



Just take to online advertising! But is it that simple?

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Abstract

The interest in advertising on the Internet is no new, however the jury is still out of just how effective and relevant this is for all businesses. The academics and Industry practitioners are still struggling with – developing, and evaluating, the various evaluation tools relevant for this domain. The discussions are still on regarding the most suitable formats, the level of intrusiveness (that works), the disruption potential, and the overall effectiveness measures (to be utilized).

Most Consumer based studies tend to focus on the reception and intent to purchase (or Intended action stimulus) in relation to the online advertising. These studies have generated considerable insights into the related variables, and their interplay, however, this particular paper seeks to holistically cover almost similar themes from both the (selected) corporate and the customers' side. The attempt here is to match the responses and to keep the findings focused on only one broad product category. This is done in the hope that such attempts might yield better insights for the firms and advertising professionals.

Keywords: online advertising; internet usage; disruption; and formats

1. Introduction: The Background

The present Information society, in which we exist, has seriously and irrevocably altered the very foundations of our functioning and existence. This sociological terminology is being invoked here to establish the paradigm shift that has come to exist in our lives thanks to the inputs and extension (of action services) being enabled by the ability to manipulate 'information' in any form. Experts like Castells (2010) ^[2] have opined on the serious metamorphosis being seen in societies due to the information age. These changes get reflected in all works of life, including the interactions between business and its consumption entities. Castells (2010) ^[2] also points out the unique characteristic of this new set-up i.e 'decentralization' which permeates into all aspects of functioning. This may seem to be relevant only for organizational settings but the new fact is that such decentralization and freedom which is inherent to the 'new normal' is what distinguishes this society and it is this which really challenges the stakeholders. The Advertising domain of the society is also faced with numerous challenges and opportunities in this environment.

The commercialization of the Internet in mid 1990s opened up an entirely new and unique medium for the industry personnel. The industry was quick to assess that this new medium, was actually unique in terms of the patronage that it was receiving from the audience (both organized and retail) and also the growth of this acceptance – which was faster than what was experienced by any other previous medium in human history. This made the attractiveness grow further. The first advertisement on the Internet appeared in 1994 (when the then Hot Wired featured an Online Banner advertisement) which indirectly asked the users to click on a definitive spot.

The subsequent years saw greater confidence building amongst the industry professionals and especially the advertisers, as the adoption of the Commercial 'Web' grew at a rapid pace and so did the results on the usual metrics utilized by them to plan their media spends. The time take

by the 'web' to reach the then usual metric of 50 million users was achieved in single digit years, whereas even the nearest competitors took more than double the time. And the added interactivity options were the additional benefits, which were attracting the advertisers all along. This meant that the industry was slowly taking to the idea of using this new medium to reach out to its traditional audience (which was migrating to it) and also use it to reach to newer audiences, which were taking to this medium. The development of Web2.0 offered even more personalization and customization potentials, wherein reaching out to niche audience became even more easy and affordable, than even before. The same was highlighted quite in detail by Verna (2007) ^[12]. The same paper further highlights the role of user generated content and how that is getting integrated into the overall online advertisers, landscape. This entirely new avenue of co-creation and collaboration changed the very face of advertising as we knew in the past.

The developments in Web2.0 also meant that traditional views about the 'market maturity' as were espoused by the earlier advertisers had to be recalibrated in the light of these new collaboration and co-creation opportunities, wherein targeting the niche, even in erstwhile, undeveloped markets became viable for the corporations Hoegg, R. (2006) ^[6] and Ngeze (2014) ^[8].

Another aspect of this new medium, which slowly emerged is the steady transfer of power that the customers/audience now gets to wielded over the whole communication process – starting from co-creation of messaging, collaborative development of messages, advertisements, and promotional material; to opt-out privileges (expected) and privacy concerns being openly and strongly being shared and addressed by the various stakeholders. The idea that the web-based advertising is only limited to the earlier forms of banner, and pop-up ads is no longer relevant. The newer forms of advertising, which is more personalized / targeted, and custom made to the niche is the new normal in the domain.

2. The Present context

Online advertisements are not new – as the first advertisements on the World Wide Web began in 1994. These advertisements were always placed at the top of a Web page i.e. banner advertising. Back in those days, advertisers managed their own banner advertising campaigns and sites sold their own advertising space. As Banner advertising became mainstream (esp. in developed markets), it started to decline in effectiveness; Click-through rates dropped as consumers wanted to avoid -unwanted advertisements. Banner advertising was okay for branding, but terrible on generating traffic to ones’ website.

