# What makes people click click



# Advertising on the Web

## Bring customers to your site and keep them coming back!

*Jim Sterne*
PRESIDENT OF TARGET MARKETING

QUE®



FreeWheel, Ex. 1157, Part 1 of 2

Leena Julka
10 June 2000

# What Makes People Click: Advertising on the Web



que®



# What Makes People Click: Advertising on the Web

*Written by Jim Sterne*

que®

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*This book is dedicated to Colleen*

# About the Author

**Jim Sterne** is an Internet marketing strategy consultant and international public speaker with 16 years of sales and marketing experience. Since 1994, he has been looking beyond the hype to find the business value of the World Wide Web. This is his third book after *World Wide Web Marketing* and *Customer Service on the Internet*, which were mostly written on the road, away from his home in Santa Barbara, California, where he co-founded an Internet access provider. Sterne has helped create Internet plans for such companies such as Sears, Sun Microsystems, Pfizer Pharmaceutical, and IBM, and has delineated the benefits of a Web site for small businesses while trekking through the jungles of Thailand on an elephant.

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Thanks in advance—your comments will help us to continue publishing the best books available on computer topics in today's market.

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# Introduction

*The trouble is all inside your head, you realize.*
*The answer is easy if you stop to analyze.*
*I'd like to help you in your need to advertise.*
*There must be fifty ways to leave your message.*

*An advertisement is intended to intrude*
*Furthermore, you hope your meaning*
*won't be lost or misconstrued.*
*So I'll repeat myself, at the risk of being booed.*
*There must be fifty ways to leave your message.*

*Just put up a site, Mike; list in Yahoo!, Sue;*
*But don't ever use spam, Sam. You listen to me.*
*Hop on the Web, Fred; you know that it's widespread.*
*Just get on the screen, Jean, and get yourself seen.*

(With apologies to Paul Simon)

Advertising has a new playground. Most of the rules are the same. A lot of the rules are new. If you have a Web site and want to draw people to it, if you have a brand and want to build it, if you have a product and want people to order it, advertising on the Internet may be the way to go.

No, this is not about marketing. It's not about building Web sites. For that, you can look to my first book, *World Wide Web Marketing, Integrating the Internet Into Your Marketing Strategy* (John Wiley & Sons, 1995). This book is about advertising.

Ads. Commercials. Spots. Billboards. On the Internet, this means banners and sponsorships. It also means big business.

Enough people are logging on to the Internet now that it has caught the attention of some of the world's largest companies. Of course, IBM and Digital are buying ad space out there. Naturally, Microsoft is spending giga-bucks on banners. Yes, AT&T wants you to know they are running with the wolves of high tech. But companies like Toyota, Proctor & Gamble, and Disney feel it's a good place for some of their advertising budgets as well.

When button-down, middle-of-the-road, take-no-risks P&G starts floating banners in Cyberspace, it's time for a serious look. That's what you'll find here. The descriptions, the definitions, the examples, and the results. How to think about it, how to plan for it, and how to excel at it.

The rules for Internet advertising are much the same as other forms of advertising and, in some way, much, much different. They are not as strict or nearly as widely known as the rules for bridge or canasta, nor are they as arbitrary as the rules for Calvin Ball. (You may remember Calvin & Hobbes playing a combination of football, rugby, hide-and-seek, and global thermonuclear warfare, where the only rule was the one you called out at the moment.) There's a *little* more structure to the Internet advertising game than that, and it's starting to actually settle down just a bit.

Think of this book as the program. You'll get to know the players. You'll get a feel for the ups and downs of the action, the types of balls in play, the kinds of pads you should wear, and which teams are leading the field.

An entire industry is growing up around creating online ads, delivering them, measuring the results, and auditing the players. It's time to get a handle on what all the excitement is about. ■

## What's In It for You?

You have competition headaches. You have budget dilemmas. You have production snafus. You have media planning nightmares, agency creative disagreements, Web site ROI controversies, and market segmentation disputes. When are you going to find time to learn about advertising on the World Wide Web?

If you're a marketing or advertising executive, you'll find more of your colleagues, more of your staff, and more of the media reps knocking on your door talking about buying banners. The time to learn is upon you.

If you are responsible for managing a campaign, rolling out a new product, shepherding a brand, or making a business unit successful, you need some ground-level intelligence about what is possible and what it takes to make Internet advertising work.

If you're a media rep, it's past time to figure out how to add the online arrow to your quiver. When clients start asking about a Web-based ad strategy, you have to have the answers at the ready. "I'll get back to you on that," simply doesn't cut it anymore.

If you plan on selling banner space on your Web site in order to pay the bills and feed the kids, you might want to read this book tonight. The majority of this tome is from the buyer's perspective and it serves you well in trying to discover, clinch, and keep advertising clients.

If you're like me and are fascinated by the possibilities, this book offers a look at a whole new world of advertising. It answers the questions about the activity, the viability, and the future of promotions on the World Wide Web.

With this book in hand, you'll be able to hold your own in a conversation with your peers, create a meaningful online advertising plan, and see a little bit into the misty future of advertising. You'll be prepared. More important, you'll even know what questions to ask.

## Is There Life on the Web?

The first question every advertising or marketing executive asks when looking at the Internet is, "Who is looking back?"

You know that it took radio 28 years before there were 50 million listeners. It took television 13 years. It's only taken the Internet five years. Yes, 37% of the American population has home computers. Yes, 46% of those are online.

But you want to know if your prospective customers are out there where they might see your ad. You want to know if they are out there in quantities sufficient to make it worth your while.

The answer comes in two forms. First, depending on the survey you read, there are anywhere from 18 million to 50 million people surfing the Web. What's newsworthy is that that group's makeup is starting to look like your average cross-section of the population. That means you're looking at a huge collection of people and some of them are going to be your marketplace.

Okay, so if you sell shoes and gloves to peasants in the Yunnan Province of China, it's going to be a few years before your customers are online. But if you think selling Medicare augmentation plans to seniors is out of line, think again. That growing portion of our population with more time on their hands and less time on their feet is going online.

If you don't normally place ads in *Life* magazine to promote your nuclear decontamination consulting services, you won't be buying banners on Yahoo!, either. But you do place the occasional ad in *Nuclear News*. So you should think about buying a banner on their Web site. You should think about sponsoring a section on the American Nuclear Society Web site.

## Where Does It Fit?

The next question on your mind is how the Internet fits into the rest of your marketing plans. In an article called "Marketers Overlooking the Obvious in Advertising Age's Net Marketing" (**www.netb2b.com/cgi-bin/cgi_article/monthly/96/11/01/article.8**), Bernadette Tracy, President of NetSmart, did a pretty good job of putting Web site marketing in perspective:

*Let's step back a moment and think about the benefits TV, magazines, newspapers and radio offer.*

*–TV creates awareness and impressions. ("I've heard of that brand.")*

*–Magazine print ads supply the details. ("I didn't know that.")*

*–Newspapers and radio drive the traffic to local dealers. ("I think I'll stop in and look.")*

*Now, what role does the Internet play? Where does it fit in the overall media plan? And, most importantly, where should the budget come from?*

*–The Internet can generate pre-sold prospects. ("By the time I am ready to buy, I will know what I want.")*

Now that there are enough people on the Web to make advertising viable, the benefits of the Internet equate to all of the elements Tracy mentions. It can create awareness, make impressions, supply details, drive store traffic, and generate pre-sold prospects.

The Web has more flexibility than any other medium. You can create a short-run, one-off, highly-targeted promotion. You can run a long-term, high-concept, wide-ranging branding program. You can sponsor Web programming with a totally exclusive, competition-tormenting, image-enhancing contract. Your only limits are your imagination and your budget.

And one other thing. Don't think about using e-mail as a broadcast medium without recipients' permission. Just say no.

## Deadly Mistakes

Do not send unsolicited e-mail. Got that?

"But Jim. It's so easy. It's so cheap. Even if I only get a hundredth of a percent of a response, the payback is enormous."

No sir. Not on your life.

There are a number of ways not to advertise on the Internet. Some are expensive. Some are illegal. Some get people so mad at you they will find ways of harming your public image, not to mention your mail servers.

Unsolicited e-mail and the irresponsible posting of ads to newsgroups are the two cardinal sins of the Internet. If you're not sure you agree, there are healthy portions of Chapter 2, "Before the Banner," you should read.

That's not to mean e-mail and the newsgroups can never be used for advertising. Don't get me wrong. But understanding netiquette and knowing the rules and following them keeps you out of harm's way.

E-mail, newsgroups, lists, games, newsletters, classified ads—there are lots of ways to do it right and they are well worth pursuing. But there are dangerous ways to spread the word on the Web and I take my role as Web advertising cartographer seriously and loudly proclaim, "Here there be dragons."

Just say no.

## Banner Alternatives

If bringing people to your Web site is your goal, you may not even have to pay for banners. There are a lot of sites that would willingly point to yours because it's cool. Hopefully, they'll point to your site because it's interesting and useful, but in a pinch, "kewl" (as Californians say) still works a little.

One full page may do you more good than a thousand banners if it's on the right site. Think of it as a mini-site within somebody else's site. In the right spot, this can get your message delivered to just the right person at just the right time.

But why stop there? If you want people to come to your site, how about putting your banner on a mousepad. A mousepad? Check out the end of Chapter 2, "Before the Banner," for that one.

Sponsorships are becoming very worthwhile, especially for branding. But that's in Chapter 4, "Beyond the Banner." The real light that's shining on the Net these days is focused on the banner. For that, there's Chapter 3, "The Buck Spangled Banner."

## A Banner Year

Banners are those rectangular graphic distractions at the top of Web pages. They are the 30-second commercial, the four-color ad, and the billboard of the Web. They are the center of attention because they seem to have taken over the role of the standard ad format. They're easy to create. They are easy to transmit. They are easy to place on multiple sites because they are slowly but surely getting standardized. Okay, so there are some 275 different banner sizes out there at the moment. Heck, the industry is you. But there is a great deal of effort being put into standardization which will benefit both the advertiser and the content creators whose Web sites host the ads.

To increase the visibility of their banners, many are resorting to animation. All the studies point to movement in a banner as the best way to attract the eye. But does it attract prospective customers? Depends on what you're selling.

So banners are getting more sophisticated. They are engaging the audience, instead of simply distracting the audience. They are getting interactive. Heck, some of them are taking the order without the need to leave the page.

The temptation to create really cool, really cutting-edge banners is strong. So strong that I come across at least one each week that does not display, does not display properly, kills Netscape, or brings my whole system down. Somehow these advertisers are not compelling me to buy their products. If they're so willing to disrespect my desire to avoid rebooting, then heaven knows how they'll treat me after they safely have my money.

## Other Ways to Make Them Salute

You can raise a banner and see how many salute. That's what most are doing. There are some, however, who are striking off in another direction. They're trying to apply old models and finding out the old methods seem to work. Some are willing to stretch this new medium in ways that would break others.

Radio and television taught us about sponsorships. Now it's become a successful Web advertising method as well. "Brought to you by Nabisco" is as valid on Saturday morning TV as it is on the computer screen.

Sweepstakes and contests have always been favorite ways to garner attention and gather names and addresses. It's the same online. Only now, the games can be played at the moment instead of mailing and waiting. Games can be played against the computer. Games can even be played against other contestants in real time.

The closest we've come to television commercials on the Web take the form of *interstitial* pages that pop up between page one and page two. Reading an article, the next page is the equivalent of a magazine double-spread you have to click past to continue. Waiting for a search engine to find what you're looking for? While you're waiting, here's something you might be interested in. Playing a game? We pause for a word from our sponsor.

Another common approach to getting your name in front of people is the tried-and-true product placement routine. Show the character drinking the soda. Have the good guys driving the car. Have soccer mom stop at the drive-through between chauffeur sessions. Works just the same on the Web. With lots of advertising-supported *content sites* popping up (destination sites), there are lots of creative people looking to find new ways to get the cash to flow. That means ample opportunities for advertisers to be creative as well.

Then, there are old ads on even newer technologies. Chat sessions offer lengthy message exposure to a participatory audience. Push tools let you send your message onto the desktops of millions—a real switch from the "pull only" possibilities we had just a year and a half ago. And did you hear the one about the talking Dustbuster? You will.

The technology is new. The opportunities are growing. The results are all that counts.

## But Is It Working?

The Internet is the most measurable medium we have short of door-to-door sales.

What kind of people should see our ad? Where can we find them? How many people looked at the ad? How many people clicked the ad? How many people ordered?

Because all of the events that take place on the Web are computer-driven, they can all be counted, measured, analyzed, and improved. It all boils down to what you want to accomplish and whether your reports are telling you what you need to know.

### Can You Build an Electronic Brand?

Create brand equity on the World Wide Web? The place that is inhabited by students and computer jockeys and changes on a daily basis? Yes.

Turns out the Web is a great place to build recognition and trust.

This is one of those areas where all of the rules you know from real life apply directly to the Web. Branding is about placement, recognition, and repetition—all of those things you learned from the Harvard Business School. It's about reach and frequency. It's about corporate image and product image. It's about the trust between the consumer and the company.

Building that trust online means understanding the local customs and keeping your customer-colored glasses firmly on your face. You have to perceive the Internet from the receiver's side. Intrusive advertising is great on TV. It can even be considered part of the entertainment. But only certain portions of the Net are for entertainment and the rest receives intrusive advertising as intrusive.

Chapter 5, "Measure for Measure," is all about measuring what you're doing on the Internet and a good chunk of it is devoted to branding. After all, even if your only goal is to get people to buy more office supplies, you are projecting an image and building trust. But when it comes to the direct response advertising model on the Web, there are more ways to count response than you can count.

### Instant Response

You want to know how many people responded to your ad? No problem—count the clicks. You can also keep track of what kind of computer they're on, which browser they're using, what time of day they show up, what site they were on before they came, and if they're at a university or at work. More numbers than you can shake a stick at. But that's not all.

Online you can pay for impressions, clicks, leads, and sales. You can make the sale in the banner to lead your prospects through a graduate course of product information. The hard part is knowing what's possible and then executing it correctly. Part of that proper execution is finding the right home to display your message.

### Proper Placement

The most logical place to put a banner ad is where the most people will see it. But that's not always the best. Oh, it's great if you're running a global branding campaign. Coca-Cola? You bet. Nike? But, of course. Technofunk CDs? Not so fast.

Wouldn't you be better off putting your ad for leading edge music in places that younger people are more likely to see it? How about targeting students? If this sounds just like niche marketing

in magazines, it is. But on the Web, the special interests get razor thin. There are so many people who have access and it's so easy to create a Web site that every proclivity and preoccupation can be affectionately addressed in minute detail on its own site.

And thereby hangs an opportunity.

There are dozens of Web sites on which to proudly proclaim your precision fishing lures. And not a single image is wasted on a technofunk-loving student. These are the sites fisherfolk are hooked on and are a spawning ground of targeted commercial messages.

With the destination sites covered, the savvy media planner looks upstream to the directories and search engines. These are the great junctions of the Internet through which pass the entire online population on their way to somewhere else. Catch these people's attention and they could be on their way to your site or your cash register.

Catching them is an art, surrounded by the science of key words. Purchase the word "fishing" and you have the opportunity to lure fishing enthusiasts away from their pursuit of the best trout stream or the online license bureau.

Besides looking at the rules of engagement for buying ad space, Chapter 6, "Looking For Space In All the Right Places," examines the new ad serving industry. Web representatives out to sell blocks of space are hard at work for your dollars, as are ad networks that deliver banners to a wide range of Web sites.

### Zeroing In

But if you think super-niche marketing is all the Internet has to offer, you're not thinking like a computer scientist. Using *cookies* and embedded identification numbers and membership logins you'll be able to pinpoint your audience down to that holy grail: the Marketplace of One.

**NOTE** A Cookie is a text file stored by your browser that is used by Web servers to stash information about you as a site visitor. Information pertaining to a site can only be read by the site that wrote the information. It's used to identify repeat visitors.

Embedded identification numbers are an HTML programming trick that assign you a temporary number when you first come to a Web site. It then inserts your number into the URLs on outbound pages. When you click, your ID number is carried back to the server so it can recognize you. ■

If I log in to a site connected to an advertising network I become a known quantity. One that's for sale. Male, professional, lives in the Southwest, and likes scuba diving. Career woman with pre-teen kids and a love of horses. It starts to get interesting, but then it gets fascinating.

The Internet has a way of finding people who will like your banner and will click it. Collaborative filtering compares what types of people have clicked your banner in the past and waits for others like them to show up. When they do—Bingo! It knows just what sort of banner to display.

It's online, real time advertising. It's like watching the audience watch the television set. Here comes the commercial break...okay, we have a 4×4 ad for the guy that tuned into the 4×4 show

yesterday, and it's an ad for vitamin supplements for elderly woman whose profile matches 96% of the people who responded to that ad this week.

So now you know who your audience is. You know what they're interested in. You even know that they are watching right now and will see your ad! What do you tell them?

## Creating Clickable Ads

Banners are easy to create, but not easy to create well. It takes a good banner to distract somebody enough to look at it while they're deep in concentration. It takes a great banner to get people to click.

Getting people to click takes all the lessons learned in direct marketing and plugs them in. Having taken care of the Web's version of managing the direct mail list, the other questions still remain: copy, design, offer, reach, and frequency.

Of course there are a few things you can do online you can't really swing in direct mail. You don't know when somebody is going to see your mailer. You can assume it's sometime in the first eight days after the drop, depending on what postage rate you used and how backed up the recipient's interoffice mail is. But on the Net, you know to the millisecond when that banner was displayed and you can control the timing.

Show this banner between 6:00 A.M. and 9:00 A.M.—it's for business people. Show this one from 2:00 P.M. to 6:00 P.M.—it's for school kids. Try this one from 4:30 A.M. until 9:00 A.M. and then again from 4:30 P.M. until 8 P.M.—it's for stock brokers.

You can also make your ad sing and dance. Dancing ads seem to be the most acceptable and providing the highest clickthrough. People see animated ads because the eye is forced to look at them. It's possible, but a bit on the expensive side, to animate a direct mail piece.

As for other choices, there are many and the research that has been done is discussed in Chapter 7, "What Makes People Click?" It offers some obvious advice and some that may be a bit surprising. Where should your ad appear on a page to get the most clicks? Should you really include a "Click Here" button on your banner? How frequent is frequent enough without being wasteful?

Some say humor works, some say not. Some say being cryptic draws a crowd and others say it draws the wrong crowd. I decided it was time for an advertising copy expert. Chapter 7, "What Makes People Click?" finishes up with the insights of Ron Richards whose company, Results Lab, has made many an advertisement more powerful and more productive. Provably more productive.

## Learning by Example

Slowly but surely, advertisers are starting to tot up their numbers. Some of them are even willing to share with the rest of the class. Chapter 8, "Real Life Stories: The Good, the Bad, and

the Unexplainable," offers up what there is on the Net in the way of show and tell so you can look at banners A, B, and C and see how well they pulled.

As with other forms of advertising, there are so many factors involved in an individual ad's success. Sometimes you can tell just looking at them. Mostly, it's a surprise. What these examples do show, however, is that the art of Web advertising is turning into a craft. It's becoming a craft with recognizable accomplishments and repeatable pointers. It can be learned and the return can be worth the investment.

This is a field that is learned by doing. But a little help along the way never hurt. That's why Chapter 9, "Creating a Web Advertising Strategy," looks at strategy-building and tactical maneuvers.

## Creating a Web Site Strategy

Getting management support, mustering the troops, and spying on the competition are normal steps for any advertising project. The only difference here is that there is a lot of new ground to cover. It's new ground for you and your team, but it's also new ground for your managers—the people who hold the purse strings.

Once you have upper management eating out of your hand, you face the same challenge with all Internet projects: Why are you doing it? What are you hoping to accomplish? Is this a foray into the unknown just to test the waters? Are you trying to be seen as the Leader Of The Net in your industry, or do you simply want people to buy more products?

With clear goals, it's easier to select a target and parcel out the responsibilities. If you know what your intentions are it's a lot easier to set standards for more streamlined production and determine procedures for getting the ball rolling, getting it launched, and keeping it up in the air.

Good, solid documentation allows managers to manage without holding up the whole process, and automation can save the day and make everybody's job easier. An advertising project proposal can go a long way to keep the lines of communication open. Each item for consideration is outlined in Chapter 9, "Creating a Web Advertising Strategy," to get you started faster.

You have an interesting opportunity with Web advertising. You can measure, you can test, and if you are willing to be rigorous, you can actually see how changes in your ad style and placement immediately affect the numbers and types of people who respond. It's like keeping your finger on the pulse of the public. It's exhilarating.

## From the Other Side of the Sale

If you're planning on selling advertising on your Web site (or you're just interested to see how the other half thinks), then Chapter 10, "Selling Space on Your Web Site," is for you.

If you want to make a living in the Internet advertising marketplace, you had better be ready to teach your prospective customers about the Web, about advertising, and especially about why your site is worthy of their attention.

Just what are you selling, anyway? What sort of content? What sort of traffic? What sort of people make up that traffic? Just how do you go about authenticating your claims?

Pricing conundrums and setting an ad content policy are just for openers. How do you find clients? Where do you go to uncover people willing to give you their hard-earned cash? Chapter 10, "Selling Space on Your Web Site," offers some pointers.

It also points to how to create a proper proposal, how to help your clients create the best banner ads possible and how to create additional value. Additional value is what attracts clients. It keeps them coming back for more.

If you know more about your Web site visitors than your competitors know about theirs, that's value. If you can offer additional ways a client's name or product can be discovered by your visitors, that's value. If you can stay flexible and actively help clients achieve their objectives and reach their goals, that's more than value—that's a winning game plan.

## Looking Ahead

A book about the latest trends in electronic advertising wouldn't be any fun to write without a wild guess about what's coming. If we know this much about what's happening today, surely we can prognosticate about tomorrow.

Richard Tedlow, Professor of Business Administration at Harvard Business School, is a business historian. He likes to say that studying the past and explaining what happened gives him one great advantage over those who would predict the future—he's always right. He likes to point to a statement captured on a news program in the early 1970s made by University of Michigan automotive engineer David Cole (son of the then-president of General Motors) about the Wankel rotary engine. "There is no doubt in my mind that this will have the greatest impact on the auto industry of [any invention in] our time." Wrong!

