting a decent return for your money, and that nothing unusual is occurring.

## 9. Track, measure, optimise.

As with all online marketing tactics, you need to track what your ads are doing and the results they are generating, measure your returns and successes, and then optimise your online advertising campaigns to get even better returns in future.

### NOTE

If a problem comes up, you can simply stop your campaign, change the creative elements or modify your approach - the beauty of online advertising is that it can be revised almost instantly.

## 11.11 The future of online advertising

On the web, the convergence of digital devices and channels is leading to new avenues for online advertising. Digital advertising can reach customers anywhere where they can access the web.

While we have become used to the Internet as a free medium where we can read and interact with any content we want, it is the fact that it is an advertiser's medium that keeps it free. And that means that as technologies evolve and the way we interact with content changes, so advertising follows.

Previously the level of interaction a web user had with a website could be measured by the number of pages of that website the user viewed. Now, technology such as AJAX and rich media such as video mean that the time spent on a web page can be more meaningful than the number of pages viewed. The key word here is 'engagement', and technology and data analysis is working towards being able to determine how websites can quantify the level of engagement with a viewer.

A little online research will reveal plenty of commentary declaring the decline of display advertising. Increasingly, consumers are becoming both weary and wary of advertising. Clickthrough rates on banners are dropping, so the effectiveness of display advertising is being questioned by some. With the focus in digital marketing on tracking and measuring response and engagement, should a company spend money on less measurable activities such as 'brand building', where they are paying on a CPM basis?

**NOTE**

**View-through conversions are important to look at as well, especially if your campaign is focused around raising awareness.**

Using third-party ad servers and post-impression tracking, the effect of different advertising and marketing channels on each other can be observed. Banner advertising can see an increase in search volume, for example.

What does this tell us? Measurement should take place across all channels, and no channel should be utilised in isolation. The best results will be gained through an integrated and holistic approach to digital marketing.

## 11.12 Advantages and challenges

### 11.12.1 Advantages of online advertising

Banner advertising goes a long way towards bridging the advertising divide. Adverts have a set size, they can look very similar to print adverts, and they occupy a particular bit of real estate in a publication with a particular number of views. It's easy to understand, and it does the things with which buyers are familiar.

Online advertising can take advantage of the emotive qualities of images, videos and animations. Some campaigns are better suited to images rather than plain text.

Since banners can contain rich media, they offer levels of interactivity that other forms of advertising cannot achieve. This allows your target market not only to see your banner, but also to play with it. Interaction builds a bond and improves the chances of the consumer remembering your brand tomorrow. Cognitive learning is a powerful outcome of interactive display advertising.

Modern online advertising is able to bring together a number of other online marketing tactics such as animations, games, video and Flash.

Banner ads, like all digital marketing tactics, are measurable. Track clickthrough rates and you get an idea of exactly how many people are responding to your Call to Action. Some publishers even have the ability to do post-click tracking, which means that you can track the user all the way to a sale if that is the purpose of the advert.

### 11.12.2 Challenges of online advertising

A lot of display advertising is intrusive, so popup blockers can often prevent adverts from being served as they were intended by the advertisers. There are also extensions available for web browsers, such as AdBlock Plus, that will block advertising on web pages. Technologically savvy consumers are increasingly using these methods to limit the advertising that they see.

Bandwidth can also be an issue, although this is a shrinking problem. However, campaigns should be planned according to demographics in determining the richness (and investment) of interaction.

Consumers are suffering from advertising fatigue, so while new technologies can provide great results, as soon as the market moves mainstream it can get saturated. Consumers are increasingly ignoring adverts.

**NOTE**

**Advertising blindness is not a problem that's unique to the web - for example, TV viewers are increasingly fast-forwarding through ads or watching episodes through online streaming services.**

## 11.13 Case study – Toyota Prius

### 11.13.1 One-line summary

Toyota launches a display advertising campaign to draw awareness to the new Prius and increase sales.

### 11.13.2 The problem

The Prius is a hybrid electric car. Toyota needed to raise awareness and drive sales around the introduction of new models to the Prius line. To address this challenge, they brought the Saatchi & Saatchi LA team on board (WorldsBestCaseStudies.com, 2012).

### 11.13.3 The solution

Since the idea for the second Prius had been conceived, debate had surrounded the question of what exactly the term for the plural of Prius would be (Walsh, 2013). The Saatchi team identified this as a potential talking point among customers and launched the 'Prius goes plural' campaign.

The promotional video posted on YouTube asked fans what they thought the plural of the name 'Prius' should be. The video then gave social media users a month to vote for the best term.

In order to drive awareness and interest in the campaign, they created a series of animated, interactive display ads.

Some of the display ads featured animated Prius vehicles that sped into life by driving across the page into the text that the viewer was reading.