Hanafizadeh & Behboudi (2013) [5] concurred with the old 2002 study by Dahlén (2002) [4] that ‘product involvement’ in the process of selecting the right format of Internet advertising.

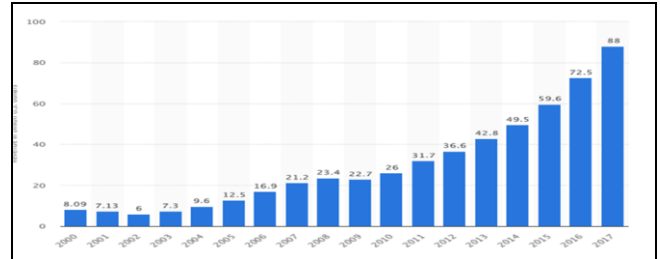
Advertisers used many techniques to try to change things. Various sizes and placement techniques were tried. Service innovations were worked upon and animated banner advertisements saw a little increase in ‘click-throughs’. Targeted advertising on niche content sites was and still is very effective.

A 2006 study by Burns and Lutz¹ found that banner(s) score highest on the information factor and received highest overall positive attitude from consumers- this study was investigating - the consumers’ attitudes towards six different online advertisement formats i.e. banners, floating advertisements, large rectangles, interstitials, skyscrapers and pop-ups.

Contextual targeting is a new concept for targeting, especially online. It places advertisements on web-pages that have a relationship to the content of the page. For example, shampoo advertisements are placed in the hair care section of health and beauty sites. Financial products are placed on money sites, and hotel ads on travel sites. The other variant of the same is behavioral targeting, and interest in this targeting approach is building fast, for eg. On sites like NYTimes.com, individuals in different stages of car buying can be reached in areas that do not have a natural affinity for autos but are of interest to auto-shopping consumers based on tracking their site visiting (Meskaukas 2003) [7]. The other significant advancement was the development of AdSense in 2003 which brought in the above contextual targeting. The 2005 ‘Site targeting’ furthered the tools available to advertisers to drive visits to their desired (digital) destination. The 2009 introduction of ‘AdSense Ads’ brought about the profiling to an entirely new point where in the past browsing was utilized to contextualize the ‘non-search ads’ display by Google. The furtherance of the above became even more known to the advertisers, especially the ones aiming to reach out to the developing societies (with less internet penetration) when the same was extended to the mobile platforms. The Mobile advertising and contextual exposures have now come to occupy significant position in the developing markets and are in fact driving the entire growth.

The chart below gives a listing of the growth of online advertisements revenue in US market, which showcases an huge increase over the years. Not only in the online

Advertising revenue growing but also now seen that the mobile lead ads are becoming even more relevant as is visible in the next table, which shows a split between these forms also, thereby firmly establishing that online marketing is not an aberration, rather it is to be viewed as a metamorphic development. The modern marketer is now duty bound to consider the ‘e-marketing options, especially in the developed markets.



Source: Statistica Portal

Exhibit 1: Online Advertising Revenue – USA (2000-17)

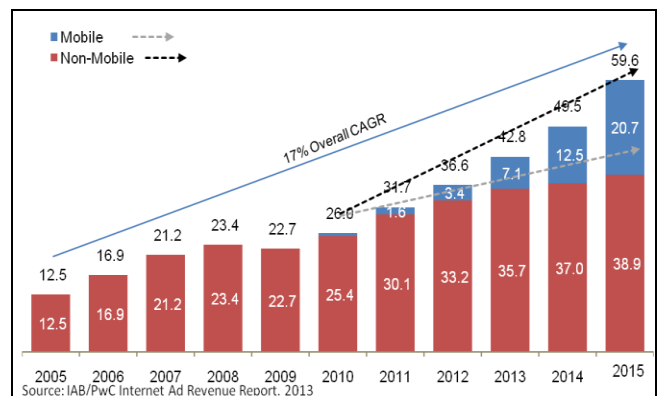


Exhibit 2: Historical Annual Internet Advertisement Revenue trends – USA (2005-15)

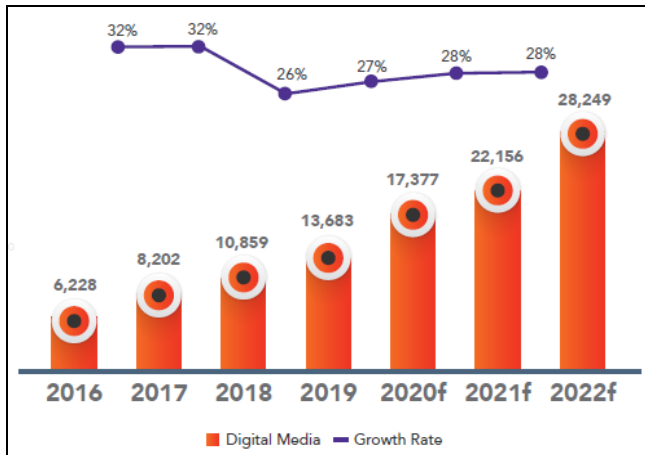
Generally the world over saw a economic slowdown around the 2008, which was close on the heels of the earlier Dot-Com Bust of the early 2000s, which had a significant impact in India too. However if we look at the following Exhibit 3, this shows that even in a period popularly categorized as having a ‘slow down.