Tedlow likes to show video clips of prominent advertising and marketing moguls lamenting the end of Tylenol as a viable brand after two rounds of product tampering which led to several deaths.

But the good doctor does see the future of online shopping plainly enough and, I believe, accurately describes it as one of the contributors to "The Future of Interactive Marketing," *Harvard Business Review*, reprint #96607:

*In the virtual automotive showroom, you will be able to see a car from all angles and from the inside. At the flick of a switch, you will have access to extensive comparative price information without having to fight to get it from a salesperson.*

*What is more, computers will get to know you. Thus, the woman ordering the dress will be shown only items available in her measurements and designed to her taste. Then the computer can automatically remind her that she has not purchased any panty hose lately and that she might want to think about doing so.*

Later in the paper, Professor Tedlow identifies one of the things that will make online advertising so compelling for all merchants. "In the new world of interactivity, marketers will, we are told, reach the long sought goal of selling people what they want, instead of trying to persuade them to want what is in stock."

This is the direction we're headed. Computers are going to get to know us and marketers will use that information to show us things we're interested in. What will that look like? I'm willing to take a shot at it, hopeful that I don't show up in one of Dr. Tedlow's videos down the road.

But, in deference to Professor Tedlow, this look at the realm of Web-based advertising begins with a review of where we've been. For that, we have to journey all the way back into the stone age of 1994, just before Halloween.

CHAPTER 1

# Advertising Comes to the Web

Five years ago the Internet still belonged to those speaking fluent UNIX and connected to the government or academia. A lot has changed in five years. ■

# Where Web Ads Began

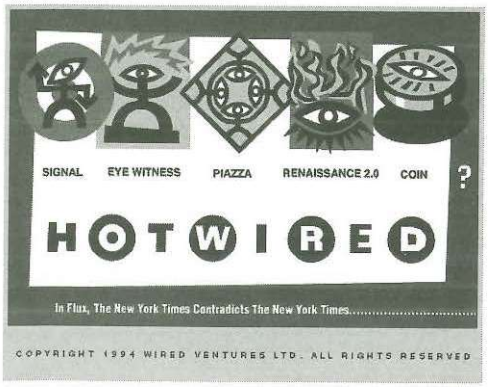
On October 27, 1994, HotWired (**www.hotwired.com**) brought paid advertising into the World Wide Web (see Figure 1.1). Before that, it linked one site to another interesting site because the other site was interesting. Or there were deals made via e-mail; people at AT&T (**www.att.com**) would put up a link to O'Reilly's Global Navigator Network (**www.gnn.com**) in trade for the same pointing back. But HotWired collected cash.

America Online had been selling marketing demi-sites for years. Prodigy had made an entire online business out of selling online ads. But the banners on HotWired were the first time it happened on a Web site.

There were fourteen advertisers at the starting line. HotWired president Andrew Anker had plucked a price out of the air and pulled in buyers immediately. AT&T, Sprint, MCI, Volvo, ZIMA, and Club Med thought they'd just give it a try and see what happened.

Since then, half of the Fortune 500 has purchased ad space on the Web. Today, AT&T pays HotWired $10,000 per month for one link. The Yahoo! site is asking a cool $100,000 per month for a banner on its home page.

**FIG. 1.1**
HotWired was first to sell banners.




# The Motivation

But why? Why would an astute media buyer want to place some of his or her hard-fought budget into a media that had no track record? How could a company commit to thousands of dollars to the Internet when it was still considered a fad? A place for the lonely, the social misfit, the nerd?

## Being Digital/Being Cool

At the beginning there was one, overarching reason to have a site on the World Wide Web: to be among the Digerati. To be among the coolest of the cool. To be able to say, "We get it," in that way that's so smug you can even hear the sunglasses over the phone.

In September of 1994, they had a right to be smug. This was a gutsy move. It was brave, it was risky, it was nuts. Those were the days when being on the Internet was for people who could configure their own TCP/IP stacks, knew which all-night store carried the Cheetos, and spoke fluent UNIX. The only reason to create a Web site for this audience was because you were selling electronic gear. Volvo was taking a chance. Club Med was going out on a limb.

It was a limb marked "new market," and for the moment it was a grand play. Reaching out to educated, high income earners was not a bad thing at all. Being associated with the new and the hip was something that couldn't hurt a company like Volvo, whose most memorable tag line ("They're boxy, but they're safe.") was the creation of Dudley Moore and his fellow asylum inmates in the movie *Crazy People*.

The fall of 1994 was back when pundits who really knew about the Internet were writing about "building a presence" rather than advertising. Daniel Dern, Internet analyst and writer, never even mentioned the purchase of banners in his 1994 article "Advertising and Promoting on the Internet" (**www.dern.com/advertin.html**).

In August of 1994, *Red Herring* magazine talked to Ted Leonsis (still at Redgate Communications, which had just been merged into America Online), Mark Kvamme of CKS Partners, Dave Carlick of Poppe Tyson, and Martin Nisenholtz of Ogilvy & Mather in a very cutting-edge-for-its-time interview (**www.herring.com/mag/issue13/future.html**). Not one of them mentioned the World Wide Web, banners, or even the Internet, outside of a quick mention of discussion forums.

In September of 1994, I produced the world's first "Marketing on the Internet" seminar. (I keep saying that, waiting for somebody to prove me wrong. There were several "Business on the Internet" seminars that year, but if you know about one on marketing before mine, I need to know.) I gathered together Mark Gibbs, independent consultant and columnist for Network World, Jeff Osborne, VP of Sales and Systems at UUNet Technologies, Ron Richards, a guru of persuasion engineering at the Results Lab, and Kim Bayne, marketing maven and moderator of the cutting edge High Tech Marketing Communicators list (**www.bayne.com/wolfBayne/default.html**). We talked about Web site navigation, the Web as a software application (not a magazine), and how it was the opposite of broadcasting. We advised about good e-mail netiquette. We outlined strategies for getting people back to your site. We didn't foresee advertising. One month later, there it was.

Back then, I was telling audiences around the world that the Internet was a bad place for advertising. Back in the prehistoric days, putting up a Web site was referred to as placing a billboard on the Information Superhighway. Got a Web page up? Great! That means you're advertising to millions of people around the world.

Nonsense. Having a page on the Web was the same as having a telephone number.

When you are one of only three hundred people who have a telephone number, you tend to get phone calls. People call up just to say, "Hey! Can you hear me? Isn't this neat?" Do they want to buy a product? Are they interested in your offer? Heck no. They just want to play with a new toy. They're early adopters, not buyers.

When you had one of only a few hundred Web sites up and running in 1994, people tended to come by to take a look. Especially the other Webmasters looking to view your source and copy some of your fancy HTML.

There were no fears in 1994 of being left behind. Instead, it was the era for those who wanted to be out in front. The cachet of being online was still so new it smelled factory fresh. Being hip mattered. But it only mattered for about six months.

In 1995 (and more so in 1996), enough Web sites were built that people stopped coming by out of blind curiosity. "If you build it, they will come" stopped being the order of the day. It was necessary to go out and tell people that you had a Web site and why they should care. That hasn't changed.

So I used to say that the Internet was a dumb place for advertising, a great place for marketing, and a terrific place for customer service. My first book, *World Wide Web Marketing* (John Wiley & Sons, 1995), described the best ways of using e-mail, newsgroups, and, of course, your Web site. The emphasis was on marketing (what you do after you have somebody's attention), as opposed to advertising (what you have to do to get their attention).

The next book, *Customer Service on the Internet* (John Wiley & Sons, 1996), focused on how to treat people after the sale. That was the natural progression. First, you built a Web site to educate people about your company and products, then you sell them something, and then you have to perform customer service.

By the middle of 1995, Internet furor was at an all-time high. The cover of *Time*, *Newsweek*, the *Wall Street Journal* and yes, even *USA Today*—each proclaimed a new era. You couldn't turn around without running into an Information Superhighway metaphor. It was no longer about being hip, it was about keeping up.

Many a Web site was launched in 1995 and many an excited marker was sticking his toes into the experimental pool. All they could tell was that it was wet. Hot or cold? Couldn't tell. Deep or shallow? Safe or toxic? Benign or full of fierce creatures? Couldn't tell. But everybody else was doing it, so it was time to get wet. A little wet, anyway.

Then managers started asking why "real" projects were being left to the last minute. Why were these young marketing assistants spending so much time in the evening, night, and morning that they were missing other deadlines? Callow visionaries would show their managers the World Wide Web. Show them the pages that could be downloaded instantly from anywhere. Show them the amazing number of hits and the astonishing growth of traffic to their site. Managers were dumfounded. This was brilliant! Okay, said the managers. Go forth and stay connected, stay wired. Let's see where this puppy takes us. Oh, but don't spend any money.

Time and money *were* spent and managers wanted to know how this new expense was going to pay for itself if fewer and fewer people visited the site.

## Salvaging a Web Investment

It took a couple of big failures to realize that Web sites don't work like broadcasting. They don't attract people like flies and they don't draw a crowd just because they have the latest technical toy on display. Oh yes, that used to be the case, but no more.

General Motors gave it a shot with the announcement of the 1997 Buick Regal. On December 3, 1997, they pulled out all the stops (**www.regal.com**) (see Figure 1.2).




**FIG. 1.2**
General Motors treated the Web like TV for their Regal launch.

They had live audio and video streaming out on the Web. They had online chats with designers. They had the interactive page:

> What do you want to know about Regal? How it got its looks? What makes it mooooooove? How many dogs, cats, and adolescents it can carry? Whether it's quiet enough so that conversation is a real possibility? Or do you just want to know about the lives of the people for whom this car was made?

General Motors promoted the heck out of it as one of the many "firsts" on the Net. They got so much traffic that the server often choked and people couldn't get in. When they did, the results were less than thrilling. Several browser plug-ins had to be downloaded to hear the dog bark diminish as the window rolled up. The video was (as is still the case) choppy at best and more

reminiscent of cardboard flip-books or your great-grandfather's home movies shown on an ancient projector. Okay, so you can see a video of the stylish car after waiting five minutes to download the file. But you'll need to spend a half an hour finding the right software to play the video, downloading, and installing it. To see a ten second video of a car?

As Web sites go, General Motors' site misses out on the opportunity to create a relationship with the prospective Regal buyer. As an advertisement, the site missed the mark by miles. General Motors could have found a better way to spend their million dollars. I always liked the popcorn the dealerships gave away.

General Motors could have found a better way to spend their million dollars. They could have let people sign up for test drives. They could have provided a database for "Meet Your Dealer" and put a human face on it. They could have saved the razzmatazz for TV and spent their money on things which were of more immediate value to their prospective customers. I always liked the popcorn the dealerships gave away.

Web sites are not advertisements. They don't come on during breaks in the action like they do on TV. They don't impose themselves on you like page four of your newspaper or catch your eye as you drive down the highway. They simply sit there and wait for you to be interested enough to visit them. Advertisements are the promotional efforts designed to create that interest.

So how do you lift the sagging number of visitors to a Web site? Developed by the wide-eyed for the enthusiastic, most Web sites got unexpected hoards of people to come knocking—at first. Then the tide started going out and the surfers were harder to find. What had happened? Why was that exponential increase that made chart printing a Webmaster's favorite pastime start to flatten? So many sites, so little time.

It used to be easy. Put up a page offering a free car and people would flock. DealerNet (**www.dealernet.com**) gave it a shot (see Figure 1.3) and people did just that. When people on the Web were more interested in what was going on the Web than their own sleep deprivation, word traveled fast. Discussion lists like Kim Baynes' HTMARCOM and Glen Fleischman's now-retired Internet Marketing list had thousands of people jabbering back and forth about the latest new trick, tactic, and technology.

As fast as the number of surfers rose, the number of Web sites rose as well. There soon became so much to look at on the Web that a couple of pages of Who We Are and What We Offer just didn't have much attraction anymore. There were animated pictures to look at, live CU-SeeMe video to play with, interactive games to try.

People were no longer looking at sites for the sheer delight of it, just as they no longer sit and stare at the television test pattern. At first they did—of course. Looky here! A picture of concentric circles, in my house, that's being broadcast from a TV station miles and miles away. Would you look at that! Keep watching and there'll be people there, too!

It was now time to start posting signs on the World Wide Web, pointing back to the home page. Go where the people are and show them the way. It was time for advertising to begin.




**FIG. 1.3**
DealerNet offered a free car to attract people. It worked.

## Making the Offer

The difference with this type of advertising was that the response could be immediate and direct. You don't have to wait for them to go to the store to use the coupon. No watching for the postal carrier to see if bags of orders start flowing in. No operators standing by waiting for the phone to ring. People could click offers they were interested in and come to the source—your Web site.

All the lessons of direct mail apply. The offer has to be enticing and stimulating enough to solicit a direct response. The offer might be discounts, limited supply, or a special event. Webmasters realized they would have to talk louder to be heard over the Net noise. Even if they were going to give away a trip to Hawaii, a new car, or a lifetime supply of chewing gum, they had to let people know. It started to look more and more like regular marketing. If you're going to stage a marketing event, you have to advertise it.

A certain number of surfers in a certain period of time can only look at so many sites. If you want people to come to your Web site, you have to point the way. But as the number of people logged onto the Web grew, getting people to your site was not the only thinking behind spending money on banners.

## Building a Brand

In January of 1997, the city/state of Singapore looked like it had been taken over by Calvin Klein. Apparently, Calvin wanted the people of Singapore to smell better. The place was festooned with CK Be fragrance advertising. In shopping center handbills. On billboards. Hanging from the sides of buildings. Clinging to the backs of busses. Resting atop taxi cabs. Delivered under the door of your hotel room in the morning with the local paper. In shopping malls they had set up booths with TV monitors showing those turgid black and white ads of angst-ridden twenty-somethings lamenting about life, love, relationships, and finding themselves. It was just like the 1960s, only they weren't wearing flowers and they didn't seem very happy about anything.

Calvin Klein had set out to put the CK Be product name in front of as many people as possible. Wherever you turned, there it was. That was the philosophy behind some of the banner advertising on World Wide Web in 1996.

If you could show your name on your banner to enough people enough times, they would relate your company to the Internet. It was no longer about having a cool Web site to be hip. It wasn't just having a presence that people could go if they wanted to. It was good, old-fashioned, in your face, here's my name, don't you forget it, redundant advertising. It was about impressions.

I changed my mind about advertising on the Internet in 1995. Oh sure, there was a need to announce your Web site to everybody you could. Yes, Microsoft, Sun, and Netscape had done a pretty good job of plastering their names all over the Net, co-opting it as their personal progeny. But there was also reason to rethink the validity of brands like Nike, Saturn, and Proctor & Gamble.

The concept of banner ads as brand building caught on in 1996, when studies showed that more and more people were on the Web and they looked more and more like people everywhere.

- 1993: FTP, Gopher, and Archie still roamed the earth
- 1994: The year of experimenters and techno-wonks
- 1995: The year of skunk works and surprising results

- 1996: The year of cautious optimism
- 1997: The year of the big budget—deliver or else

# Cranking Up the Money Machine

There are many out there who would take a guess at the money being spent on Internet advertising. One article in Upside (**www.upside.com**) put the number at $71 million for the first six months of 1996. Coopers & Lybrand (**www.colybrand.com**) determined that aggregated ad revenue for the online industry through the first three quarters of 1996 hit a high of $157.4 million. Simba/Electronic Advertising & Marketplace Report (**www.simbanet.com**) pegged January, 1997 spending at $23.7 million.

In the middle of March, 1997, Jupiter Communications (**www.jup.com**), the most widely quoted source, put out a press release that said, "Total U.S. online ad spending was an estimated $301 million in 1996, according to new AdSpend data released today by Jupiter Communications."

Whether that sounds like an ocean of liquid assets or sounds like a drop in the bucket depends on whether you use a telescope or a microscope.

## Telescopic or Microscopic?

Look through the telescope and giggle at all the noise that's being made over expenditures that make up less than 2% of the $16 billion spent by the top 10 advertisers in 1995. The Web is a medium in its infancy. This is a testing zone, a trial period, a sandbox of attempted message transmission.

It's not much of an industry when you realize that $301 million represents the amount CompuServe tagged for equipment upgrades in 1995 through 1997. Business Research Group (**www.BRGresearch.com**) picked $301 million as the amount that was spent in 1996 on Internet/intranet security.

When you discover that the Miller Brewing Company spent $252 million in 1996 for radio, newspapers, and television, and you look at total U.S. annual ad spending at around $87 billion, it makes $301 million look a tad anemic. Heck, Nike's ad budget from 1994 was $138 million. Yes, Nike could have purchased more than half of all the advertising that was sold on the Internet.

On the other hand, the microscope reveals a burgeoning industry. Where else can you find a business sector that has gone from zero to $301 million in two years? The growth rates by month resemble that curve you grew to love when measuring hits. It starts out at a crawl and ends up vertical.

When the first quarter of the year produces $25.3 million in ad spending, the second $46.4, the third $67.7, and the last quarter $102.4 million, the game is afoot. Oh, and don't forget to add the $18 million for classifieds and yellow pages. "The 1996 total—$260 million of which went to Web sites, $41 to non-Web publishers such as America Online and PointCast—represents a more than five-fold increase over online ad spending the year before," says Jupiter. That makes

it a trend worth watching. In fact, the estimates for the year 2000 run anywhere from $2 billion to $5 billion. As the late Senator Everett Dirksen liked to say, "A billion here, a billion there; pretty soon you're talking about real money."

### The Rest of the World

And what of the rest of the world? Depends on whom you ask. Jupiter says spending in the U.K. was close to $1 million in 1996. Dresdener Kleinwort Benson, a London-based investment bank, put the number closer to $7 million. Jupiter figured the entire non–U.S. spending was only $6.1 million, with Europe spending $3.5 million, and Asia-Pacific shelling out $2.6 million.

Dentsu Incorporated (**www.dentsu.co.jp**), a large Japanese advertising agency, reported that $12.8 million had been spent in Japan on Internet advertising, which represented about .03% of national advertising sales. They expect that number to climb to $32 million in 1997.

## Who's Buying Space?

In 1996, the amount of spending on Web site banner advertising started to take off. It wasn't limited to the high tech industry, but tech buyers outnumbered the rest four to one. Why? Three reasons: knowledge, products, and audience.

The tech companies already understood how the Internet worked. They knew what to expect (an education). They knew the risks and were willing to take the gamble. There were no long meetings of executives trying to figure out who was going to be the scapegoat if this Web advertising was just a hole in the marketing department into which they were pouring money. They saw it as the way the world was turning and they were determined to turn with it. They had to; they had a vested interest.

If you're Sun Microsystems and you've been shouting, "The Network IS the Computer," at the top of your lungs for ten years, you're not going to let Microsoft walk away with the Internet. If you're Microsoft, you're going to try you best to do just that. Competition aside, if you're company's livelihood is predicated on lots of people being successful online, then you are highly motivated to make that venue successful, even if it means pumping large amounts of money into it. You're in telecommunications? Start spending. You're an Internet search engine? Spend 'til it hurts.

Companies selling servers, switches, and software for the Internet had a built-in audience from day one. If a company sells things that make the Internet run, the best place to find potential buyers is on the Net. Those companies knew that potential customers were online and lit out after them. Proctor & Gamble and Toyota knew that people who were online were potential customers. They decided to get into the picture as well.

### The Biggest Buyers

Jupiter Communications laid it out in their third quarter, 1996 Adspend report on Internet advertising:

**Table 2.1 Big Web Spenders in 1996**

| Company | Amount Spent |
|---|---|
| Microsoft | $13.0 |
| AT&T | 7.3 |
| Excite | 6.9 |
| IBM | 5.9 |
| Netscape | 5.7 |
| Infoseek | 5.1 |
| NYNEX | 4.0 |
| Yahoo! | 3.9 |
| Lycos | 3.9 |
| CNET | 2.7 |

It comes as no surprise that Microsoft should be at the top of the list. With the most to gain, the most to lose, and a corporate imperative to "Embrace and Extend" the Internet, you're likely to see them in the top spot for the next couple of years.

AT&T, IBM, and NYNEX are pretty much in the same boat. And the next group, made up of Excite, Netscape, Infoseek, Yahoo!, Lycos, and CNET, are all dependent on the Net for their income. They have to advertise.

IBM has an ad budget of about $700 million. So the view through the telescope is almost laughable. Between IBM products and Lotus products, the company spent $7.2 million in 1996. "Okay, let's toss a big, fat 1% of our budget at the Web and see what sticks." Apparently, enough stuck for IBM to plan a more sizable chunk for 1997. Saying only that they are going to significantly increase Web spending, IBM is looking to become the computer brand of the Web. Only time will tell if Microsoft is willing to hang onto their lead.

But just below that list of technology types were some consumer-oriented companies that were willing to take a risk. They smelled money out there somewhere and they wanted to be sure they were in place when the Web went from phenomenon to phenomenal.

## Toyota Sees Up-Scalers

Long before the word "Internet" had graced the covers of magazines around the world, Toyota was working on an online strategy. While the rest of us still had to think twice before writing the year on our checks at the turn of the decade, Toyota was writing checks to Prodigy and CompuServe. Before America Online was clogging the mail with diskettes, Toyota discovered that there was life online.

With serious demographic analysis under their belts, (80% of Toyota owners owned or had access to computers) Toyota got help from Saatchi & Saatchi to build their Web site. After the initial launch on October 12, 1995, it was time to let those car buying types know that they could get the information they needed at **www.toyota.com**. Toyota did whatever they could to get the word out.

The Toyota URL went into every print ad, on every TV spot, and was mentioned in every radio commercial. It doesn't all happen overnight. It wasn't until the spring of 1997 that they finally got www.toyota.com on the back of all of their parts delivery trucks.

What they have done since the beginning is track the value of each banner they place. They review site traffic, site demographics, clickthroughs, and conversion factors. But from the start, they've met their goals: drive people to the site, which drives people to the dealers, which drives the sale, which lets the clicker drive off the lot.

As far as Jim Pisz is concerned, having a Web site and letting people know it's there, "is as important as having a brochure that you mail to people to let them know where the dealership is." In print, you can mail that brochure to your prospects. On the Web, you have to let them know where to find your Web site.