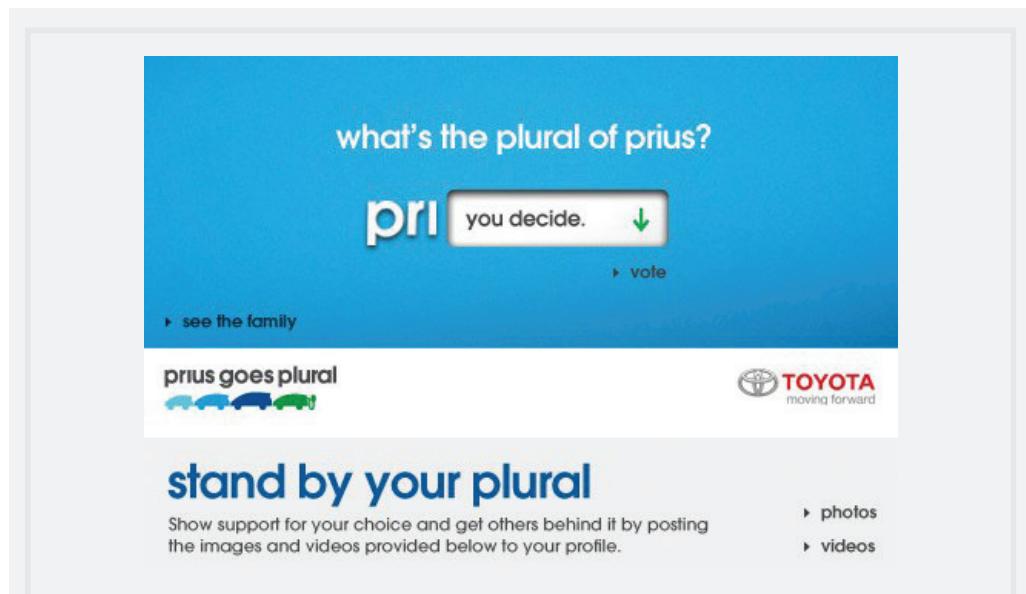
**Figure 12.** An animated Prius ad. (Source: WorldsBestCaseStudies.com, 2012)

#### 11.13.4 Results

The display advertising campaign was incredibly successful in driving awareness, interaction and traffic to a range of portals. It achieved this by incorporating a fun concept with some eye-catching display adverts that also encouraged interactivity – a perfect blend that speaks to display advertising best practice.

Here are some figures that demonstrate the success of this display advertising strategy:

- The YouTube video alone was viewed over 250 000 times, with almost 300 comments (ToyotaUSA, 2011).
- The Facebook Page received over 400 000 likes with 1 141 likes for a single post, although comments on posts were lacking (Toyota Prius, 2000).
- The hashtag #PriusGoesPlural trended on Twitter.
- The campaign received just 1.2 million votes – and the Prius plural was announced as Prii (Walsh, 2013).
- This campaign also drove sales with a record of over 1 million Prius sales, even in a tough economy (WorldsBestCaseStudies.com, 2012).



**Figure 13.** An interactive ad that allowed users to enter their suggestions.

### 11.14 The bigger picture

Offline advertising and marketing campaigns can be adapted for an online audience in order to ensure maximum brand exposure. It is very effective in enhancing offline marketing and advertising activity and in ensuring a wider reach.

As mentioned, online advertising can be used as an acquisition channel, reaching out to a new audience. It can be used to initiate a buying cycle and customer relationship, which then plays out across other online channels. Addressing advertising and other channels to complement each other will result in a consistent message, and optimum results. Online advertising can be used to reach a large audience, and then other digital marketing tactics can be used to refine and engage this audience further. Social media advertising in particular is crucial for building communities and keeping the brand top of mind.

Online advertising and affiliate marketing go hand in hand. Affiliate networks also act as advertising networks, allowing for advertising to be purchased on a performance basis.

When seeding new products and viral campaigns, display advertising can be used to reach a wide audience at a low cost. It can expose a campaign to many new users, and increase the chance that those who are most likely to pass on a message receive it in the first place. Display advertising also supports other advertising and marketing channels, such as search advertising and marketing.

## 11.15 Summary

Online advertising has two main objectives:

- Branding
- Direct response and sales

The Internet allows for highly targeted and highly trackable advertising across a variety of online media. Some ways that advertisers can use the Internet are:

- Banner adverts
- Interstitial banners
- Popups and pop-unders
- Floating adverts
- Wallpaper adverts
- Map adverts

Ad servers provide trafficking, tracking and reporting solutions to both advertisers and publishers. They allow advertisers to target display adverts based on parameters, including:

- User profile (location, operating system, browser, connection type)
- Behaviour
- Frequency and sequencing
- Exclusivity
- Context of content

Technology allows for increased levels of interaction within an advert, and for advertising tailored to engagement media such as online videos and social network applications.

## 11.16 Case study questions

1. Why did display advertising play such a critical role in the Prius campaign?
2. Why did people find the concept of coming up with a plural for Prius so engaging?
3. What is the benefit of using interactive adverts, as demonstrated in the case study?

## 11.17 Chapter questions

1. Online banner advertising and outdoor display advertising both use images to try to increase sales. In planning, both need to consider placement so as to be seen by their most likely audience. What are the key differences?
2. Why is display advertising an effective acquisition channel?
3. Go to [www.wheels24.co.za](http://www.wheels24.co.za) and [www.thetimes.co.za](http://www.thetimes.co.za). What advertising can you find on the front page of these two websites? What products are being advertised, and how are they being advertised? What can you deduce about the target market for these products?

## 11.18 Further reading

- [www.adrants.com](http://www.adrants.com) – Commentary on online advertising campaigns. US focused.
- [econsultancy.com/uk/blog](http://econsultancy.com/uk/blog) – UK industry-focused advertising articles.
- [www.bannerblog.com.au](http://www.bannerblog.com.au) – Have a look at Bannerblog for rich media examples.

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Author: *Purple Cow, Lynchpin and Permission Marketing*

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**SUNITA ANDERSON,**

Group Marketing Knowledge Manager at SABMiller plc.

I found the textbook well-written, making what could be quite complex terms and definitions easy to understand. Having loads of practical examples scattered throughout the chapters, the theoretical concepts were well highlighted in practical, real-world application. Each chapter challenged me to apply my newly learnt skills through providing further readings and additional resources to explore.

**ANDREW MARRIOTT,**

Lecturer: Marketing, and Advertising & Sales Promotion at Nelson Mandela Metropolitan University

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