Exhibit 3: Internet Advertising Spends – India

Year	Total ad spend (US\$ mn)	Internet ad spend (US\$ mn)	% Interned ad growth	% Share of total ad spend
2007	4,013	52	--	1.3
2008	4,643	94	80	2.0
2009	5,106	146	56	2.9
2010	5,675	204	40	3.6

Source: The Marketing Whitebook 2011-12

The following Exhibit 4 showcases the present size of the digital advertising industry in the Indian market. The real valuation and growth rates both offer enough incentive for the advertisers operating in the Indian market. (Note: This figure/forecast are of the preCovid period)



Source: Dentsu Agies Report 2020

Exhibit 4: Indian Digital Ad Industry (in Indian Rupees/Crores)

3. The Applied methodology

A Mixed Method approach was utilized for this work, wherein the data collection was done through the use of a Structured questionnaire survey with Firms (15 electronic Goods players); and Customers Survey (638 sample). These results are part of a bigger study which was designed to study similar themes, but in a broader focus. The results shared here are the subset of the work focusing on perception towards 'Online advertisements' and the evolving views of the Industry/academic experts – so as to present a coherent argument, to spark further debate.

3.1 Section A: The response of the Firms

(For this section the queries were designed on 5 Point Likert scale, with Strongly Agreed, to Strongly Disagree)

A1. On the question of Campaign conduction costs being less

On the issue of 'the campaign conduction costs getting reduced in the new medium'-- the subjects responded as follows—almost 80% were in agreement (combined value of Strongly Agree +Agree)); and the rest were showing their response as 20% being undecided. This question almost was answered in a lopsided response with agreement and little being undecided. However the absence of any disagreement is a welcome sign.

A2. On the question of the 'measurement tools in the new medium, expected to be cheaper

On the issue of 'measurement tools expected to be cheaper in the new medium'-- the subjects responded as follows—20% answered as 'strongly agree'; and 40% as 'agree'; and 26.6% being undecided and 6.6% as disagree and 6.6% as strongly disagree. Yet another response set from the wherein that clarity on the issue from the side of the Firms (in a chosen area) is visible, and is quite possibly the reason why the electronic goods category was one of the earliest and quite strong user of this medium, for advertising their goods.

A3. On the question of Online advertising measures being better as compared to traditional measures.

On the issue of 'Online advertising measurement tools being better'-- the subjects responded as follows—13.3 % answered as 'strongly agree'; and 20% as 'agree'; and 40% being undecided and 20% as disagree and 6.6% as strongly disagree. This quite surprising as the commonly held belief

is that the operating firms believe that the new measures are decidedly better but the results of this survey show otherwise. The results paint a less than desired picture on this issue, with a strong 'neutral' group of responses.

A4. On the question of 'Online advertisements offering better targeting'

On the issue of 'Online advertising offering better targeting'-- the subjects responded as follows—6.6 % answered as 'strongly agree' & 40% as 'agree'; and 33.3 % being undecided and 13.3% as disagree and 6.6% as strongly disagree.

A5. On the question of 'Online advertisements measures offering effective results

On the issue of 'Online advertising offering more effective results'-- the subjects responded as follows—13.3 % answered as 'strongly agree' & 40% as 'agree'; and 13.3 % being undecided and 26.6% as disagree and 6.6% as strongly disagree. Here again the 30%+ disagreement was not something that the researcher was expecting, given the earlier interactions with these same marketers.

A6. On the issue of Return-on-Ad-spend (ROAS) being a better measure.

On the issue of 'ROAS being more effective'-- the subjects responded as follows—20 % answered as 'strongly agree' & 26.6 % as 'agree'; and 26.6 % being undecided and 20% as disagree and 6.6% as strongly disagree. The above shows that nearly 50% are aware about this new measure called ROAS, and are using it.