### Proctor & Gamble Smells Consumers

Jupiter Communications pegged P&G at spending a little over three-quarters of a million dollars on Web advertising in the first half of 1996. Nothing official, mind you, they just take a banner count times the CPM and make a guess. Still, it's a sizable chuck of change. In their December 1996 issue, *Wired* magazine reported P&G's 1996 budget for Web ads was $8 million. Now we're getting serious.

Elizabeth Moore, a P&G spokesperson, has said that they're interested in delivering meaningful brand messages to the public at large and it seems the Web is one of the ways to do it. Proctor & Gamble isn't as confident as Toyota. P&G still see themselves as experimenting. But then, aren't we all?

## Who's Selling Space?

One the other side of the coin, there are ad sellers out there who would like to place your name on their pages—for a price. "Your message here" have been their watchwords since the demise of the subscription model. The only subscription-based Web site that claims a flickering success is the *Wall Street Journal* (**www.wsj.com**). During their free-for-all at the start, they racked up 600,000 subscribers. On the first day, they switched to subscription ($49 a year, or $29 if you already took the paper version) that number dropped to 30,000. Even if all the subscribers were paying the higher fee, that still clears less than $1.5 million a year.

Even the successful ESPN SportsZone (**espnet.sportszone.com**) is playing around with CyberCash (electronic money, **www.cybercash.com**) to get people to pay on a daily basis.

Starwave, owners of the SportsZone, recognizes that paying a monthly fee is a considered purchase. Paying one dollar to look at today's premium content is a point-of-purchase, impulse buy. Will it work? Time will tell. In the meantime, the SportsZone is doing just fine selling ads.

These are sites so well branded, they're known the world over. Imagine the rest of us trying to keep a pay-for-play model alive.

If poodle owners don't care enough about their canine companions to shell out $50 a year to stay informed, then it's time to give up on subscriptions and concentrate on sponsor support. With so much available on the Web, why would you pay when a good search tool can point you to 10,000 poodles?

There are a bazillion Web sites on the Internet. (That's a technical term meaning, "more than are necessary to count.") They cover every conceivable subject from every conceivable angle and those that aren't directly selling a specific product are looking for ways to make a buck. They're looking for advertisers.

## The Biggest Sellers?

The biggest make-a-bucksters are the ones with the biggest audiences. The Web sites that attract the most eyeballs are in a position to explain their value proposition in words most media buyers can understand: Cost Per Thousand (CPM—don't worry, the M is a Roman Numeral).

The sites with the largest followings fall into three categories: search tools and directories, information about the Internet, and magazine-style sites, also called *content sites*. According to Jupiter, the top ten sellers of ad space line up as follows:

**Table 2.2 Big Sellers In 1996**

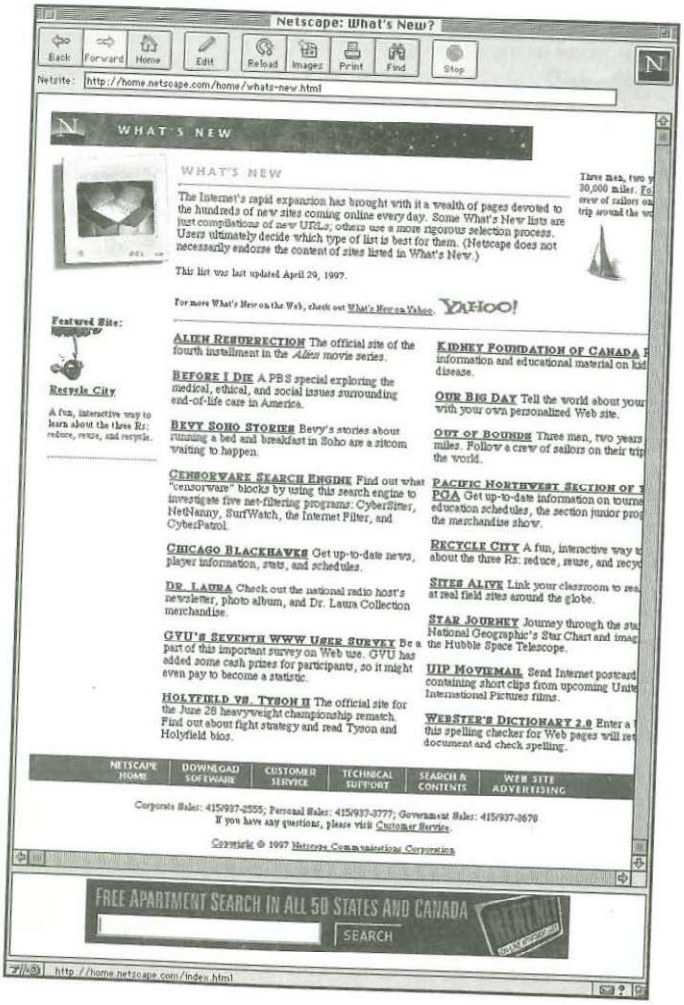
| Company | Amount Sold |
|---|---|
| Netscape | $27.7 |
| Yahoo! | 20.6 |
| Infoseek | 18.1 |
| Lycos | 12.8 |
| Excite | 12.2 |
| CNET | 11.4 |
| ZD Net | 10.2 |
| WebCrawler | 7.3 |
| ESPNET SportsZone | 6.5 |
| Pathfinder | 5.8 |

Yahoo!, Infoseek, Lycos, Excite, and WebCrawler are the places people go to find out where they want to go. For the foreseeable future, these sites will remain the center of attention on the Internet. We'll take a look at why this is so in Chapter 6, "Looking for Space in all the Right Places," where you look into placement strategies.

Suffice it to say that 1.5 million people look at the Yahoo! home page every day. If your audience is the general public, then you're in competition for these prime locations.

Curiously, Netscape tops the list. Why are so many willing to give so much for this site? Because the Netscape site gets lots of traffic. *Interactive Week* magazine reported more than 4.1 million people visit every day. The Netscape browser still has between 50% and 75% of the market depending on who you ask. Each time those users fire up the Netscape browser, it takes them to the Netscape site. They use it as their launching pad. They also use it to see "What's New" (see Figure 1.4) and "What's Cool" (see Figure 1.5).

**FIG. 1.4**
Netscape acts as a pointer to new Web sites.




http://www.quecorp.com

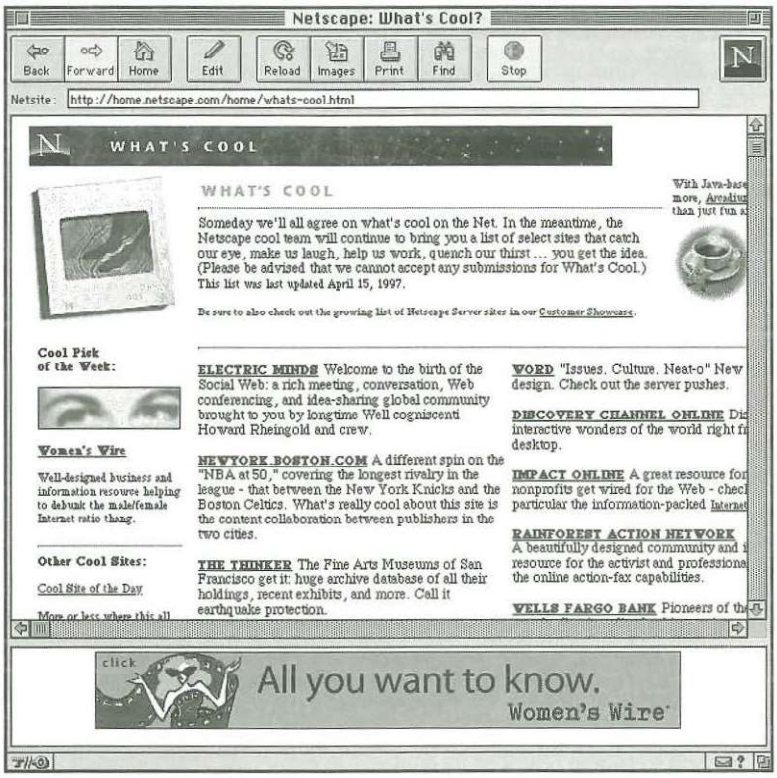



**FIG. 1.5**
Netscape also acts as a pointer to what it thinks are cool Web sites.

Netscape is also the center of attention for all of you Netheads who need to keep up with what's new and cool at Netscape. In other words, it gets some traffic in its own right as a communication media for the company.

As a result, Netscape attracts a lot of attention and is more than happy to sell space on their site as another source of revenue for the company.

The most popular magazines on the Net are Net-centric. *CNET* (**www.cnet.com**) provides reviews and news and products and is a general resource for things Internet. Like *ZD Net*, *CNET* expands this interest to include all sorts of technology. It comes as no surprise that the things most people on the Net are interested is the Net. But that's starting to change.

The proof are sites like the ESPNET Sports and Pathfinder. The first is exactly what you would expect: all sports, all the time. The other is the Time Warner conglomeration of *Money*, *Fortune*, *Time*, *Life*, *People*, and other popular magazines. They're selling lots of ad space because they have lots of content.

But the dirty little secret is that there's no way to tell how much money is changing hands.

## The Fuzzy Numbers of Ad Trading

In the beginning, it was well recognized that getting traffic to your Web site meant getting links to your site. And the best way to do that was to trade. Quid pro quo. All of us could advance the value of the World Wide Web by providing pointers to great sites. We all had great sites, so we were all ready, willing, and able to trade links. It was painless, it was fast, and more to the point, it was free. The only thing that's changed is that we're getting pickier about with whom we trade.

Six of the top ten sellers (Excite, Netscape, Infoseek, Yahoo!, Lycos, and CNET) are also on the list of top ten buyers. In other words, these people are trading links with all and sundry, including each other. Netscape advertises on Lycos, Lycos advertises on CNET, and they all trade out their banner space instead of paying for it. The more banners each one publishes, the more branding they accomplish and the more they can build their paper value. They can tell the world, "We've displayed $27 million dollars worth of banners on our site this year." How much money is really changing hands? We may never know.

Peter Storck, Group Director of online advertising at Jupiter Communications, guessed that 25% of revenue at sites like Yahoo and Netscape had been taken out in trade. That makes $301 million start to look like $226 million. Some sites like Starwave and CNN won't barter for banner space. The fact is that the industry is in its infancy and somebody has to prime the pump. In the middle of 1997, there is simply too much inventory (space looking for ads). Sites are more interested in getting ads placed as proof-of-concept than in raking in the big money right away.

When Netscape renewed its contacts in early 1997 with the search engines featured on the Netscape site (see Figure 1.6), barter was part of the bargain. Yahoo!, Excite, Infoseek, and Lycos each paid $5 million in cash in 1996. In 1997, they're paying for impressions and they're not using 100% cash to do it. Jupiter estimates that Netscape uses half a million dollars of ad space on the Excite site, but suggests no money changes hands.

So you have two choices. You can buy Web ad space or you can build a Web site that garners an immense amount of traffic and then trade links with others. The result of the latter may well be a great balance sheet, but will do nothing for your cash flow. Of course, this is not a new concept. Anybody that's been around television and radio advertising can tell you that a great deal of air time is taken out in trade. Trade for hotel space, trade for car rentals, trade for season tickets. You name it.

At this stage of the game, it seems the people buying the ad space are getting the most out the Web and the people selling are still counting on the Web to pay off.

## Who's Making Money?

So who *is* making money selling ads? Yahoo! seems to have broken from tradition in the last quarter of 1996. They actually made money. It's true that the $96,000 they put in the profit column is less than one one hundredth of a percent per share, but, hey, a profit is not a loss, after all.

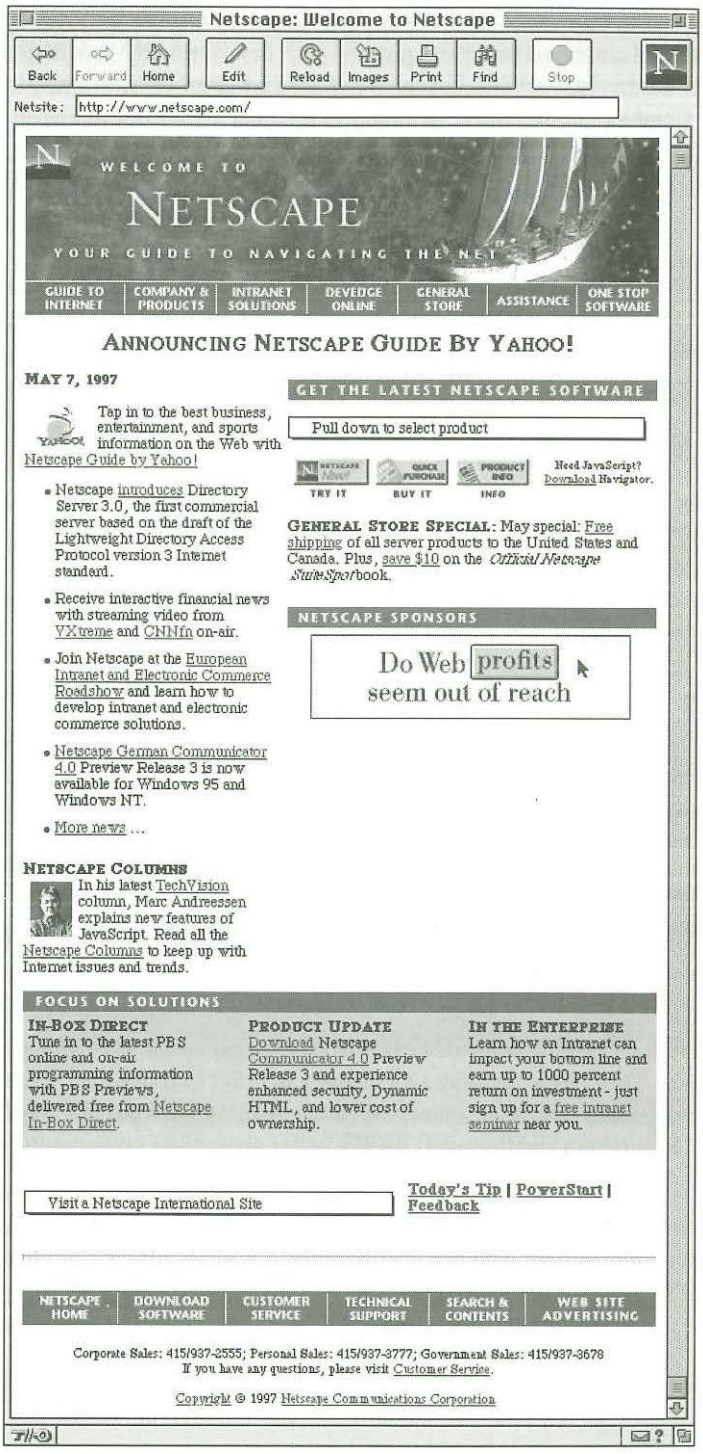



**FIG. 1.6**
Search engines get prominent placement on Netscape in return for banner space.

"The fourth quarter of 1996 was another landmark quarter for Yahoo! and its shareholders. We generated a nominal profit and positive cash flow during the fourth quarter, as we benefited from strong seasonal demand for Web-based advertising," according to Tim Koogle, President and Chief Executive Officer of Yahoo! in a January, 1997 press release.

> Yahoo!'s advertiser base increased to 550 advertisers in the fourth quarter, compared to 340 advertisers in the previous quarter. "Global and consumer-oriented marketers continue to recognize the effectiveness and power of targeted interactive advertising. During the fourth quarter, Yahoo!'s advertiser base grew increasingly diverse as illustrated by this sample of new and repeat advertising clients: American Airlines, American Express, Avon, Bank of America, Bell South, Charles Schwab, Coca Cola, Compaq Computers, Disney, Ford Motor Company, General Mills, General Motors, Hilton, IBM, Intuit, Kodak, Metropolitan Life, Motorola, Nabisco, Procter & Gamble, Publishers Clearing House, Sony, Spiegel, *Sports Illustrated*, Sportsline, Toyota, Virgin Records, Visa and Wal-Mart," said Koogle.

Chris Jennewein, is director of the Knight-Ridder New Media Center, and was interviewed by Dana Blankenhorn for an article in NetGuide at the beginning of 1997. He saw the Mercury Center Web site (**www.sjmercury.com**) as one of the best things going, claiming it was profitable at the beginning of 1996. "We're not making money at every newspaper [we have online]. We are at some of them."

## Networks and Syndicates Arise

It only took a couple of years for the print and television model of selling aggregated ad space to come to the Web. You can buy blocks of Web sites across similar topics. You can have your banners shown at specific times. You can target the sports enthusiast or the Dilbert fan; the mother of infant children or the classical music devotee. These companies act just the same as they do in real space: they sell large amounts of inventory as packages and take their commission off the top. You'll get a closer look at them in Chapter 6, "Looking for Space in all the Right Places," on placement and Chapter 10, "Selling Space on Your Web Site," on selling ad space yourself. In the meantime, these may be the only businesses out there that are really making money.

The vast majority of sites online these days are exploring, experimenting, and trying things on for size. They're giving away a lot of space in order to prove their value. They're pouring in money hoping that, soon, money will come pouring back out. All they have to do is look at the Jupiter numbers and they start feeling better about their investments.

In the long run, their investments are going to pay off if they can deliver the goods. The goods are the people who come to their sites. It's great that you can show your ad to 1.5 million people a day. But are they buyers? Are they kids? Are they students from the Ukraine? Are they truly your potential customers?

# Who Are the Eyeballs?

The Internet is growing faster than any technology, medium, or consumer fad to date. Only the flu seems to be able to spread faster. It took thirty years for the telephone to spread to 10 million people. It took ten years for television. It took two years for the Internet. People just love to communicate and if you give them a more efficient way to do it, they'll jump at the chance.

With the Net continuing to grow at an astonishing pace, it's always a challenge keeping up with the latest numbers. Then again, the latest numbers rarely agree with each other so it's a bit of a challenge even if you do keep up. When your boss asks for a definitive number, it's safe to tell him or her whatever you heard last time, plus 10%. Or you could shoot a glance at your odometer and add "a million" to that number. (If you are the boss, this method won't work as your car is too new. You'll have to find an employee's car that has a couple of rust spots on it.)

Alternatively, you could dip into the research that is being done by any of dozens of companies in order to find the number that best suits your case. Here are a few examples.

## Graphic, Visualization, & Usability Center's (GVU) 5th WWW User Survey

This study was done by asking Web surfers to fill out an online survey (see Figure 1.7). While those of you who deal with statistics will cringe at the self-selecting, methodological madness of this approach, it does provide a place to start.

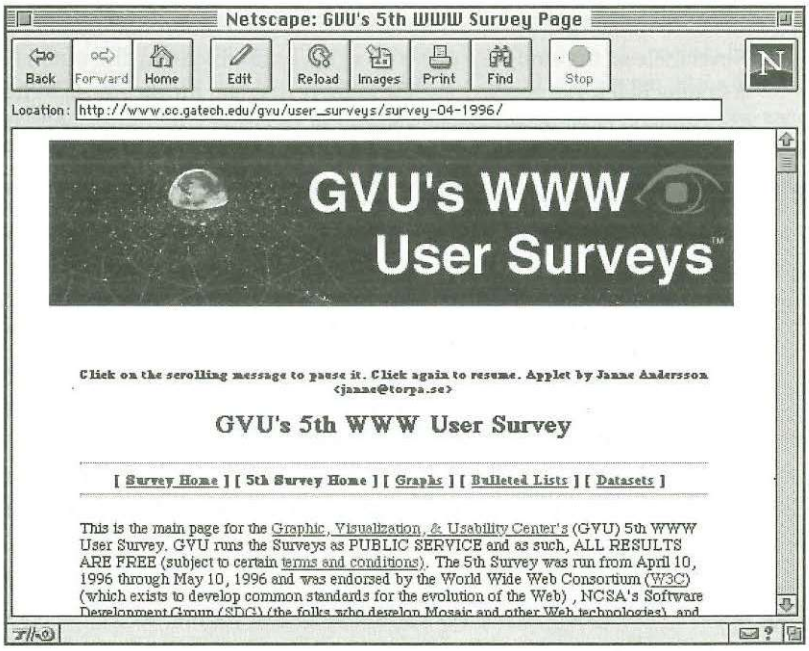



**FIG. 1.7**
GVU's 5th WWW User Survey is updated annually (**www.cc.gatech.edu/gvu/user_surveys/survey-04-1996**).

The survey tabulators at Georgia Tech's GVU determined that the average Web surfer is a 33-year-old male in a household earning $59,000 and living with a significant other. But then, that's like saying a man with one foot in a block of ice and the other in a tub of boiling oil is comfortable on average.

Here are some excerpts of the word from the horse's mouth:

*The average age of all the Web users that responded to the Fifth Survey is 33.0 years old, a slight increase from the Fourth Survey, which had an average age of 32.7 years old. Overall, 31.5% of the users are female and the other 68.5% are male. This represents a moderate increase in female users from the Fourth Survey, where 29.3% reported being female, and quite a significant jump from the Third Survey (April 1995), where 15.5% reported being female.*

*The estimated average household income for the Fifth Survey is $59,000 US dollars. As with the Third and Fourth Surveys, this questions [sic] received the most 'Rather not Say!' responses (14.0%), nearly seven times greater than any other question. The average income for the Fifth Survey is slightly lower than the Fourth Survey ($63,000) and much lower than the Third Survey ($69,000).*

*One of the more stable characteristics of Web users over the survey is marital status. Overall, 41.1% of the users are married, with 40.8% being single. The users whom reported living with another was 9.6% and those reporting being divorced was 5.1%.*

When you discover that the GVU thinks 30% of people on the Internet are in "educational occupations and 28% in computer related jobs," you begin to suspect their methods. Especially when the only other significant categories are "professional" and "management." Yes, those are two categories.

Nevertheless, the study does give us a clue as to which way the wind is blowing. The audience is getting older, the genders are blending better, and the income is trending lower. The results, as headlined in an Australian newspaper in 1996 are, "Net Surfers Almost Normal."

## The CommerceNet/Nielsen Study

Announced in March of 1997, the latest study from CommerceNet and Nielsen Media Research (**www.nielsenmedia.com**) indicated that the number of people in the U.S. and Canada using the Net had doubled in the previous 18 months. It also revealed a "startling increase" in Web users actively shopping online and that there was "a significant narrowing of the gap between the number of male and female users."

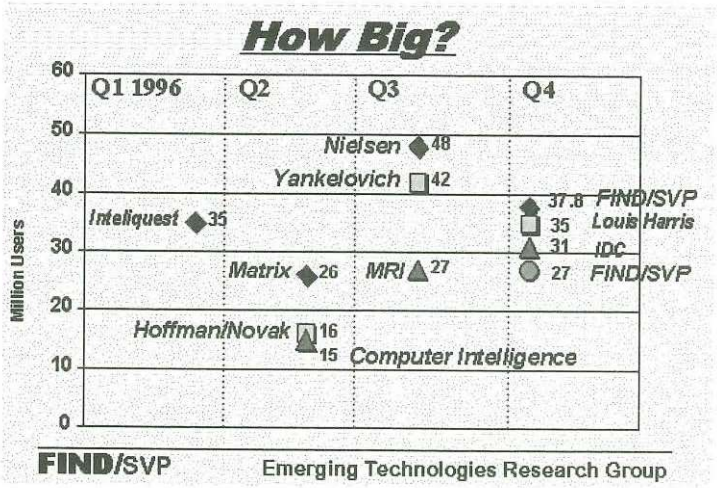
Based on telephone interviews with people 16 years or older from randomly-selected households during December, 1996 and January, 1997, they suggest that 23% of the population over 16 years of age used the Internet during the previous month. Women accounted for 42% of users in the past three months (as compared to 34% in the original survey), and they use the Web as much as men do.

## Find/SVP

Perhaps the best compendium of Internet statistics as of this writing was presented by Tom Miller at the *Editor & Publisher's Interactive Newspaper*'s '97 Conference in Houston, on

February 15, 1997. In a presentation titled "Interactive Demographics," Miller analyzed a healthy number of studies and created a terrific overview. (Duplicated here with permission from Find/SVP and Tom Miller, these slides can be found at **etrg.findsvp.com/resfh/intnews.html**.) Take a look at Figure 1.8 through Figure 1.15.

**FIG. 1.8**
The size of the Internet seems to be an unsolved mystery.




The question "How big is the Internet?" is primarily dependent upon how different studies define Internet usage. Bigger surveys tend to define Internet usage more loosely, such as whether respondents merely "have access to the Internet" (Nielsen), or by asking simply "Do you use the Internet?" Valid responses to this last question include users whose only Internet use is for e-mail. FIND/SVP asked that question in Q496 and found a projected 37.8 million users (see Figure 1.9). When they restricted the definition—in the same survey of 3,255 randomly-sampled households—to requiring respondents to use at least one application aside from e-mail, the projected number of total users fell to 27 million.

**FIG. 1.9**
Based on researching the research, here's what FIND/SVP figures is a good guess.

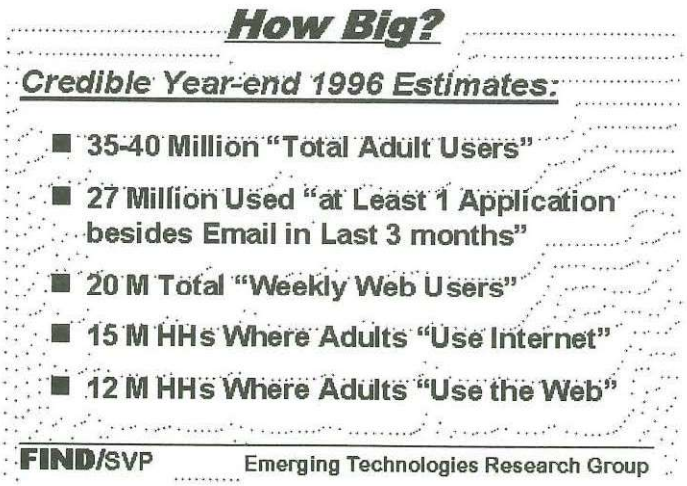


**FIG. 1.10**
Here are age and family demographics.

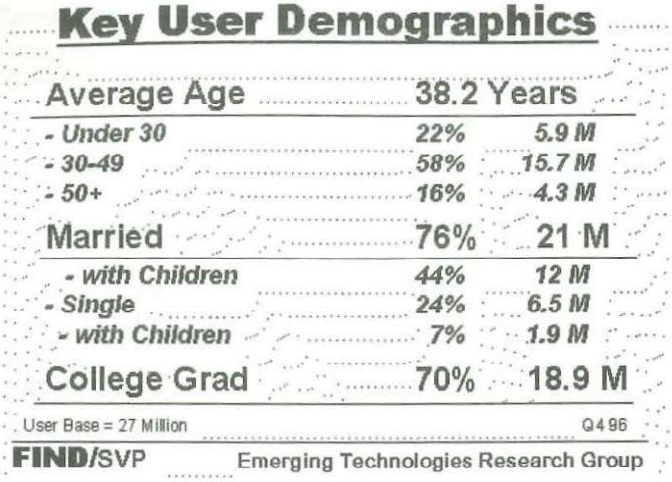
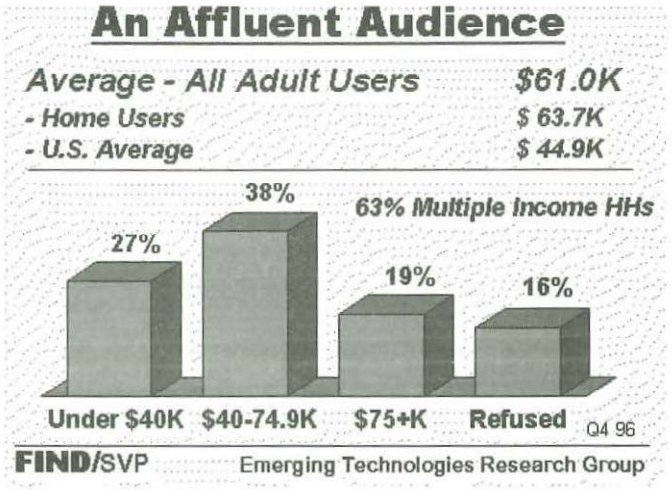



**FIG. 1.11**
The numbers still scale to the upscale.



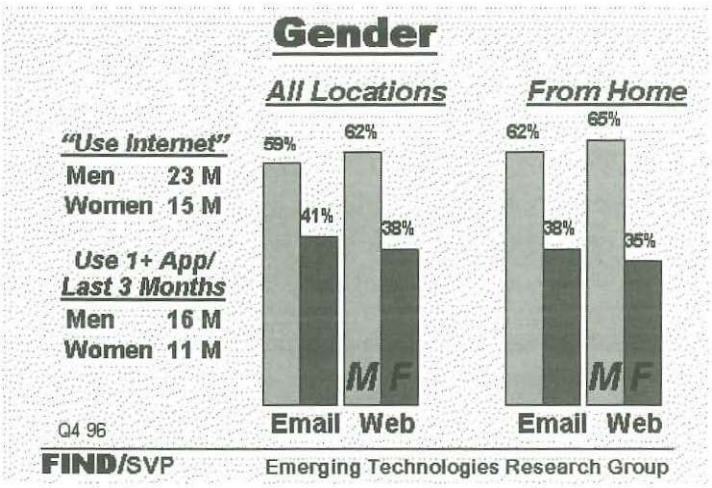



**FIG. 1.12**
The Internet is still a male-dominated place, but most studies find the ratio is starting to even up.

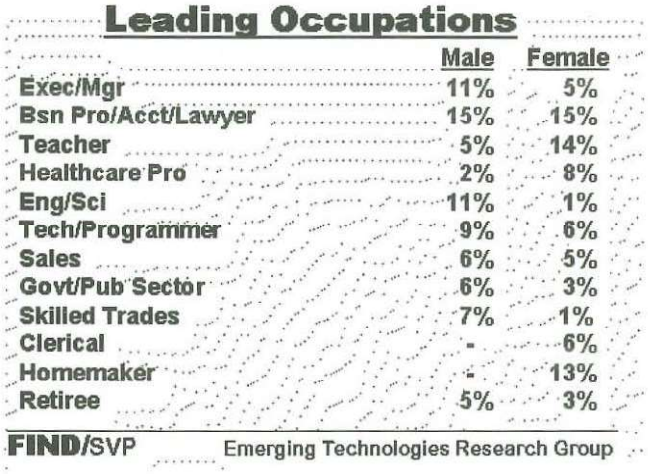



**FIG. 1.13**
Professionals make up the vast majority of Internet users.

**FIG. 1.14**
One out of five Internet users has shopped online, more if male, fewer if female. But interest in shopping online has risen to the 60–70% level.

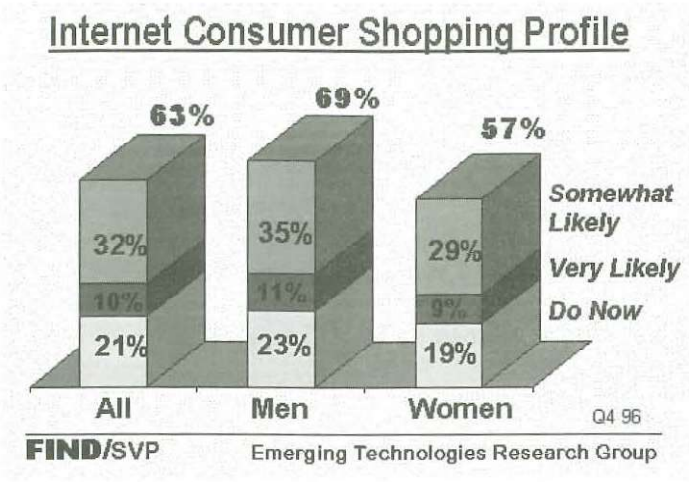



**FIG. 1.15**
Internet consumer trends FIND/SVP sees in 1997.




http://www.quecorp.com

Updates and additional survey results can be found on the FIND/SVP Web site (**etrg.findsvp.com**).

## Internet Declared Mass Media

On February 18, 1997, IntelliQuest Information Group, Incorporated (**www.intelliquest.com**), released the results of its latest survey, estimating some 47 million adults (age 16 and above) in the United States in the fourth quarter of 1996 had been on the World Wide Web. "This represents a 34% growth in the online population from the first quarter of 1996, which was measured at 35 million," according to the press release.

We all knew that people were jumping on fast. But we also expected the growth rates to start flattening. You can't increase geometrically forever. Each new survey confirms the growth rates. The growth rates continue to astonish.

IntelliQuest CEO Peter Zandan was quoted the next day in *USA Today* as saying, "It is now at the point that so many people have access to [online] that it is a mass media [*sic*]. How it will ultimately take shape, the business model [and] how people will end up using it, is unclear. That's what will be interesting to watch."

## Is Your Audience Out There?

Can you find a buyer in a city of 50 million? (Or, if you're in my car, 210 million?) Chances are you can. And this is where the concept of mass media and Internet as medium take divergent paths.

Stanley Marcus of Nieman Marcus said, "Consumers are statistics, customers are people." When you move from mass advertising to online advertising, these are words to live by. Television lets you advertise to tens of millions of people watching *Seinfeld* and *Friends* and *ER*. But magazines let you chase after a specific type of consumer, a specific type of prospect. The ads you create for *Field & Stream* will be different than the ones you run in *Brides*. The targeting that magazines give you over television is nothing compared to the targeting the Web gives you over magazines.

This subject is so important and so powerful, that it takes up all of Chapter 6, "Looking for Space In all the Right Places." Suffice it to say, some portion of your prospective customers are online today and will be online tomorrow in droves. What will drive this further explosive growth? Cheap and easy access. Cheap access is coming in two ways—the connection and the equipment.

## The Internet Boom Is Still Being Heard

MCI reports that in the past two years, traffic over its backbone has increased by a factor of 91. In other words, for every bit that went from point A to point B in January of 1995, there were 91 of them in January, 1997. There's no slowdown in sight.

In fact, MFS owner of UUNet Technology and one of the large backbone players, sees reason to expect a thousandfold increase in traffic through their pipes in the next three years. They are actively planning and building that backbone to accommodate the rush.

## The Boom Has Only Just Begun

At the moment, the standard fee for dial-up Internet access is $20 per month, all you can eat. Tomorrow the price will go down because right now the price is going up.

**Cheaper Access** The price will have to go up in order to sustain the telephone infrastructure. The phone system was created to support millions of people making millions of calls that average about one minute each.

"Is Fred available for a meeting at 4:00?"

"I'll check and get back to you." Later: "Fred says the meeting is on if you can push it back to 5:00."

"Can you pick up the kids this afternoon? I'm going to be stuck in a meeting with Fred."

Now, with voice mail, these calls are shrinking down to about 30 seconds. The phone system is brilliant at handling this kind of traffic. It is even able to manage the busiest phone call day of the year—Mother's Day. It can even handle the busiest collect-call day of the year—Father's Day. Okay, so it has problems when there's an earthquake in Los Angeles and everybody and his mother is trying to call at the same time, but overall, this system is nothing less than a modern day miracle.

The problem comes when people such as yours truly install a new phone line for the computer. We only make one call a day—all day long. When my computer boots up in the morning, it dials up and checks my e-mail. With the exception of time out for lunch, I am on that line all day surfing, messaging, and trying to keep up with this World Wide Wonder. The telephone system was not built for people like me.

So how is this additional burden on the phone companies going to lower the cost of Internet access? First, there are a huge number of R&D dollars being spent to solve this very problem. It's obvious that the demand for online access is big and getting bigger. If you can build a better system that transmits signals faster and at a lower cost, you can build a house next to Bill Gates in Washington. If everybody in the world decided they couldn't live without pet rocks or Lucky Charms, pet rock quarries would spring up overnight and General Mills would find a way to convert all of their Cheerios production in two nights. There's money to be made.

The second approach that may drive down the cost of going online is advertising. There are a number of competing e-mail systems online that allow you to create an account for free. Juno (**www.juno.com**), Rocketmail (**www.rocketmail.com**), and HotMail (**www.hotmail.com**) are just a few examples (see Figure 1.16). They can offer free services by selling ad space on their sites and in the e-mail that people send to each other (see Figure 1.17 and Figure 1.18).

Some Internet Service Providers (ISPs) are using this model in conjunction with FreeRide (**www.freeride.com**) for dial-up service. FreeRide has name brand sponsors paying for the privilege. The consumer buys a 16-ounce bag of Oreo cookies, sends in the proof of purchase, and earns 20 points. A free month of online access is available for 1,000 points. Nabisco pays FreeRide based on the number of UPCs mailed in. With sponsor brands like Kodak, Snuggle, Hefty, TDK, Wisk, SnackWell's, Duracell, Clairol, Quaker Oats, and Advil, it's an interesting ad buy.




**FIG. 1.16**
HotMail offers free ad-supported e-mail accounts.

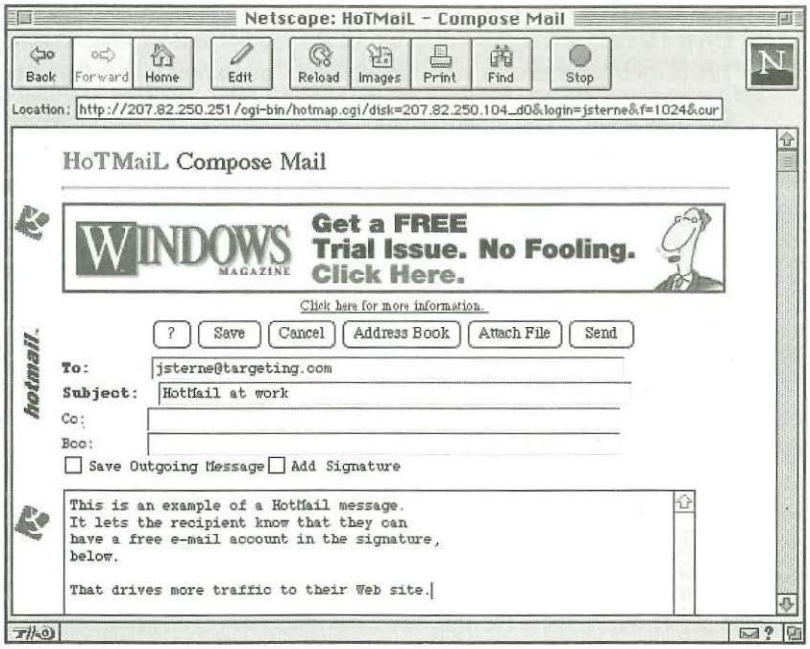



**FIG. 1.17**
E-mail advertisements on the Web site pay for the e-mail service.

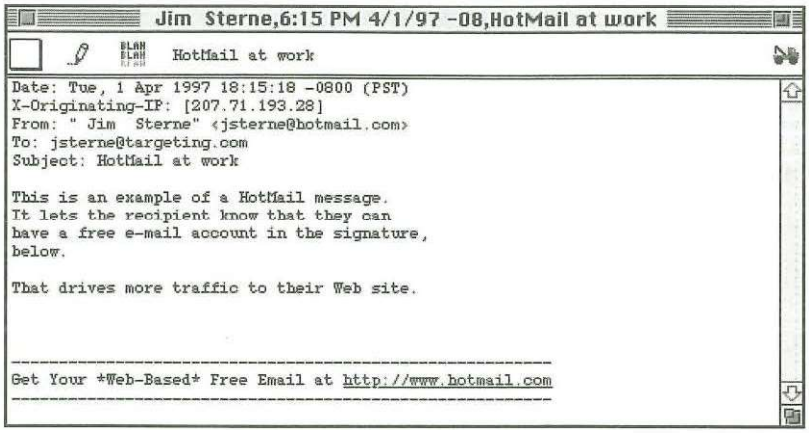



**FIG. 1.18**
A pointer from the e-mail to the Web site helps.

FreeRide was just joined by Smart World (**www.smartworld.net**), which is geared at New York's 212 area code for the moment. Others are sure to follow.

Free dial-up access, free e-mail, and free connect time all supported by advertising. Surprising? Shouldn't be. It's the same model that television and radio have used for decades.

Unfortunately, it still costs well over $1,000 for the equipment. And a PC that is going to handle millions of colors, be able to download mega-megabytes of audio, video, and pictures of the new baby runs closer to $3,000. This does not fall into the reach of your average consumer. Even if access is free, how does a typical family of four earning $30,000 a year justify spending 10% of their income on a new PacBell box? The answer is that they won't have to.

**Cheaper Gear** The other development on the near horizon for bringing lots of additional advertising viewers to the Web is the advent of the cheap Internet access device. This gadget has been on the radar screen of computer manufactures, television manufactures, and cable companies for several years. There was optimistic speculation that Christmas of 1996 was going to see WebTV (**www.magnavox.com/hottechnology/webtv/webtv.html**) being treated like Nintendo 64 machines—on everybody's list and hard to find (see Figure 1.19).

Maybe the WebTV product was ahead of its time, maybe there weren't enough features, and maybe it was priced a tad too high. But the concept of a small, cheap device to access the Net is a solid one and will drive the Internet from being the land of the geeks and the home of the depraved to a truly mass market.

When will this happen? As soon as it's cheap and easy enough. The price point would seem to be $199.95. When VCRs were $600, they were luxury items. When they fell below the magic $200 mark, they became a necessity. As chips get faster and production ramps up this price point is assured. But it's not the end of the story. The Internet must get significantly easier to use.

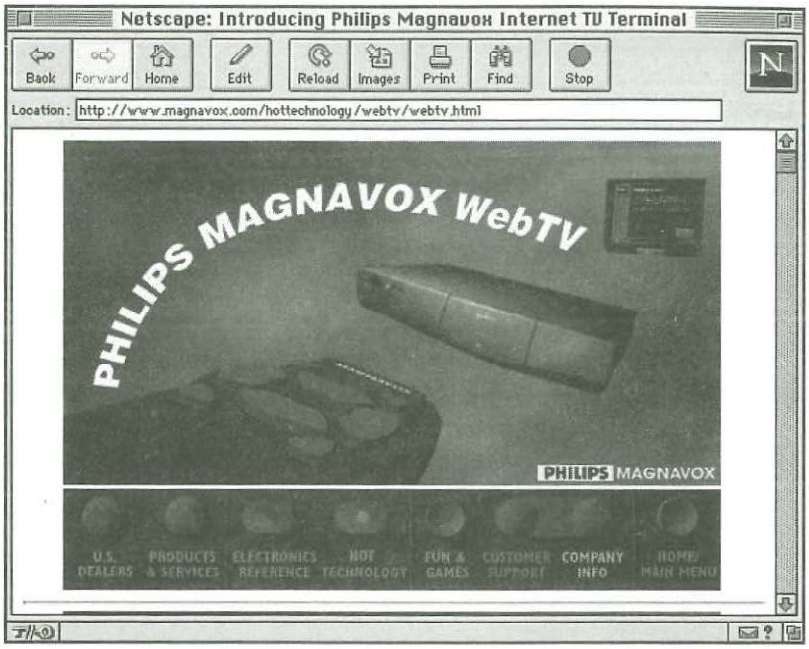



**FIG. 1.19**
WebTV had disappointing sales in 1996. Tomorrow looks brighter.

In their April, 1997 issue, *Wired* magazine asked Michael Dertouzos about how much easier computers are to use now than they were. "We gave you a few colors on the screen. We gave you a mouse. To call that 'user friendly' is the moral equivalent of dressing a chimp in [a] surgical gown and calling him a surgeon. User friendly comes from the machine understanding what you want to do. Does your computer do that?"

Dertouzos sees a not-too-distant future where the browser can understand the information it's displaying and can make decisions on its relevancy and value. "I cannot see us going into the 21st century with humans doing all the work . . . If your machine understands that when an x-ray arrives from a lab it should be passed on to your doctor, then the machine is doing the understanding, not you."

Unless there's a ten-year-old in your house, you are relegated to the complex tasks of configuring Winsock files and browser plug-ins. Time was, you had to be a mechanic to drive a car. There were no service stations. The original trunk on a car was a tool box used to fit the pieces back together when they were jostled apart as you drove into town. The long car coats were not worn for the weather, but to keep the oil off pristine suits. Such is the Internet in the nineties.

When the set-top-box, or the WebTV, or the Network Computer (NC) is cheap and the access is simple, there will be many compelling reasons for the masses to jump on the Internet. The risky bet says that this will happen in two years' time. The safe bet is five years. Heck, anything can happen in five years. ●

CHAPTER 5

# Measure for Measure

"Heaven doth with us as we with torches do,
Not light them for themselves; for if our virtues
Did not go forth of us, 'twere all alike
As if we had them not."

(*Measure for Measure*, Act 1, scene 1, line 35)

This is Shakespeare's way of telling us not to hide our talents under a bushel basket. We're given gifts and should make the most of them. If you can paint, you should spend some time at it and let others enjoy the product of your talent. By the same token, it's your job to show off the talents of your product.

Our products and services have fine attributes and if we don't let people know about it, we might as well shut down the factories and close the offices.

But it's a fine art to boast of one's products and services while keeping this side of hyperbole. You must be honest in your statements, but you want to provide the best possible picture you can. You have limited space and time to say what you want. Therefore, knowing if you're doing it right becomes very important.

I know half my advertising budget is being wasted. I just don't know which half.

You cannot manage that which you do not measure.

Everybody involved in Internet marketing and advertising is thrilled that the Net is the most measurable medium this side of the cash register. How do you really know if somebody saw your ad in a magazine? Heard your radio spot? Was in the room when your TV commercial aired?

On the Net, every download, every click, and every order can be accumulated, tabulated, and contemplated. So before you dig into placing ads for the best bang for the buck, you need to know how to measure the bang. Before you investigate what creative techniques make an irresistible banner, you'd better know how to enumerate the results. ■

## Hits

If you find yourself talking to somebody who wants you to buy advertising space on their Web site based on the number of hits they get per day, week, or month, excuse yourself and leave the room. Tell him you left the water running. Tell her you have to go pick up your dog. Tell them they changed your mind.

Hits, according to Katherine Paine, CEO of The Delahye Group, stands for How Idiots Track Success.

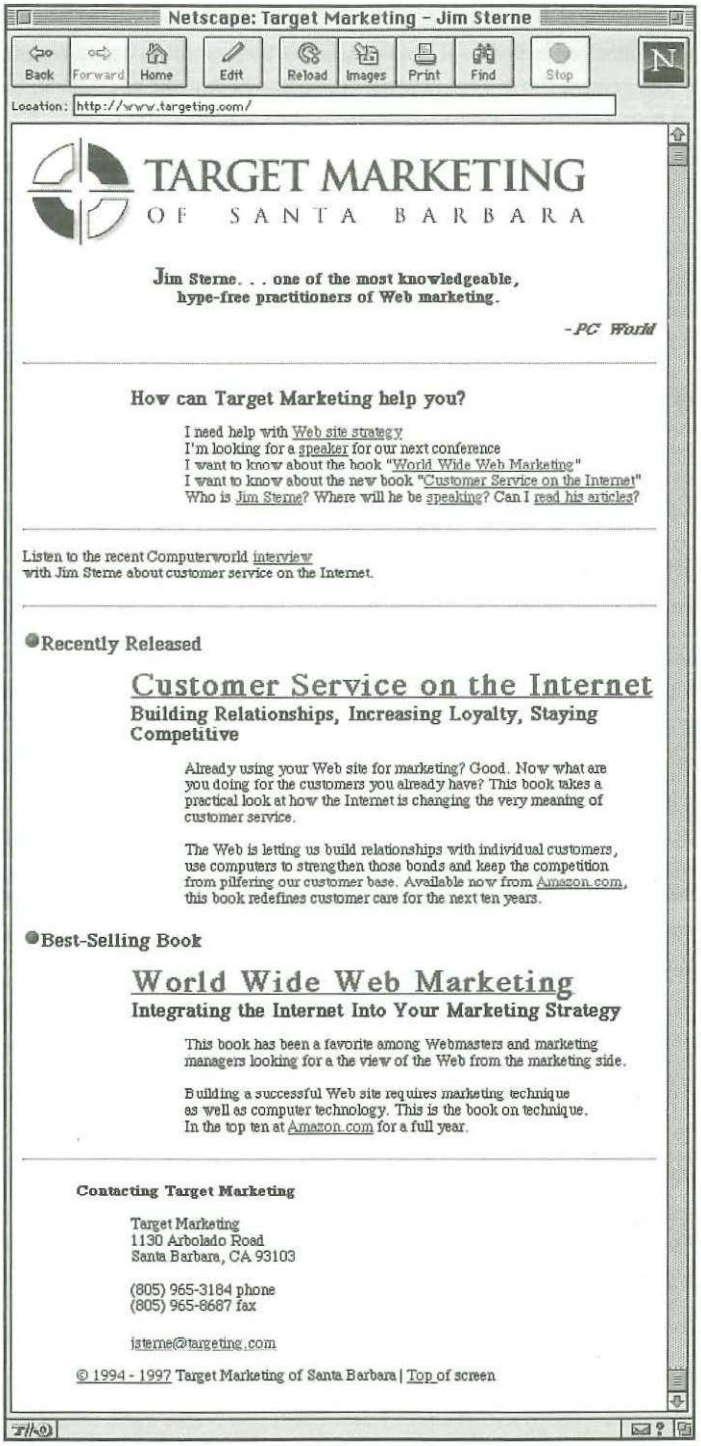
Hits are derived from your server logs and a record of how many files were downloaded. The Pathfinder Web site (**http://pathfinder.com**) racks up 17 hits when you walk in the front door (see Figure 5.1). My Web site, found at **www.targeting.com**, logs three hits (see Figure 5.2).




**FIG. 5.1**
Pathfinder has one page and 16 graphics for a total of 17 hits.

http://www.quecorp.com

**FIG. 5.2**
Target Marketing only scores three hits per home page visit.



The Target Marketing home page has two graphics: the company logo/name and the little red ball. The little red ball shows up twice, but is only counted once, because it's only downloaded once. The reason the server records three hits is that the page itself, the one containing the text, is a separate file.

Hits can be a valuable measurement when used to track variations of the same page or site. Comparing my three hits to Pathfinder's 17 indicates nothing except the differences in design.

If ad space sellers are talking to you about hits, you should stop talking. Chances are, they'll be talking visits, sessions, impressions, and clickthroughs. If so, it may be worth your while to talk further.

## Visits or Sessions

If I look at your home page, it's a page view. My action may rack up a dozen hits on your server, but I've only looked at one page. Even then, you don't know if I looked at the whole page or just glanced at the top. All you know is that your computer sent my computer a page and some graphics files. Heck, I might have even been using an offline browser, which collects entire Web sites while I'm asleep. Or I could be using a push tool that sent me your page while my screen saver was on and I was out.

If I look at your home page and start wandering through your Web site, I am paying a visit, or am engaged in a session. A session gets interesting if you have the means to track my movements through your site and watch where I go. You can measure the effectiveness of your own text, graphics, and layout that way.

But when it comes to your advertising, what you really want to know about is the OTS—the Opportunity To See. The OTS plays a large role in print and on television. Your ad appears on the *Late Show with David Letterman* and so many million people have the opportunity to see it. That means their televisions are on and tuned to the right station. It does not mean they are in the same room or awake. My wife dives for the remote control and mutes the sound of all commercials within about three femtoseconds. OTS tells us nothing about OTH.

So there is a given amount of give in these numbers. They are not absolute. They are not precise. They are not spotless. But, unlike hits, the number of OTSs you can buy is a comparable number from site to site. The whole idea is to make a good impression.

## Impressions

According to the Outdoor Advertising Association of America (**www.oaaa.org**), "70% of outdoor advertising revenues come from local advertisers who count on billboards to direct customers to their business or products."

McDonalds, Next Exit

Motel 6, We'll Leave The Light On For You

The intention of this 70% is the equivalent of a Web *clickthrough*. You put up a banner, somebody likes it, they click it to go to your site—bingo! Now you can sell something to them.

But what about the other 30%? Why are they putting up billboards? To make an impression. To get a chance at an OTS in hopes that, if you see their brand name often enough, it will make your arm reach for the most familiar package when you're in the store and faced with a myriad of choices—*branding*.

## Counting Impressions

Impressions are generally counted and sold by the thousand. The Cost Per Thousand (CPM) is the figure most commonly used to compare the value of impressions. But not all CPMs are created equal. When you go shopping, you have to *normalize* the data handed to you by the sellers.

Data normalization is something all of us have faced. It's usually referred to as comparing apples and oranges. When trying to get a list of names and addresses into a database it often requires retyping every one. Do they all have a Mr., Ms., or Dr.? No? Then you better add one. Do they all have a title? Do they all have one line for the street address, or two? Once all of these discrepancies have been worked out, the data can roll in automagically and be useful.

When counting impressions, there are many more nits to pick. In a post to the Online Advertising Discussion List (**www.o-a.com**), Cliff Kurtzman of The Tenagra Corporation outlined some of the problems faced by a Web site manager wishing to sell banner space:

*Cliff Kurtzman (cliff.kurtzman@tenagra.com)*

*Wed, 12 Feb 1997 02:29:24 -0600*

*This post explores some very technical aspects of counting ad impressions and click-throughs. The purpose is to illustrate some of the difficulties and ambiguities in measuring page impressions, banner views and click-throughs. Small changes in assumptions and counting methodologies can have big effects on the numbers you come up with and report to advertisers (or are reported by advertisers).*

*I'm using real data collected on one of our sites over a 1-day period (January 30th, 1997).*

*Here is the scenario. We are running a fixed banner ad on a web page on one of our sites. The banner is hyperlinked to the advertiser's site. In conjunction with the banner is also a text link to the advertiser's site.*

*The page with the banner is an HTML page, and is not generated by a cgi. (Pages generated by cgi's [*sic*] are not subject to caching). This particular page has a META HTTP-EQUIV="Expires" tag on it to perhaps reduce the likelihood that systems will cache it and hence give our server a more accurate access count. I don't know how many systems and browsers actually recognize this tag. In any event, the bottom line is that caching causes the true number of accesses to our page to be under-reported, but I suspect not by more than 10%.*

*Over a several day period we noticed a jump in click-throughs on the ad to about double the normal level even though the page traffic was pretty much constant. This caused us to examine what was happening in detail, and to turn up some very interesting results.*

*Our log file showed that the page on which the ad resided was loaded 1,603 times. This includes:*

*992 full loadings of the web page (the server logged transfer of the full 11,053 bytes)*

*16 aborted (partial) loadings of the page (either 0 or 8192 bytes were logged as transferred)*

*595 page accesses that show up as "304 0" in our log file—indicating that the page was unchanged since the last time this visitor came to the site and the page was therefore loaded from the visitor's local cache of their gateway's cache.*

*There were 925 unique hosts hitting this page over the course of the day. A session analysis on the home page hits showed that the 1,603 home page accesses were logged by a total of 1,026 sessions, with a session being defined as hits from the same IP address within a 20 minute period. The number of sessions (1,026) is close and slightly greater than the number of full page loadings (992) which is in turn close to but slightly greater than the number of unique hosts (925). This is as was expected.*

*Our log file also showed 868 banner loadings (694 full loadings of the banner, 172 "304 0" loadings from the visitor's local cache, 2 aborted loadings). This 868/1,603 ratio is a fairly typical ratio of page loadings to banner loadings. There are a lot of things that I think might account for the discrepancy:*

1. *The visitor's browser finds the page is unchanged, logs a "304 0" in our access log file, and then grabs the page and banner from the visitor's local cache without the need to register a hit on the banner on our server.*
2. *The NLvisitor is going through a gateway (e.g., AOL, WebTV) that provides file caching. When the page is requested, the gateway queries our server, finds the page is unchanged, logs a "304 0" in our access log file, and then grabs the page and banner from its cache without the need to register a hit on the banner on our server.*
3. *The visitor is accessing the page through a system (e.g., AOL) that has not cached our page but has cached the banner.*
4. *The visitor clicks the link to my page several times before waiting long enough for the page to load. This shows up in the log as several page accesses but only one banner access.*
5. *The visitor accesses the page with the graphics turned off.*
6. *After linking to the page, the visitor hits the stop button on their browser before the banner has had a chance to load.*

*Except for cases 4 & 6, the visitor has the opportunity to be exposed to the banner or the text link with each page access, provided that they view and read the part of the page with the banner.*

*So the first question this leads to is: How many ad exposures did this advertiser receive? My feeling is that it is pretty much the full 1,603 exposures, although some portion (perhaps about 580) of the banner exposures were repeat exposures to people who had seen the banner already. Without knowing the true magnitude of #2 above, or tracking cookies, it is hard to precisely quantify the true number of repeat exposures.*

*I've had advertisers approach me who want their ad banner to load from their server so they can independently track the number of impressions they are getting. However, as described in the previous paragraph, it is my opinion that counting the number of times the graphic loads undercounts the number of true impressions of their ad significantly.*

*Now on to the clickthrough analysis, where things really get weird.*

*—Cliff*

*Cliff Kurtzman*
*President*
*The Tenagra Corporation*
*Old URL/New Web Site: http://www.tenagra.com/*
*281/480-6300*

*Internet marketing, public relations, consulting and web site design*

We'll take a look at clickthroughs in the next section. In the meantime, we have plenty of weirdness to deal with for simple OTS numbers as it is.

Kurtzman's concerns are based on the numbers he generates at his site. He has a half dozen decisions to make about how he reports these numbers. If you multiply that by the number of advertisers you expect to deal with, you suddenly realize there are many ways to skin this kitty.

First, Kurtzman explains that he's "running a fixed banner ad on a web page on one of our sites." It could have been a rotating banner, where each page can support any number of banners that share the same space, divided by time. It could also have been shown on multiple sites. (We'll look at ad networks later.)

Kurtzman also talks about caching. *Caching* occurs on your computer when you look at a Web page. The page and the graphics are stored in a temporary file on your hard drive. When you hit the Back button, the browser looks in the cache file first. That way, it can display the file immediately, without going back out over the Web and clogging the wires, or making you wait.

There are also shared cache files. Your ISP, whether it's AOL or Fred and Barney's Internet Access & Quarry, will use a large cache file on its gateway server. If you go to a Web site that somebody else on AOL or F&BIAQ has looked at recently, the gateway server will show you the one from its cache file, rather than reach across the Net for another copy. You can set your pages and your banners to expire, but there's no guarantee that bit of programming will be respected.

You can also record the number of times the page was checked by a caching system to see if the page has changed. This will register a page check, but not a banner check. You still won't know if the user downloaded everything or just took a quick look at the text and decided to move along before the banner displayed.

The AOL cache may include the banner from a previous viewing on a previous page, but not the page being requested at the moment. As a result, the page gets counted but the banner does not.

If the visitor is impatient and clicks the link repeatedly while waiting for the page to load, the server can record multiple page requests, but only one banner request. Or they hit the Stop button and go elsewhere before the banner displays.

According to research firm NPD (**www.npd.com**): "In a given session, a single page from a search engine is viewed, on average, 2.6 times. In other words, a given page—plus its possible advertisements and hot links—are delivering 2.6 times as many impressions as the site-centric measurement at the search engine's own server would show. Certainly one of the reasons that Web advertising impression rates seem so high compared to other media is that the search engine operators are underselling their delivery capabilities by a factor of over two and a half, if they are relying on their own server statistics only."

Web surfers frequently wander the Web with the graphics turned off. Some studies have shown that it can be as much as 10% of the surfing population. Conversations with Webmasters indicate this is closer to 5%. Either way, there is some portion of the Web population who will never see your banners.

Kurtzman suggested that, "[t]his source of ambiguity can probably only be eliminated entirely by serving the page and ad banner through a cgi script." Further discussion indicated that was not always a reliable solution, either.

One item left out of Kurtzman's initial post was the confusion caused by spiders. If you have a Web, you're sure to get spiders and an electronic Web gets software spiders. In the real world we learn that while all insects are bugs, not all bugs are insects. Insects have six legs, spiders have eight. But online, spiders are not bugs at all. They are very intentional pieces of software that wander out to explore your site in order to catalog it for their databases.

AltaVista, Webcrawler, Lycos, and many others send their algorithmic arachnids out to fetch the information needed to index the World Wide Web. When one finds your site, it can read the entire thing. That artificially raises the number of page views you record. It can do the same for the sites you pay to sport your banners.

And let's not forget the unscrupulous. It's quite possible to write a simple program that reads your banner over and over in order to fulfill a contract for impression. Despicable? Yes. Technically detectable? Yes. But a team of high-school students working for peanuts is not detectable. They're still despicable.

Bottom line? Three choices:

You can get to know the inner workings of a variety of Web servers.

You can hope that the sites you work with utilize the same tools and create identical formatted statistics.

You can work with a third-party ad vendor and make *them* do the work.

**Server Fervor** I admit that I am a nerd. I am fascinated by technology and can't wait to play with new gadgets the minute they escape the laboratory. However, I'm not much interested in how they work. I am far more concerned with what I can do with them. I like driving, but I'm disinclined to open the hood and start mucking about with things.

If you lean more toward the technology for its own sake, you might want more particulars. You can get the real skinny and the in-depth explanation of what your server logs can tell you from *Web Site Stats: Tracking Hits and Analyzing Traffic* by Rick Stout (Osborne, 1997). He goes into some serious detail to explain what each log file contains and what it means, so I don't have to. God bless you, Mr. Stout.

**Tools of the Trade** There are a plethora of tools on the market for measuring banners. Some are designed for the computer hosting the site you are sponsoring. Some are designed for use on your own server. Your ads don't need to be on the same server as the high-traffic host site, they only need to show up on the same browser screen at the end of their journey.

If the ads are coming from your computer, you can simply burn the midnight oil pouring over the reports that your server spits out as viewed through tools like Getstats and WWWStat. You could also make use log analysis tools like WebTrends.

WebTrends, from E.G. Software (**www.webtrends.com**), analyzes the log files created by your Web servers and kicks out statistical information as well as colorful. In their own words:

WebTrends can help you make decisions and determine:

*Current and Future Advertising Efficiencies & Trends*

*Internet & Intranet Reporting*

*Web Server Pages' Appeal*

*International vs Domestic Interest*

*Local vs National Activity*

*User Activity by Government, Commercial, Educational and Military Markets*

*Specific Companies to which your Products & Services Appeal*

*Which Products are the Most Popular*

*Interest Level in Specific Pages or Services*

*Which Page is the Best for Advertising Placement*

*Which Days are the Best to Advertise*

*Individual Directory Activity (Excellent for Billing and Leasing Web Space)*

*Users' Hardware & Software Platforms*

*What Browsers are used to access your Web Site?*

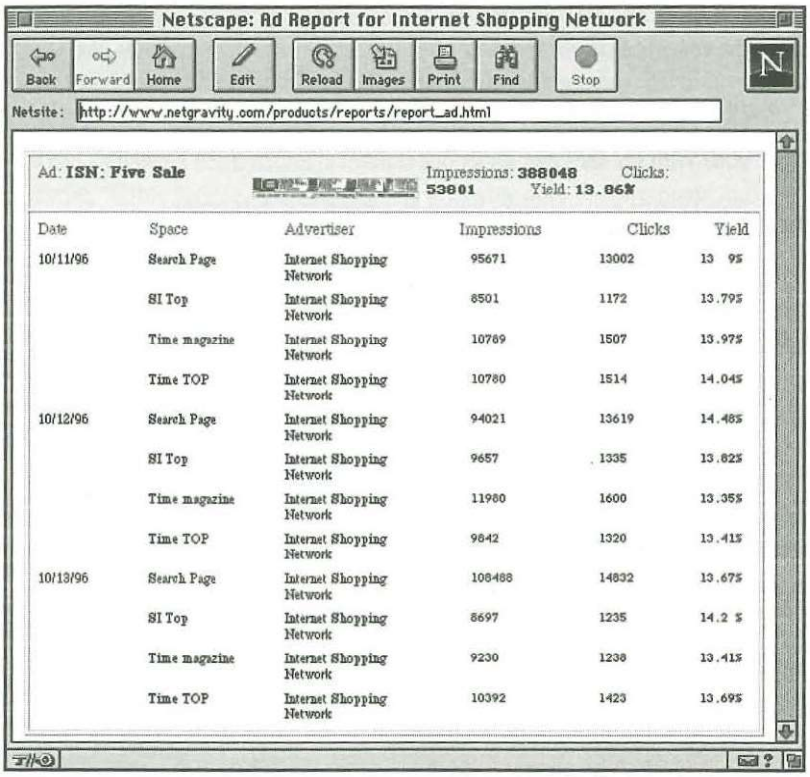
*How do users get to your web site (Referrer Report)?*

*Best Time of Day to Perform Maintenance on your Server*

*Billing information for your Virtual Servers services*

*Advertising Views, Clicks and Click rate reports for your customers*

NetGravity (**www.netgravity.com**) makes the AdServer which hands out banners upon request and reports on its activity (see Figure 5.3). You can measure the number of ads served to specific pages on the different sites you place your banners. You can limit the number of times an ad is delivered to the same person. If the site you are buying space from makes their visitors log information available, AdServer can select the proper ad to show based on zip code, age, gender, and so on. It can even look at content tags on the vendor pages to make sure you don't put your ad for travel discounts on a page with an article on an airline disaster. Companies like Bloomberg, National Geographic, and Netscape have enough ad traffic to indicate that AdServer scales well.




| Date | Space | Advertiser | Impressions | Clicks | Yield |
|---|---|---|---|---|---|
| 10/11/96 | Search Page | Internet Shopping Network | 95671 | 13002 | 13 9% |
| | SI Top | Internet Shopping Network | 8501 | 1172 | 13.79% |
| | Time magazine | Internet Shopping Network | 10769 | 1507 | 13.97% |
| | Time TOP | Internet Shopping Network | 10780 | 1514 | 14.04% |
| 10/12/96 | Search Page | Internet Shopping Network | 94021 | 13619 | 14.48% |
| | SI Top | Internet Shopping Network | 9657 | 1335 | 13.82% |
| | Time magazine | Internet Shopping Network | 11980 | 1600 | 13.35% |
| | Time TOP | Internet Shopping Network | 9842 | 1320 | 13.41% |
| 10/13/96 | Search Page | Internet Shopping Network | 108488 | 14832 | 13.67% |
| | SI Top | Internet Shopping Network | 8697 | 1235 | 14.2 % |
| | Time magazine | Internet Shopping Network | 9230 | 1238 | 13.41% |
| | Time TOP | Internet Shopping Network | 10392 | 1423 | 13.69% |

**FIG. 5.3**
NetGravity reports all the details about the ads served.

There are many Web log analysis tools. Yahoo! lists dozens of log analysis tools at **www.yahoo.com/Computers_and_Internet/Software/Internet/World_Wide_Web/Servers/Log_Analysis Tools**. As proof that the Web is getting too big to manage, Yahoo! lists even more of them at **www.yahoo.com/Business_and_Economy/Companies/Computers/Software/Internet/World_Wide_Web/Log_Analysis_Tools**.

These are mostly created to help track from where people are coming (domain), from what site they are coming , and which pages they visit. These tools can also examine how long they stick

around, which buttons they clicked, and which searches they performed. But for now, our interest is in how they can help us track whether our ad has been seen. From the obstacles Cliff Kurtzman has faced, this is not a cake walk. You may want to look for outside help.

**Third Parties to the Rescue** If you prefer not to gunk up your servers with counting software, you can make use of services like I/Pro and NetCount. They will retrieve your logs, massage them thoroughly, and report back all of the pertinent information. I/Pro works with the Nielsen ratings people and NetCount is affiliated with Price Waterhouse.

I/Pro's NetLine service delivers pre-formatted reports, rather than make you (let you?) slice and dice your own. It answers questions such as:

*How many visitors are coming to your site?*

*How does this vary by day of the week and time of the day?*

*From which sites did they come?*

*From which organizations are they visiting?*

*How many pages are they reading?*

*Which specific pages are they reading?*

*Are they browsing your site or are they looking for specific information every day?*

*How do they move through your site?*

*From which pages do most visitors leave your site?*

*How long are they spending at your site?*

*From what country do they come?*

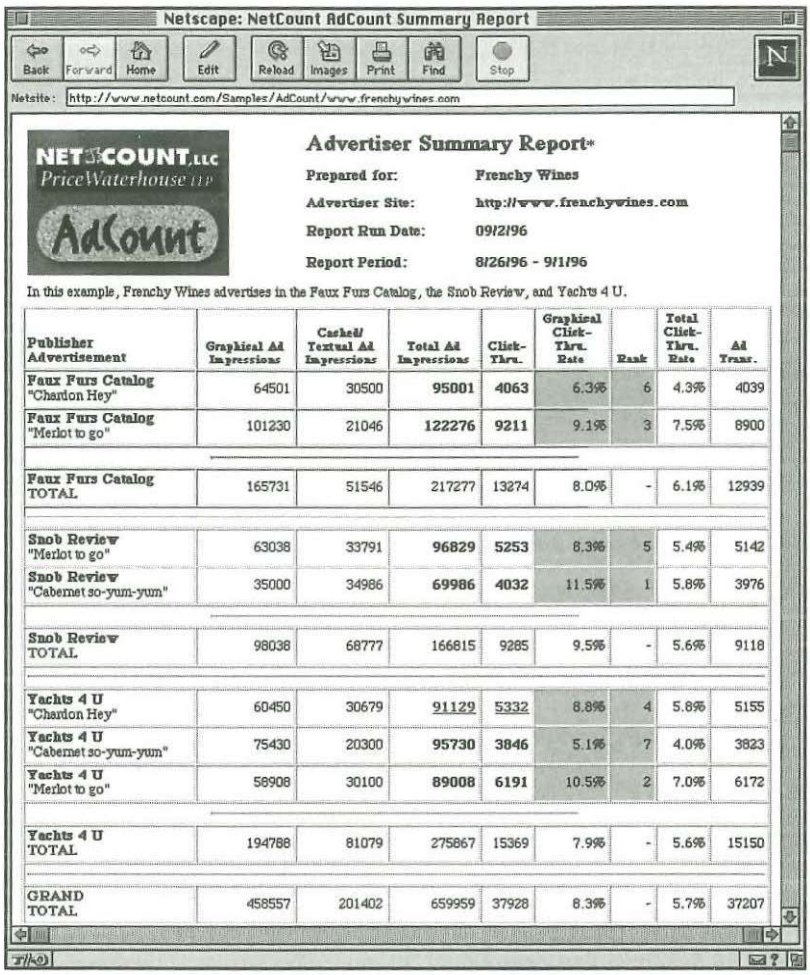
NetCount (**www.netcount.com**) will keep an eye on how well your ads are doing on other people's Web sites (see Figure 5.4).

**Ad Networks Can Keep Count for You** The two ads at the top of *Webmaster* magazine (**www.web-master.com**) do not live on the magazine Web server (see Figure 5.5). Instead, they are pulled from the databases of FocaLink when needed. Webmaster could serve the ads. You could serve the ads. Or you could get a third-party like FocaLink to do it for you.

FocaLink is an ad serving company. That means they are a network. Briefly put, an ad network signs up multiple sites and buys banner space from them in bulk. They then turn around and sell that space to you. Then they take the banners you want to place and serve them from their machines, which house a healthy amount of statistical software for reporting.

FocaLink (**www.focalink.com**) tries to sidestep the problems outlined by recording "Adviews" instead of pageviews. When a page is requested by a browser, it trusts the page being served to ask the server for the graphics files, like banners. FocaLink changes the HTML link to their server slightly so that the browser *also* asks for the banner.

**FIG. 5.4**
NetCount keeps a finger on the pulse of your ad statistics at multiple sites.



Netscape: NetCount AdCount Summary Report

Back | Forward | Home | Edit | Reload | Images | Print | Find | Stop

Netsite: http://www.netcount.com/Samples/AdCount/www.frenchywines.com

NETCOUNT, LLC
PriceWaterhouse LLP
AdCount

**Advertiser Summary Report**

**Prepared for:** Frenchy Wines
**Advertiser Site:** http://www.frenchywines.com
**Report Run Date:** 09/2/96
**Report Period:** 8/26/96 - 9/1/96

In this example, Frenchy Wines advertises in the Faux Furs Catalog, the Snob Review, and Yachts 4 U.

| Publisher Advertisement | Graphical Ad Impressions | Cached/ Textual Ad Impressions | Total Ad Impressions | Click-Thru. | Graphical Click-Thru. Rate | Rank | Total Click-Thru. Rate | Ad Trans. |
|---|---|---|---|---|---|---|---|---|
| **Faux Furs Catalog** "Chardon Hey" | 64501 | 30500 | **95001** | **4063** | 6.3% | 6 | 4.3% | 4039 |
| **Faux Furs Catalog** "Merlot to go" | 101230 | 21046 | **122276** | **9211** | 9.1% | 3 | 7.5% | 8900 |
| **Faux Furs Catalog** TOTAL | 165731 | 51546 | 217277 | 13274 | 8.0% | - | 6.1% | 12939 |
| **Snob Review** "Merlot to go" | 63038 | 33791 | **96829** | **5253** | 8.3% | 5 | 5.4% | 5142 |
| **Snob Review** "Cabernet so-yum-yum" | 35000 | 34986 | **69986** | **4032** | 11.5% | 1 | 5.8% | 3976 |
| **Snob Review** TOTAL | 98038 | 68777 | 166815 | 9285 | 9.5% | - | 5.6% | 9118 |
| **Yachts 4 U** "Chardon Hey" | 60450 | 30679 | **91129** | **5332** | 8.8% | 4 | 5.8% | 5155 |
| **Yachts 4 U** "Cabernet so-yum-yum" | 75430 | 20300 | **95730** | **3846** | 5.1% | 7 | 4.0% | 3823 |
| **Yachts 4 U** "Merlot to go" | 58908 | 30100 | **89008** | **6191** | 10.5% | 2 | 7.0% | 6172 |
| **Yachts 4 U** TOTAL | 194788 | 81079 | 275867 | 15369 | 7.9% | - | 5.6% | 15150 |
| GRAND TOTAL | 458557 | 201402 | 659959 | 37928 | 8.3% | - | 5.7% | 37207 |

## Standards Bearers

The most frequent complaint made by attendees to the Web Advertising '97 conference in Monterey in April was that there were no reporting standards. Buying banner space on different sites or from different networks resulted in different reports. Hours were spent trying to correlate those reports and sometimes it was simply impossible.

The most frequent complaint made by advertising networks at the Web Advertising '97 conference in Monterey in April was that there were no reporting standards. Buying banner space on different sites resulted in different reports. Hours were spent trying to correlate those reports for clients and sometimes it was simply impossible.




**FIG. 5.5**
The ads on the Webmaster page don't come from the Webmaster server.

The most fervent complaint made by Christine Northwick of SRDS was that there were no reporting standards. SRDS (**www.srds.com**) makes a living out of reporting advertising venues (magazines, radio, television); how many subscribers, listeners, viewers; their circulation and market share; and whom to contact to buy an ad. Northwick says the only thing that's common among Web sites that sell ad space is that they have a phone number and an e-mail address of the salesperson who very much wants to talk to you. As for common ways to measure? She's got her fingers crossed, but she's not holding her breath.

It is left to industry organizations like CASIE to figure out what to count, how to count; and most important, how to agree about counting.

The CASIE Guiding Principles of Interactive Media Audience Measurement is an attempt to create "acceptable measures of the advertising opportunities" and "a means to compare those opportunities with traditional media." The whole point is to "provide the accountability

necessary for agencies and advertisers to judge the value of their investment." They've come up with 12 key principal statements (from **www.commercepark.com/AAAA/casie/gp/exec_summary.html**):

- *Best Media Research Practices. Audience measurement of interactive media should follow the criteria developed for other types of media research over the last eight decades, except where these are clearly not applicable, to ensure estimates that are accurate, precise, and reliable.*
- *Third Party Measurement. In principle, audience measurements should be taken by objective third party research suppliers and not by the media vehicles being measured. In practice, interactive media suppliers have the unique ability to measure their own audiences in real time. A body of these audience data is called a 'clickstream.' If clickstreams are collected, they should be analyzed and reported by objective third party research suppliers and not by the data collectors themselves. Failing this, clickstream based analyses and reports produced by data collectors themselves should be audited as described below.*
- *Auditing. Third party audience measurement should be audited as is the industry practice for all other media. In all cases, established industry auditing practices should be employed. Measurement by the medium itself via the 'clickstream,' when offered, should also be audited by an independent, industry supported auditing organization.*
- *Full Disclosure. Complete information about research methods and practices used, as well as all the data collected, should be revealed to all research subscribers. Carefully scrutinized exceptions may be made so as to allow research suppliers to protect trade secrets where the claim of such trade secrets preventing the disclosure of specific information is judged to be credible by the user community based on the known facts of the specific case.*
- *Comparability. It is highly desirable that estimates covering a particular interactive vehicle be directly comparable to estimates covering another interactive vehicle within the same interactive medium.*
- *Methodological Experimentation Encouraged. Research organizations are encouraged to be innovative in method and practice. The burden of proof of the validity of the measurement and of conclusions based on the measurement is on the research company.*
- *Privacy. Every effort should be made to maintain consumers' privacy. Audience research providers must not reveal consumer identities, except if absolutely necessary for audit purposes, and must never contact research subjects for direct marketing or other non-research purposes.*
- *User Information Preferable. To evaluate audiences of a medium, advertisers need to know the number of different users accessing the medium and the number of times they access it in a given period of time. The product of these two key measures provides a gross exposures measure which can be used to calculate measures of cost efficiency comparable to other media. Together these key measures provide data comparable to that available for other media.*

- *Census vs. Sample Based Measurement. Measurement of users at the level of persons may, in many cases, necessitate the use of a sample. While a census—if accurate and complete—has advantages over a sample, the need for a measurement of individual person users should not be compromised in order to gain these advantages. When and if a truly complete and accurate census of users is made available, that is most preferable. A combination of a census of visits plus a users' sample would be one viable approach to maximizing accuracy at every level.*
- *Non-Intrusiveness. Measurement methods which are least visible to consumers, and require the least effort on their part, are preferable to methods which are more visible to consumers and/or which require more effort.*
- *Total Medium Measurement. It is highly desirable that audience estimates be provided within the context of a total medium measurement so that principal vehicles within that medium might be directly evaluated against one another and against the total medium norms.*

  *Measurement of part of a medium will be acceptable when it is a practical expedient within a given time frame.*
- *Industry Consensus. Interactive media research standards ought to be set by a broad representation of the advertising industry, including advertisers, agencies, media, research companies, and industry bodies. No effort was spared to follow this principle in the creation of the present document. However, these principles will remain adaptable as the media evolve.*

The entire Guide can be found at **http://www.commercepark.com/AAAA/bc/casie/guide.html.**

But standards are an evolving thing. Even the good old Nielsen Ratings for television are under attack these days. Ask Nielsen and they'll tell you that with dozens of cable channels, video rentals, multi-media computers, and, of course, the Internet, it's no surprise that the ratings on the big networks are down. That, they feel, explains why the networks are going after Nielsen and calling for new standards for measuring TV audiences.

The Internet is evolving faster than anything else made by man with the exception of something from a John Carpenter movie. When things move that fast, it's very hard for standards to catch up. Heck, the whole idea of standards is that they are supposed to draw a line in the sand so we know where we all stand.

When the UNIX operating system started to move into the mainstream in the early 1980s, the upside was clear: one computer platform that could run on hardware from multiple manufacturers. It was to be a standard we could all agree on. It didn't work out that way. Factions formed and sides were taken. In 1985, AT&T even went so far as to place a double-page spread for the System V version in *Sports Illustrated* of all places. It was frequently repeated that the nice thing about UNIX standards was that there were so many to choose from.

The Internet advertising industry is so young that there is sure to be a similar situation.

## The Cost of an Impression

The average price per one-thousand OTSs runs between $30 and $250. That's average. It doesn't tell you much about reality. That's also rate card pricing. It doesn't tell you anything about reality.

Here's a conversation between a network buyer and a large, ad-supported Web site as personally reported to me by the network buyer:

> Buyer: Hi Fred, this is Scott, howya doin'?
>
> Seller: Great, Scott! What can I do for you?
>
> Buyer: I'm looking to make a buy for a client and I'm checking around.
>
> Seller: Okay, but things are pretty tight right now. We've been busy. What's the budget?
>
> Buyer: I've got about $20,000 to work with.
>
> Seller: $20,000? Well, maybe I can help you. We're running at a CPM of about $25.
>
> Buyer: Oooo, ouch! You're way out of my league. I'm looking more like in the $5 range.
>
> Seller: Whoa! Really? Have you tried giving your client some smelling salts?.
>
> Buyer: We've been working together for a while on it. Anything you can do?
>
> Seller: No, I'm sorry, we just don't have enough left over inventory to hit that.
>
> Buyer: Oh well. I've been getting $5 from enough others that I'll just keep looking.
>
> Seller: Well, now wait a minute there, Scott. If I could find some good spots for, say $10?
>
> Buyer: You're heading in the right direction.
>
> Seller: Well, maybe $7. How soon do you want to place these banners?

The problem is lots and lots of inventory (ad space) and not enough ads. It's a buyer's market. The top ten or twelve sites get all the attention (dollars) and the second-tier site's sweat. The mom-n-pop start-up sites are hurting.

In the last months of 1996, there was an influx of cash into the market. It seemed everybody had a little budget left over and wanted to try out the Web. The second tier did pretty well that quarter, but the big ten still had 10% of their space they were giving away as perks to their best clients or placing their own ads. Wander over to AltaVista sometime, hit the Reload button and see how many times a banner for AltaVista occupies the space.

**Ads at Auction** If the market for ads is so soft, what is the real value of a banner placement? If you want to know the real value of anything, you ask the marketplace in general: you hold an auction.

Adbot (**www.adbot.com**) is in the business of banner space auctions. Early results were not overwhelming. When Adbot ran their first auction in the middle of April, 1997, they had 18

bidders. Most of them were from companies that planned on reselling the ads after the fact. Why? Deep discounts. An opening price of $5 CPM is not a bad place to start. But after less than half an hour of bidding, 75% of the inventory was still for sale.

The president, Jim Frith, felt the first effort was a successful test and figured the lack of bidders caused the lack of bidding. The negative attention Adbot got the first time around was the best thing they could have hoped for. It gave them a chance to refine their offerings, creating networks of ads by dividing them into categories like sports, computers, music, and health. They also adjusted their pricing to accommodate search engines and directories starting at $4 CPM and boosting the financial genera to $7.

Adbot uses a standard model of brokers sitting in front of a terminal and placing bids for competitors who called in over the phone. Maybe they'll put the auction online.

**Registration Resolution** Ad registries are one of the helpful new services popping up on the Web. These sites sport databases that let you search and compare different sites that sell banner space.

Jupiter Communication's AdSpace Locator is one example (see Figure 5.6). If you sell ad space on your Web site, you can list there for free. If you're looking to place ads, you can search it for free. They have about 1,000 entries.

Their typical placement information includes the site title, the URL, a description of the site (in 50 to 75 words), who's currently buying ads there, what the rate card says, how much traffic they get, who the site visitors are, and the agency commission structure. Useful.

There are a handful of others. You can find the Online Advertising Index at **www.netcreations.com/ipa/adindex**, The Web Ad Space Registry at **www.fwy.com/ADVERT**, and AdCENTRAL at **www.adcentral.com**.

According to John Schick, Vice President of SI Software, on the Web Ad Resources page (**www.sisoftware.com/whatitco.htm**), here is the big picture:

Search Engines—Range—$20–$50 CPM

City Guides—Range—$50–$60 CPM

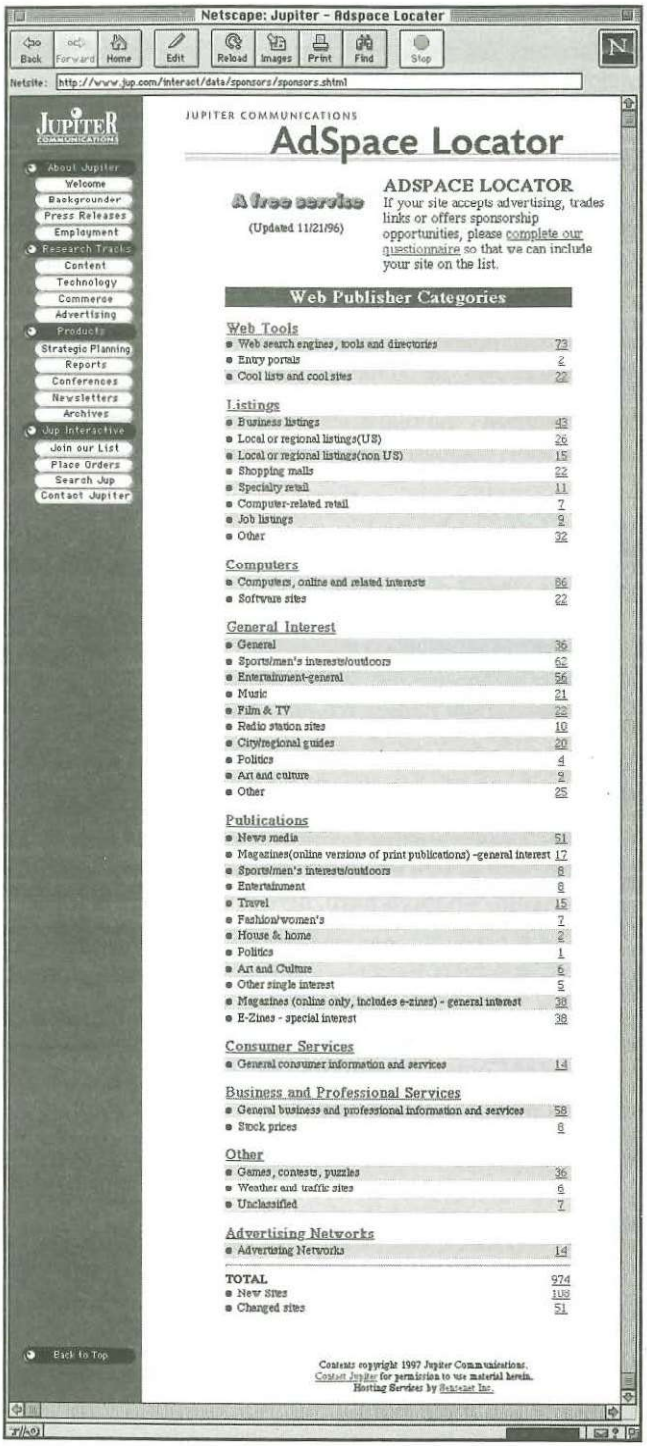
Top 100 Web Sites—Range—$25–$100 CPM

Small Targeted Content Sites—$10–$80 CPM

Sponsored Content—$45–$85 CPM

Schick's report is very well-thought out and informative—well worth a look. If your curiosity goes beyond your propriety, you can also check out the pricing of adult sites with The Adult Money Report (**www.alexas.com/advert**).

**FIG. 5.6**
Jupiter's AdSpace lets you look for sites to place your ad by category.




http://www.quecorp.com

# The Value of an Impression—Brands in Cyberspace

*"In the factory we make cosmetics. In the store we sell hope."*

*Charles Revson, Revlon*

You can count OTSs and you price OTSs. After cross-referencing, cross-checking, and crossing your fingers, you will end up with a number that you can use to compare OTSs from one Web site to another. But what is an Opportunity to See really worth?

Advertising is the art of letting people know you have something that might be of interest to them. Sometimes the goal is a direct response—you want them to Call Now, Operators Standing By! If you're trying to sell a marble resin Rabbit with Ladybug on Feet that's 4"×9"×4" at $40.50 for indoor and outdoor use (**www.animal-x.com/ladybug.html**), then you are far more interested in the direct response approach. If that's your situation, you'll be interested in the following section on clickthroughs for direct response. But if your goals are generating awareness and building brands, the value of the impression all by itself is very important to you.

You don't expect people to buy a six pack of Coca-Cola online. You're not waiting for folks to purchase a brand new pair of Nikes on the Web. You know nobody will pick up a box of Kleenex using Netscape. As an advertiser, you're much more interested in letting people know about your latest contest, your new packaging, and your sponsorship of yet another mega-sporting event. Anything to keep your logo in front of them. Anything to pre-program them to pick up your product when they hit the store.

For this, we rely on the power, the effect, the equity of our brands. And we are going to become more dependent on the power of brands on the Web.

## Branding at Work

The brand started as a mark of ownership. When it grew up, it became a mark of trust, a mark of consistency. You weren't buying a steer from a stranger passing through. You were buying it from one of the biggest spreads this side of Boline. Healthy cattle. A happy herd. It was sure to be a good animal. You buy a bottle of Heinz 57 and it tastes just like the last one. A Big Mac tastes the same in Portland, Oregon as it does in Portland, Maine.

As shoppers, we have become inured to the plethora of clutter on store shelves. Walk in to buy a quart of milk and a loaf of bread, and you are bombarded.

A time-traveler from 100 years ago would be transported into spasms of cognitive overload just walking down the cereal aisle at the grocery store. The colors, the graphics, the bursts of "New!," "Frosted!," and "Healthier!" on box after box after box would be enough to send him reeling into the vegetable section, just to be surrounded by familiar containers without imperative-packed wrappers.

Even though we are inured, even though we can rationally consider the impact of advertising on our sentient selves, we subliminally succumb to its power. We reach for the brand we know and trust.

We reach for the familiar package because it's what we bought last time, it's what Mom used to buy, or it's what our significant other asked for. Or, maybe we did an in-depth evaluation of price to quality to emotional satisfaction and made a decision. Twenty years ago. The product may have changed, the packaging may have changed, the manufacturer may have changed. But we still gravitate toward the tried and true. But that's not all.

Much to the advertiser's delight, we also reach for the package that strikes the chord played on national television the night before. We give a new product a try because we've spotted the billboards and heard the radio spots and seen spotty magazine spreads. We are responding directly to the positioning and personality of a product we've never tried before. That's advertising success!

## A Brand by any Other Name

You cannot improve what you do not measure. The corollary is that you cannot measure what you do not define. A brand is not a name. A brand is not a positioning statement. It is not a marketing message. It is a promise. Made by a company to its customers and supported by that company.

If not, it would be enough just to change the name of San Francisco's Candlestick Park to 3Com Park. As Jamie Graham put it in *Advertising Age*'s *Creativity* magazine (Jan/Feb 1997), "It won't be long before we're vacationing in Pearl Drops (formerly Yellowstone) Park, admiring 2000 Flushes (Niagara) Falls, and the Pontiac Grand Am Canyon."

A brand is something that lives apart from what the company plans, because it is the culmination of all of the interactions a marketplace has with the firm.

A person sees an ad and has an impression.

She looks up information on the Web, she has an impression.

She calls the firm and talks to the receptionist and the impression changes.

She is put on hold and hears the music and "Your call is important to us."

She talks to a sales rep.

She waits for the materials to arrive.

She reads the materials.

She talks to her colleagues about the product.

She reads about the firm in the financial pages.

She reads product reviews.

She makes the purchase.

She sees and feels the product packing.

She tries to use the product.

She calls customer service.

She talks to her friends about her experience.

If you take the sum total of how she feels and thinks about all of her interactions with the company and how well they met her expectations and lived up to the promise, and you multiply that by the thousands or millions of people who have also read about, talked about, and interfaced with the company and the product, and you have a brand. You want that brand to be a positive sentiment.

You want the public to know, deep in their heart of hearts, that your company stands for confidence, your logo implies trust, and your products mean dependability. Or, you want them to think of you as young, hip, and fun-loving. Either way, you want them to think of you in those terms for all of the days of their lives.

In an essay in *Understanding Brands by 10 People Who Do* (Kogan Pge Ltd., 1996), Wendy Gordon, Chairperson of the Research Business Group stresses congruency between all of the different levels of human communication. These Neuro-Linguistic Programming levels (NLP is the study of how humans think and experience the world) are:

| Level | Personification | Example |
|---|---|---|
| Vision | I promise | "I have a dream" (Martin Luther King, Jr.). |
| Identity | I am | I am a caring, giving person. |
| Belief | I believe | I believe in state education. |
| Capability | I can | I play tennis and cook Japanese food. |
| Behavior | I do | I work full time. |
| Environment | where | I live in London. |

Gordon suggests that strong branding requires all of these levels of communication to agree with each other. If you can identify the message to be conveyed on each of these levels and then see to it that every interaction with the firm and its products confirms those messages, your brand will be as strong as possible.

## Branding Becomes Crucial on the Net

But what happens when this stimulus and response is played out on the Net? How does it change how we react? When all manufacturers and all products are one click away?

We have become the time-traveler. We have been beamed up to the present and find ourselves in a sea of information. We are awash in the swells of e-zines, e-mail newsletters, lists, pundits, and definitive Web sites all offering the latest in up-to-minute news, weather, sports, stock price analysis, fashion trends, and health advisories. The problem of information overload has grown from a cresting wave to a full-blown tsunami.

On the Web you can read all about how Apple is losing its grip. You can choose from hundreds of sources. Do you want to know what Darryl Lee thinks of it? He's a network administrator at Network Computing Devices in Mountain View, California, whose "Apple bites" page earned him the Cruel Site of the Day (**www.cruel.com**) (see Figure 5.7).

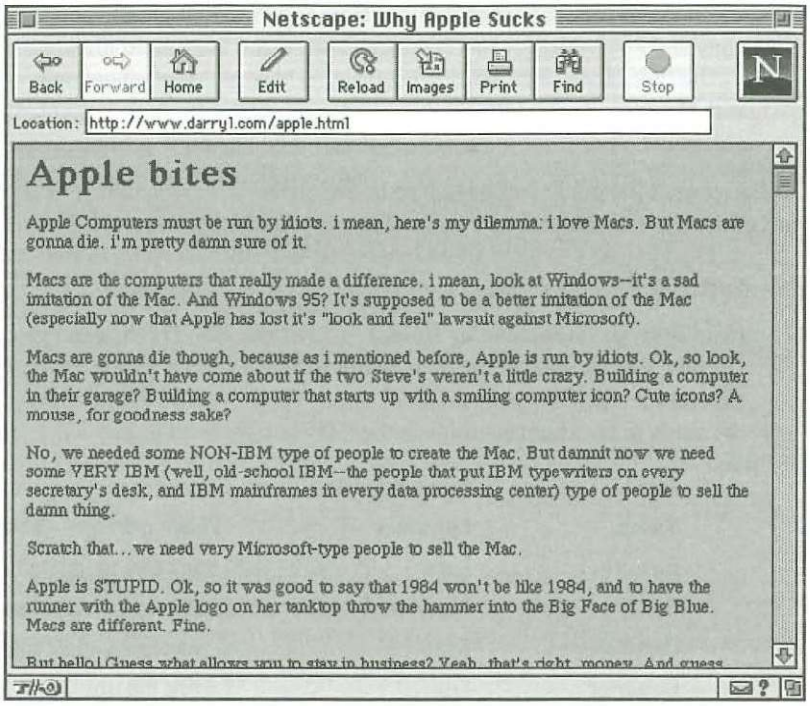



**FIG. 5.7**
Should Darryl Lee's opinions sway your investment strategy?

Then there's Adam C. Engst and his wife, Tonya, publishers of Tidbits (see Figure 5.8). They've been following the Macintosh scene for over seven years. Would you make a stock portfolio decision based on the dozens of Darryls out there on the Web? Or are you going to go with a source you heard was valuable, like Tidbits, or are you going to stick with the tried and true and stick with a source you trust, like the *Wall Street Journal*?

Back in the good old days (say 1992), you had to have a good deal of money to be a publisher. You had to have backers who vetted you and had confidence in you. If you wanted to advertise your products on television, you had to pay dearly for the privilege. It used to be that "As seen on TV" meant that you had a large enough company to have a large enough budget to buy ad space that was reserved for the likes of the major players.

Today, anybody with $20 a month can have a Web page up on AOL or GeoCities or any of hundreds of local access providers. Anybody willing to allow ads on their Web site can barter them for free ads on others' sites. Today, everybody is a publisher and everybody is an advertiser.

"So where did you hear about Gil Amelio's latest plan to save the company, that made you want to buy more stock?"

"Well, it was some real positive stuff I read by Amy Roos."

"Oh? Who's that?"

"Amy Elisabeth Roos. She's got a Web site."

"If she had her own TV show, or wrote a column in the *Wall Street Journal* I could see it, but a Web site? Heck, even my 11-year-old niece has a Web site, but I wouldn't take any investment advice from her."

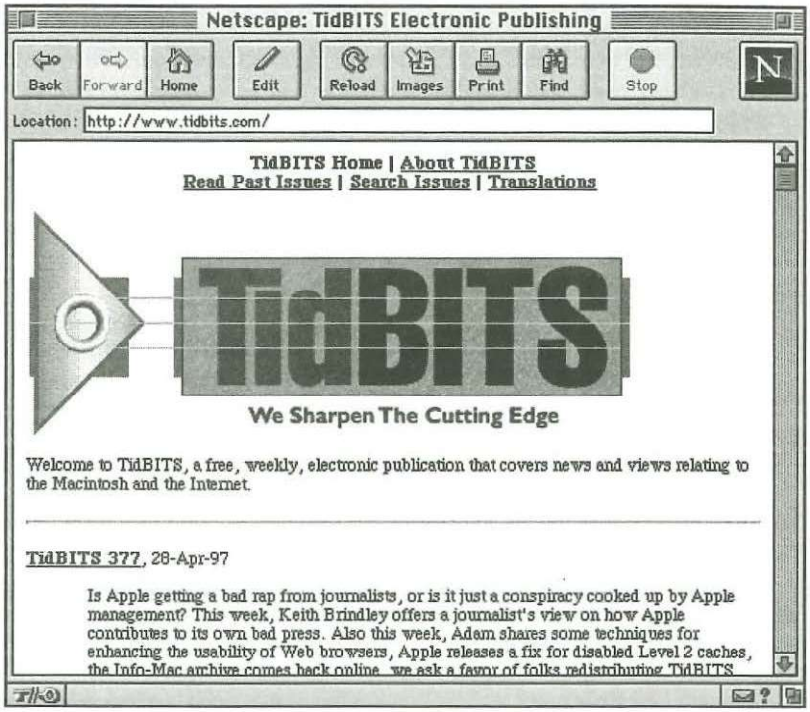



**FIG. 5.8**
Tidbits has been offering solid, ground-level insights for years.

As Steve Hayden (part of the Apple "1984" television commercial team) said in an article in *Advertising Age* (November, 1996), "In a world of information overload, brands become ever more important. Icons with virtual memory, brands save time. I may have intelligent agents that can go out and assemble pages of reports on every camcorder on the market, but I don't have time to read them. I'll buy Sony."

With so many choices of content, and with such an assortment of sources, people will depend more and more on the feelings of trust they hold for the companies they do business with. If you already have a strong brand, you now have a new place to make it stronger. If you don't, you have a momentary opportunity to get out there on the Net ahead of the competition and establish yourself.

## Branding by Association

In some industries, it may simply be enough to have Web ads at all. We haven't seen banners for antacids, dental floss, or breakfast cereal. Yet. If you want to be known as the coolest shampoo on the planet, you can associate yourself with the Web itself. If you're the only one in cyberspace advertising spark plugs, you have a lead on the competition. For the moment.

But what if you face serious competition for mind share?

Then it's time to bring out the wheelbarrow of money. Are there lots and lots of companies selling software? Then buy mind share like Microsoft does. Every time you go to a computer-related content site, you're pretty sure to find a message from Bill doing his "embrace and extend" thing. Microsoft wants to be synonymous with the Web, and paying for that position is one of the tools in its arsenal. AT&T, IBM, and NYNEX aren't far behind.

To further refine your brand image, you can borrow images from others. You can put a banner on the Comedy Central Web site (**www.comcentral.com**), or you can put a banner on the Money Magazine Web site (**http://pathfinder.com/money**). What's the difference? Association.

Are you a fun-loving company willing to laugh at yourself and dine out on the highjinks and hilarity of the country's top comedians? Are you willing to be associated with a network whose taste in humor can run to the raunchy? Do you fall in with other advertisers like Prodigy and 1-800-Flowers, or is your firm more intent on maintaining an image of professionalism like the University of Phoenix and Buick?

Rich Lefurgy is the VP of advertising at Starwave. That's the firm that started ESPNET Sportzone and Mr. Showbiz, helped get Ticketmaster Online online, among others, and was bought by Disney. They've been selling ads to the big guns for a couple of years now. Guns like Levi Strauss, Gatorade, and AT&T. Lefurgy's also one of the founders of the Internet Advertising Bureau. He knows Web advertising pretty well. He's also big on branding.

From Lefurgy's point of view, frequently expressed in various interviews, branding has only been done by building Web sites and expecting, hoping, that people will come and interact with the brand. Now that companies are realizing that they need to make extra efforts to bring people to their Web sites, they are looking back to the traditional creative people at ad agencies to do what has always been their core competency: building brands.

Lefurgy doesn't think the laws of marketing physics change on the Internet. The basics still apply. He feels there's still a gap between what interactive practitioners know how to do and what the major players on Madison Avenue have done for years. But he also feels the gap is closing.

## Measuring the Touchy-Feely

So there's the value—name recognition, mind share, trust. But what's the payback? How do you know your branding is paying off? The same way you do it offline.

The metrics you're going to be interested in for this sort of campaign are going to be awareness, recall, and persuasion. You want to catch people on the street after the fact and see how well you scored.

Awareness: Do they know that you make this product?

Recall: Do they remember seeing your special offer in that ad?

Persuasion: Did it change their feelings about the company or the product?

**Offline Brand Measurement** According to *Which Ad Pulled Best* by Philip Ward Burton and Scott C. Purvis (September 1, 1996, Ntc Pub Group), serious, meaningful, scientific measurement of these kinds of ads began in the 1930s. They say it was the depression that made advertisers squeeze their nickels a little tighter, and Burton and Purvis reveal some of the methods used to measure brand power in use today.

Gallup & Robinson's Magazine Impact Research Service is intended to "(1) assess in-market performance of individual ads; (2) analyze overall advertising campaign and strategy effectiveness relative to previous history and the performance of the competition; and (3) identify and evaluate the effectiveness of competitive selling propositions and executional approaches within specific industries or product categories."

They place a test magazine in subjects' homes and call the next day to ask some questions. The subjects don't know what the survey is about. The instructions are to read the magazine on the day it is placed and not the day of the interview.

The questions include whether they saw an ad for the specific product. What did it look like? What sales points or buying arguments were made? What did they learn from the ad? What went through their minds when they read the ad? How was their buying interest effected: increased? decreased? What was in the ad that made them feel that way? Which brand of this type of product did they buy the last time?

Another service, Readex, does their research through the mail. They ask people to rate ads on attention-getting ability, believability, and information value. Readers are asked to list actions either taken or planned based on having seen the ad. Did their impression of the company change?

**Behavior versus Declaration** Roper Stach Worldwide takes a different tack and it's an important one when trying to apply these techniques to the Web. They ask a metric boatload of people what they actually read in a certain magazine as opposed to what they usually read. They find out what happened, instead of what people think happened, and more important, what people say happened.

Roper Starch then classifies people into three categories: Noted (they remembered seeing the ad); Advertiser-associated (they know whom the ad was from); and Read-most (they actually read more than half the ad). If you're Coke, you care about advertiser-associated. If you're IBM, you care about read-most.

This brings home a serious point about surveys on the Web. We know that surveys are already skewed because they are answered only by people who are willing to answer a survey. The rest of the world is a mystery. But even then, there is an entire science behind the derivations between the real and the supposed. Half of this is taken up by psychology and the other by mathematics.

If you must, you may find more detail in such books as *Answering Questions: Methodology for Determining Cognitive and Communicative Processes in Survey Research* by Norbert Schwarz and Seymour Sudman (Jossey-Bass, 1995); *Analyzing Repeated Surveys* by Glenn Firebaugh (Sage University Papers, Quantitative Applications in the Social Sciences, Vol 115, February 1997,); or *Context Effects in Social and Psychological Research* by Norbert Schwarz (Springer Verlag, 1992). If your interest is more mathematical in nature, take a look at *Perspectives On Contemporary Statistics* by David C. Hoaglin and David S. Moore (Mathematical Association of America, 1992). It offers a chapter on "the science of survey sampling, the essential concepts of statistical design of experimentation, the contemporary ideas of probability, and the reasoning of formal inference."

On the Web, you're faced by problems of a survey only being answered by those who can find it, and of them, those who are willing. And of them, the validity is based on those who will tell the truth. And of them, the validity is based on those who remember and can accurately tell the truth. It's an uphill battle.

**Current Efforts—From the Vendor Side** HotWired suffered the slings and arrows of outrageous survey obstacles when they ran their study, released in December, 1996 (**www.hotwired.com/brandstudy**) (see Figure 5.9). Beyond the problem of getting accurate answers, HotWired was trying to address another problem.

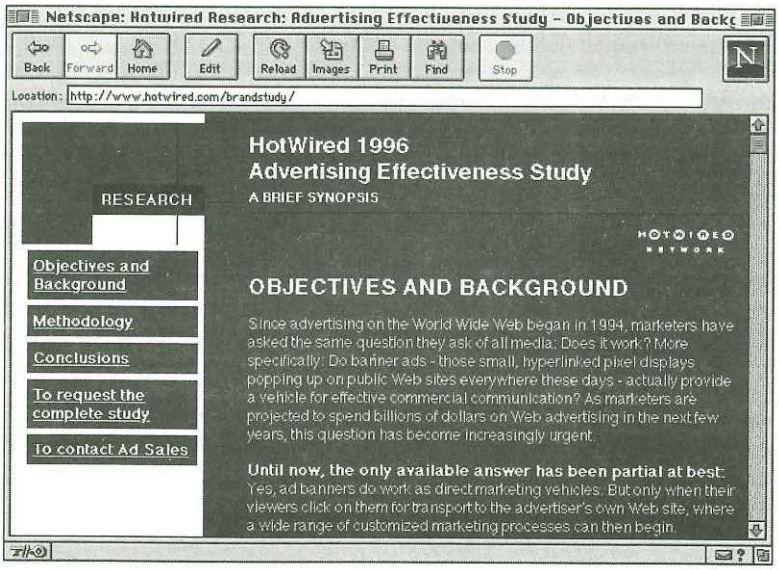



**FIG. 5.9**
HotWired takes a stab at measuring the value of banners ads for branding.

http://www.quecorp.com

The problem, of course, is that only a fraction of all viewers click the banners they see. As a consequence, a few marketers have elected to pay only for proven clickthrough while the rest of the marketing community—which pays for ad placements according to CPM—is left to wonder whether the millions of impressions its banner ads generate without clickthrough are simply wasted.

HotWired worked with Millward Brown International to create a study using the same metrics Millward Brown uses to assess the effectiveness of print and television advertising. After conducting a Web-based survey of 1,232 people...

> This, in sum, is what we found: Banner ads on the HotWired Network make a significant impact on their viewers. An impact that demonstrably builds the advertised brand, even upon first impression. To this extent, every ad impression is important.
>
> When we add the ability to build brands in a classical sense to the Web's established advantages in selective targeting and direct marketing, we arrive at the first complete picture of the World Wide Web (or at least of the HotWired Network) as a medium with truly superior potential for conducting marketing.

The entire report is available online (**www.hotwired.com/brandstudy**). Here is the Summary Of Findings:

***Acceptance of Advertising on the Web***

*The majority of HotWired users are supportive of Web advertising. Fewer than one in ten are against it and only 1 percent are strongly against Web advertising in general.*

*Message power*

*Consumer Loyalty scores (a measure of the likelihood that a consumer will choose a particular brand for their next purchase) increased between exposed and control cells by as much as 57 percent demonstrating the power of the ad banner to increase the bond between consumer and brand in a manner that is likely to drive sales.*

*The first exposure of a brand on the Web has strong immediate benefits for the brand increasing Consumer Loyalty by increasing the brand's Presence (consciousness of the brand) and positively impacting perceptions of the brand's personality, as well as differentiating it from its competition.*

*Predisposition toward the brand*

*While banners can effect a change in consumer attitude, preexisting perceptions of the brand do play a role in defining the brand/consumer dialog.*

*Response to advertisement*

*Advertising awareness increased, both for the brands in general and for the specific banners used.*

*Exposure to Web ad banners may generate more of a brand-linked ad awareness (a measure which is highly predictive of future purchase behavior) than television or print.*

*However, in comparison to television advertising, consumer reaction to Web ads appears to be biased toward positive but passive engagement.*

*The high-involvement nature of the Web and the prominent placement aspects of the advertising seem to play a larger role in defining the communication effectiveness than did the particular creative tested in this study.*

*User response to the Web banners tested indicate a slight boost in reported interest in the advertised brand as well as a modest self-reported improvement of opinion of the brand.*

*Incremental benefit and diminishing returns*

*While overall banner awareness is higher with increased media weight, the incremental benefit of one additional exposure is greatest for the apparel brand, since it is effectively starting with no exposure. The incremental effect is most diminished for the Web browser, as many of these people are likely to have been exposed to this banner, or one like it, elsewhere.*

*Determining factors of click-through*

*The primary driver seems to be the nature of the audience. The inherent interest of the product category, or brand, for the audience appears to be the most salient factor driving click-through. The appeal of the creative may also play a role; however, the contribution appears to be secondary.*

*Click-through rate did not predict the brand-building impact of the ad banner exposure.*

*These results have to be viewed through the lens of survey anomalies. It was based on an audience that was already a Hotwired member and may be pre-disposed to unintentionally tell Hotwired what they think Hotwired might want to hear. Hotwired took a:*

*Random sample from the universe of users who accessed HotWired between 9 September and 16 September 1996 is solicited for participation in a short research study, "To help HotWired better understand the audience." thirty-eight percent of those solicited participated.*

*The next day:*

*Respondents are sent an email that thanks them for their participation and invites them to participate in a second survey (with the added incentive of a chance to win US$100). Users are provided with a URL (Web address) in the email and directed to link to the Web page in order to participate in the survey. sixty-one percent of the original respondents participate in the second survey.*

Skewed or not, it was the first time such an effort had been made public and still points out that traditional expectations of advertising and branding can occur on the Web.

**Current Efforts—From the Buyer Side** The ARF (**www.arfsite.org**) looks into this kind of thing for a living with all of the traditional media. They've been at it for more than 60 years. "Founded in 1936, the Advertising Research Foundation seeks to improve the practice of advertising, marketing and media research in pursuit of more effective marketing and advertising communications."

They produced reports like the one in 1995: *Exploring Brand Equity*, which they describe as "a comprehensive overview of the state of research today in the measurement and understanding

of brand equity, as well as to provide a theoretical and historical foundation for advancing its study and measurement, [which] presents a compilation of the best thinking from ARF-sponsored conferences and workshops on the topic. "

Even as late as their July, 1996 meeting, the ARF was thinking in terms of the effectiveness of Web sites. What do you measure? The number of people? The number of times the same people come? The length of time they stay? The depth to which they plumb? But in February of 1997, they decided it was time to look at measuring Web ads as well.

Working in conjunction with CASIE, ARF announced they were going to establish gauges for measuring awareness, recall, and persuasion. As of summer, 1997, they are still in discussion.

Gabe Samuels is a research manager at the Advertising Research Foundation (**www.amic.com/amic_mem/arf**) and is leery of the hype surrounding this new medium. At the April 8, 1997 ARF Annual Conference, he put it this way: "Like all new media, there is a whole lot of money being poured in and the people doing the pouring have specific goals. They are pumping up the whole thing.

"The same thing happened with cable television and more recently with online services, back when they were called videotext. The hard part is properly managing expectations." But Samuels doesn't think it's a case of too much hype. "There is lots of circumstantial, anecdotal evidence that suggests people are having an impact with their Wed ads. Lots of people are saying their response has been great! But so far, there is no proof positive. There is no third party research to measure effectiveness as of this minute."

He feels there are dozens of efforts underway all over the world. "You can be sure that all of the major research companies are working in conjunction with Internet service providers and publishers to provide some kind of substantiation." Won't those be self-serving? "No more so than all of the other research that's done in the name of industry. Some will be aggressive, some will be conservative and eventually a picture will begin to form." You can experiment, or you can wait for the experts to hand down the research results.

## Reach versus Frequency

Throughout all of this measuring and counting, be sure to talk to the sites you're buying from about reach versus frequency. *Reach* is how many people see your ad and frequency is how often. As Alex Nathanson, a frustrated Webmaster/marketer/advertiser at Epson America, explained in an e-mail to me: "1,000 impressions to the same guy is very different from one impression to 1,000 people." Reach is critical to branding. As you'll see later, frequency plays a very important role in direct response efforts.

If you operate in the type of marketplace that requires you to compete on a brand scale, then you need to think in terms of awareness and advertiser-association. However, if your goals are more direct in nature, and you are focused on the persuasion side of the coin, the direct-response model, then you better get to understand clickthroughs—the Web equivalent of calling the toll free number or filling out the coupon and mailing it in.

## Clickthroughs

Time to move one step closer to the sales end of the value chain. The first step is advertising—letting people know you're out there and have something to offer them. The next step is getting them to take action, even if it's as small an action as clicking the mouse.

At the Web Advertising 97 conference, Ali Partovi of LinkExchange showed excellent examples of banners intended for direct marketing versus branding. A banner that says, "Volvos are safe" carries the brand image, but a banner that says, "CLICK HERE for a COOL car page," gets more clicks. "Visa. It's Everywhere you want to be," sends the message, but "Need Credit?? Click Here Now!!" gets a response. "Vote today. Vote Dole," put the candidate's name in front of thousands of people, but "Voting today? Click Here," got more of them to do so.

Part of the Web's attraction to the marketer is that the outgoing message and the incoming action happen in the same media. You see a banner, you can click it. If you come across an unlinked banner, perhaps there's only a phone number or a post office box on it, your response would have to take place in a different media. This is normal for print and broadcast advertising. If you get a telephone solicitation, you can order right then. If you get direct mail, usually you can fill out the form and send it back. If you hear an ad on the radio, you can't use the radio to reply.

But the immediacy of the Internet combines the urgency of broadcast with the ease of response. Add to the mix that the reaction—the click—is eminently measurable. It's like staking out all of the newsstands in the world, following buyers home, and standing behind them as they read. Did they see that page? Did they read the ad? Did they want to know more? All tabulated and neatly stored in a database ripe for slicing and dicing and analyzing performance ratings.

Because the Net is so measurable, and the medium so new, and the price of impressions and clicks are so soft, it's a buyers' market. In such a market, strange deals are often devised. Proctor & Gamble was the first to cut a clickthrough-only deal.

## Paying per Click

In April of 1996, Webmasters, banner sellers, and interactive marketers all over the world shook their heads in wonder as Proctor & Gamble announced their deal with Yahoo! They would not be paying for exposures, pageviews, impressions, or OTSs. They would only pay when somebody clicked. The numbers were not announced but the numbness was felt throughout the Web.

Not pay for impressions? Only pay for clickthroughs? It makes no sense? How could Yahoo! agree to such a thing? Stupidity? Confidence? Hunger?

Didn't Yahoo! understand that they made themselves prisoner to the power of the creative? Something they had no control over? Did they think they would have so many visitors that lots of them would click through by mistake, if nothing else? Were they gushing red ink so fast that they needed a deal with anybody who came along that smelled like money?

It's the creative control issue that stumped everybody. If a newspaper were to use this business model? They would only charge for ad space depending on how many people called.

"But," might be the response from the otherwise quiescent P&G, "Web publishers are promising affinity, they are promising targeting, they are promising measurability and so much more than any other medium. All we're asking is that they put their money where their mouth is. This is an untested field. We'll pay for the results."

It wouldn't be very hard to create a banner that did a fine job of branding and a horrible job of direct response. The result would be one of high exposure for almost no cost at all. The publisher would end up penniless, having given up all the ad space in hopes that people would click. The only alternative would be to throw in with the advertiser and surround the banner with incentives. So much for the separation of church and state.

There are only four payment models for ads on the Web. You can pay for impressions. You can pay for clicks. You can pay for leads. You can pay for sales. Impressions is a mode we're very accustomed to. Paying for leads is a time-honored tradition. After all, what is the total cost to get a lead through direct mail? Through television? Paying for sales is called retail and has been practiced since humans started gathering in villages. Those models are worth looking at and we will.

But paying for clickthroughs alone simply makes no sense if you are in the content (publishing) business.

At the July 1996 meeting of the Advertising Research Foundation, they took on the Web. Nigel Holis, Group Research and Development Director at Millward Brown International, woke everybody when he opened his presentation. He said, "Just because you can measure something does not mean that the measurement has value, or that it should be used as the basis for a community currency."

But if you're not in the content business, you might want to make a buck by sending people to HearthNet (**www.hearth.com**) (see Figure 5.10). This site claims to be targeted toward "uniquely qualified homeowners who are looking to improve their lifestyle."

HearthNet wants clickthroughs and isn't afraid to say so:

***Can you help our site ?***

*We are ALWAYS looking for more visitors to our site, and are ready, able and willing to pay a fair price for these visitors. While many agencies pay only 1 cent to 5 cents per 'click-thru', we're happy to pay from 10 cents to as much as 35 cents—depending on quantity and qualification of visitors. Please take a look at our site, HearthNet, and email to webmaster@hearth.com if you feel there could be a good fit.*

*Sites dealing with DIY, housing, building materials, energy, conservation and other related matters are preferred, but let's talk. We are looking for homeowners—if you think you can drive them to us, maybe we can both profit.*

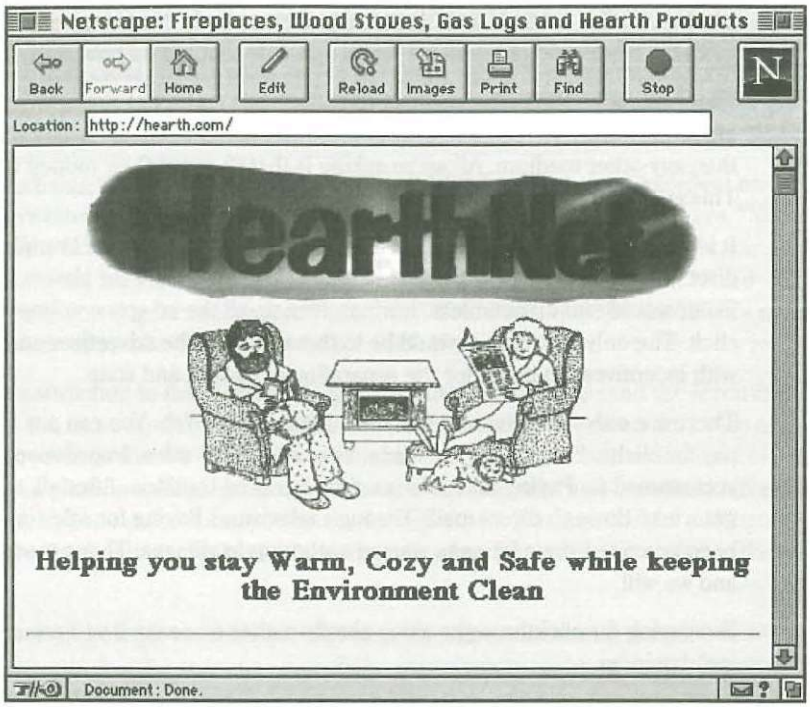



**FIG. 5.10**
HearthNet wants you to send people to their site and will pay you to do it.

On a small scale, it's not such a mystery. It also makes sense on a large scale where the publisher is confident of the results and is not even trying to separate church and state.

Riddler, as seen in Chapter 4, "Beyond the Banner," places the company's products smack dab in the middle of the game. They put the company's ad smack dab in the middle of the game play. As a result, they produce more clickthroughs than most. They are so sure of their clickthrough ratios that they don't want to leave money on the table by selling CPMs.

If you're an ad buyer, you might like this approach. If you're an ad seller on a site of high integrity, this approach will send you packing faster than bits on dark fiber. Either way you play it, counting clicks has some problems of its own.

## Counting Problems

At first, clickthroughs seemed like the brass ring to a media buyer. Instant feedback on how well your creative and placement efforts are being received. Instant tabulation on the number of people prompted to action. A database full of stats ready, willing, and able to be sliced and diced to determine exactly which half of your advertising dollar is being wasted. No wonder ad buyers are excited by the idea of only paying for the results.

But, alas, the course of true promotion never did run smooth.

**Impatience Is a Vice** You're hot on the trail of that last datapoint for your presentation. The one factoid that will convince the boss that the project is right for the company and you are right for the project. Then your eye catches an animation of a guy painting a house. You're in the process of getting quotes from house painters. Maybe...

You click. The thought is firmly in mind that you will only take a minute to see what this banner ad is all about. After all, you've done this before. That picture of the hot new BMW you craved turned out to be an ad for an insurance company. Pha!

But nothing happens. "Contacting...Waiting for reply..." You've seen this go on forever in the past. You know that sometimes the old packets requesting a page just sort of head off into the ether, never to be heard of again. You know that the best thing to do is hit Stop, and click it again. Maybe this time your request will reach the server.

Once again you wait. Maybe the server is busy—like calling a toll-free number and getting a busy signal. You know there is more than one operator standing by, so you hit redial and get a ring. You hit Stop and click again. You wait. Your minute is up. You go back in search of that elusive datapoint that will make your career.

Meanwhile, on the other side of the Internet, there is a server that racked up three clickthroughs and an advertising manager who's pleased with the response.

**Browsing While You Sleep** To combat the World Wide Wait, some companies have come out with offline browsers. Point one of these at a Web site, set the depth you want it to traverse, and hit "Go!" It makes a mad dash to the home page and starts downloading everything it finds to your hard drive. It follows link after link, fetching everything that site has to offer.

If that site is offering ads, they get "seen." If you set the browser to follow off-site links, the ads register clickthroughs. You can set these offline grazers to refresh specific sites overnight.

The result? Every banner on the site registers an impression and a clickthrough, whether a human looked at the ads or not.

This is an area rife for expansion now that Microsoft and Netscape have decided that push technology is their latest battlefield. Setting up your browser to fetch Web site updates on a timed basis multiplied by millions of users is certain to skew some numbers.

But it can be much worse. If the offline browser comes across an *image map* (a picture that contains multiple links), it doesn't know how many links there are in that picture. To be sure it's downloading everything for you, it "clicks" that map every half inch or so. If that image happens to be your banner, you just hit the clickthrough bonanza!

**Robots on the Loose** 'Bots, spiders, crawlers, agents. They come to your site and wander around. Some report back to places like AltaVista and Lycos to keep their databases up-to-date. Some are written by enterprising graduate students looking for free software or hackable networks.

These free-agent bits of software are created for lots of different reasons by lots of different people, but they are all designed to save the users' time. The software travels around the Net

looking for whatever it has been sent for, rather than the human. As a result, servers record "visits" and, thinking they are humans, racks those visits up as impressions. The cash register rings and you pay the bill.

**Proxy Servers Strike Again** Step one: a surfer on AOL looks at a page on a site that has your ad on it. The AOL server stores the page and the banner in the cache for the next prospective surfer.

Step two: the next prospective surfer clicks a link to that very same page that has your banner on it. The AOL server looks at the site and determines that the page has not changed. That action leaves a tell-tale record in the log that the page has been viewed. However, seeing that the page has not changed, AOL does not bother asking about the banner. It serves up the cached page and banner to the second surfer.

Step three: repeat step two 99 times. In the meantime, 100 other people from other access providers without caching have looked at the page.

Step four: a total of two people from AOL clicked the banner and two other people did, as well. That's about average for a banner: 2% clickthrough.

Step five: the owner of the site on which you advertised reports that your banner was shown 101 times and got four clickthroughs. You're delighted that you're getting twice the average. You're wrong.

**Noise Will Be Noise** Ask any statistician about accurate numbers and you'll hear about noise. There is no such thing as a clear signal. There is no free lunch. Karen Anderson, Media Buyer at Modem Media (**www.modemmedia.com**), has learned to live with noise. "As long as you measure things consistently, the distribution will even out over time," she said at Web Advertising 97. "Some of the problems favor the seller and some favor the buyer. The important thing is that you know how much you're paying for roughly a million impressions and approximately a thousand clicks. The trouble starts when you try to compare one Web site's statistics against another."

That's the problem with which you are left. Until the standards bearers win the day and convince all ad sellers to adhere to common enumerating techniques and reporting formats, you have to bear the brunt of weighing apples to oranges. And given how a particular site counts its clicks, you have to decide if what they are asking is worth the price.

## Supply and Demand

Nigel Holis finished up his presentation to the July, 1996 meeting of the Advertising Research Foundation by explaining the backfire problem clickthrough pricing will cause. He suspects Proctor & Gamble may be sorry for opening this Pandora's box.

"On the basic response criteria of clickthrough, the content provider is not going to realize a lot of revenue for carrying a P&G ad because few people will be interested enough to click. So why carry the ad at all? Content providers will probably develop individual hierarchies of advertisers based on the relevance of the advertisers' brands to their audience and try to charge

accordingly. They might put up a banner at minimal rates for Levi's, Sun or Saturn, because the expected results, and their reward, is likely to be good. On the other hand, they might see there to be an opportunity cost to carrying a P&G ad, provided there were more relevant advertisers to go after, and charge accordingly.

"Is this what advertisers like P&G really want? I doubt it. However, in their push to get value for their media dollar, they may be ignoring the basic laws of supply and demand. Right now the suppliers are on weak ground and they [P&G] can get away with it, but one day the Wal-Mart of the online world is going to call their bluff."

## The Value of a Click—Making the Sale

Because prices change so fast, it makes no sense to consign Web ad prices to the pages of this book. In the late spring of 1997, John Schick of SI Software pegged clickthroughs at a range of forty cents to a dollar each, and they were getting an average of 2% to 3.5% clicks. His tremendously helpful "EXPLORING AD RATES AND OFFERINGS" page (**www.adresource.com/whatitco.htm**) is well worth bookmarking.

The fact is that you have a lot of issues to consider when estimating the value of a click. Are you looking for lots of people to come to your site? Or do you only want the highly qualified? Do you want to use the host site and the banner to do your filtering for you? Or do you want to have your site be the place where qualifying happens?

You have to choose—do you want to hand out ice cream at your trade show booth in order to collect thousands of names? Or do you want to hand out nothing, knowing that only the most qualified will stop and talk to your salespeople?

Do you have high faith in the way your Web site qualifies people? Do you want to funnel as many people through it as possible? Or do you want to place your faith in your advertising to do the qualifying for you?

In 1849, did it make more sense to sluice tons and tons of river slurry through huge sluice boxes, in hopes that the sheer quantity would yield more gold? Or should you try to find a rich vein with a pick and shovel that would yield more gold at once? People got rich both ways.

The real question when choosing between "Click here if you really like driving" and the narrower "Click here if you're ready to buy a sports car" is: Which will get the most qualified people per ad dollar?

If you're a magazine and you want more eyeballs so you can sell more ads, then the choice may seem to favor higher quantities. Of course, you still have to get them to click past page one, be satisfied enough to keep coming back, subscribe, and want to tell their friends and colleagues. You still need slurry that has lots of gold in it. You won't get rich sluicing the Mississippi.

Which, then, is the best goal: lots of clicks or only qualified clicks?

I put that question to a man who optimizes high-volume, measured Web sites as part of his marketing consulting business. Ron Richards from ResultsLab (**www.resultslab.com**) is a marketing man first and foremost. But scratch him just a little bit and you'll find the

quantitative thinker. In reaction to my e-mail, Richards argued that there may be a very favorable tradeoff with higher clicks of lower qualification, and sometimes you don't have to suffer the tradeoff at all:

***I certainly don't advocate trading quality of response for quantity of response. You should always strive to use techniques which tune in to the target audience's deepest needs. You can create grabbers that dramatize the value of your offer and attract qualifieds like one pole of a magnet, and usually push away unqualifieds like the other pole.***

*But now let's look at how you COULD, after all, accept a lower percentage of unqualifieds, and yet gain net qualifieds.*

*Some of your metaphors, like the mining and ice cream, ignore the fact that screening people by getting them to self-select after they enter your Web site is virtually costless, unlike mining and giving away ice cream. The ice cream metaphor not only contains high-cost 'prospects' getting the ice cream, but ice cream is presumably unrelated to the product/company and so does NO screening. In contrast, my idea is to be willing to use (virtually costless) methods that multiply the traffic while attenuating, BUT NOT DEVASTATING, the percent qualified—with net economic gain, and twice the resulting QUALIFIED prospects.*

*The heart of it all is estimating how the numbers will work out:*

*Say you have high-calorie clickthroughs, where you get 2% clickthrough of which 80% are qualified. Now suppose you can do something with your ad placement or treatment to get 3% the clickthrough rate, or 6%, but with only 50% qualified. You went from gathering 2%×80%=1.6% qualifieds to gathering 6%×50%=3% qualifieds—almost a twofold NET gain.*

*Simply put, whenever you can amplify total response more than you attenuate fraction qualifieds in the process, you have amplified net qualifieds.*

*If unqualifieds are visiting and then inquiring by e-mail or phone—costing the advertiser lots of labor, phone and postage—there are better solutions than changing the ad to purge the unqualifieds. Instead, I like to improve the site to make it clear who should respond and who should hit the back button, thus surpressing the unwanted expenses.*

*EVERYTHING is radically changed from the ice cream/trade show model because of the 'virtually free' nature of the screening, which used to be a MAJOR advertising and selling cost.*

*I countered with:*

*You can get 1,000 poorly qualified people coming to your site and end up with 5 real leads, one of which turns into a sale. Or, you can get 5 very qualified people and end up with 5 real leads, one of which turns into a sale. The only question is: Which one was cheaper?*

Richards reiterated his point that, once the qualification system has been set up on a Web site, it costs next to nothing to administer. Especially when compared to the alternatives of addi-

tional direct mail or telemarketing.

Randy Kawahara, Assistant Manager of National Advertising at Honda, wants the site he advertises on to help filter the surfer. He's interested in putting Civic banners on sites that attract a younger crowd and Accord banners on sites that attract a wealthier audience. Yes, he admits, part of his reasoning is associative branding, but filtering is on his mind.

Carolyn Doll, Manager of Media Research and Interactive Media for Hal Riney & Partners works on the Saturn account and doesn't want to filter as much as Kawahara does. Hal Riney does all of those downhome Saturn television ads. One would think they're after a certain breed.

According to Doll, "It's all about boxcar numbers for us. The bigger the site, the more the clickthrough. Yeah, we can get three times the clickthrough on something like Epicurious Food (http://food.epicurious.co) because it attracts women, or on Traveler (http://travel.epicurious.com) because it attracts upscale and sophisticated. But the CPM is a lot higher on those, so the cost of each click is higher."

Doll ran down the numbers on a buy she made at the end of 1996. Excite showed the Saturn banner a half a million times. It got a touch over a half of one percent clickthrough. The same banner at Epicurious got one and a half percent clickthrough. Three times the generic search engine! But Doll is quick to point out that Excite was the far better buy in cost per click and sheer volume.

While she couldn't reveal the price points, using current prices reveals what she means:

| Site | CPM | Impressions | Cost | Clickrate | Clicks | CPC |
|---|---|---|---|---|---|---|
| Excite | $24 | 500,000 | $12,000 | .55% | 2,750 | $4.36 each |
| Epicurious | $55 | 7,500 | $4,125 | 1.56% | 117 | $35.26 each |

As for cost-per-net-qualifieds, the logic says that the Epicureans are much more likely to become Saturn buyers. "Eight times more likely?" asks Doll. "When we have better tracking on our own site and the content people can offer us better targeting we'll re-think it. Right now, we're very happy showing our banner to millions of people. After all, our branding is all about regular folks, you know?"

So you can pay by the impression or you can pay by the click. Either way, you're going to pay based on what the ad-selling site tells you the numbers were. They say there were millions of impressions, you pay. They say there were thousands of clickthroughs, you pay. So who watches over them? How do you know the ad sales site is giving you data on which you can rely?

## Independent Verification and Validation

In the world of software development for the U.S. government, there are some checks and balances to assure Uncle Sam that you are doing what he ordered, in an orderly fashion.