3.2 Section B: The response from the customers

(For this section the queries were designed on 5 Point Likert scale, with Strongly Agreed, to Strongly Disagree)

B1. The biggest concern in the Online Advertisement is about trusting the sellers

This question had an almost one-sided response, with 66% in Agreement (i.e SA+A); with miniscule Disagreement of 7% (combined value) shows that Trust remains central to the whole exercise and no marketer can avoid this attribute in their Online advertisements. 25% were undecided.

B2. On the query of - Online Advertisements offering significant information at an appropriate juncture

On the question of Online Ads providing significant information at appropriate juncture- the responses were quite encouraging for the Marketing professionals -with 52% of the sample Agreeing (i.e combined value of Sa +A) with the above proposition; & only 25% showing clear disagreement (combined value) with the idea. The 22% neutral also were part of the respondents.

B3. The Online Advertisements offer better recall/recollections

On the issue of recall in online advertisements, the responses were as follows -a strong Undecided group with 35% of the responses; coupled with 24% Disagreeing; and a further 5% Strongly Disagreeing offer a mixed answer to the above query. The Combined Agreement figures stood at only 34%, which surely weakens the recall argument in Online Advertisements.

B4. Online Advertisements offer significantly detailed

information

On the above query – the responses were almost lop-sided in Agreement with nearly 60%. This offers much comfort to the marketers as the sample accepts the proposition. A weak 23% (combined value) of Disagreement and a further small 15% of Undecided responses offer more confidence to the advertisers.

B5. On the issue of ‘Online advertisements offer updated information, vis-à-vis traditional means:

A 60% Agreement (combined value) on this question shows the way the sample perceives the Online Advertisements on the updated Information inputs. The smaller Disagreed set with 12% of the sample and the 26% Undecided makeup for the rest. The above clearly shows that the sample overwhelmingly favours the Online Ads on this attribute.

B6. Online Advertisements usually offer a more innovative approach to showcasing:

The innovativeness of online advertisement has been recognized by 48% of the sample (combined value) who have agreed to the proposition. The Undecided stood at 20% and The Disagreed lot stands at 25% and a miniscule 3% stands as ‘strongly disagreed’ to the above. The results clearly indicate that with nearly 50% agreeing the innovativeness is finding recognition and neutrals at 20% offer enough conversion targets for the marketers.

B7. Online advertisements play an important part in my buying decision process:

The above question elicited the following responses - a 44% Agreement with the above idea, was reported by the sample (combined value). The 20% opined as Undecided; 26% as Disagreed and 9% as Strongly Disagreed. The data above shows that Online Advertisements have surely made a place in the minds of the customers, as is evidenced from this sample survey.

B8. Online advertisements are easy to remember even if they disappear quickly:

This query offered the following response – Strongly Agree: 5%; Agree: 11%; Undecided 21%; Disagree: 32%; and Strongly Disagree: 30%. The Combined Disagreement at nearly 62% offers clear message to the marketers, as regards to the recall of such advertisements.

B9. On the question of - Online advertisements are hardly distracting:

Another question which shows a lopsided response with Disagreed at 29% and Strongly Disagreed at 57% creating an unusual 86% swing of answers. The rest remains too little to interest and inspire the advertisers. The results are quite clear that distraction is being highly recognized in this setup.

B10. Online advertisements (especially in video platforms) are especially distracting

On the distraction offered by Video platform ads the sample was Undecided with 46% and the Agreement (Combined value) was counted at 37% of the total. The rest stood with Disagree at 5% and Strongly Disagree at 10%. This is quite at odds with the earlier research which pegged Online Video Ads as being especially acceptable by the audiences.

B11. On the issue of agreeing to pay for a completely online advertisement free experience

A 59% of combined Disagreement towards the willingness to pay for an Online Advertisement free experience shows that these samples of people are decidedly against the idea. Only 24% agreed with the proposition of paying for such an experience. This clearly shows the lack of interest in clutter free experience is here to stay.

4. Conclusions

The above study shows a mix of results- with a broad agreement on the formats of online advertisements, about at the same time, offering undecided ‘recall’ of online advertisements. Something, that was generally supposed to be at a high at the initial point of the study. The opinion on distraction by advertisements on video platforms, are also something that was not along the expected lines, especially with the contextual display being utilized in most cases. However the survey results paint a different picture. The Firms, views on ‘targeting’ and ‘recall’ and the awareness of newer measures like ROAS etc also offered interesting insights. The above results offer relevant insights for the advertisers as regards to the views of electronic goods marketers on the issue of online advertising. This focus on single category players does hold significance as most other studies tend to focus on the broad generalization. This focus on a single category makes the results more actionable.

5. Evolving issues

5.1 User generated content (UGC)

This has been the single biggest change in the Web2.0 environment, the development of multifaceted, out-of-control (for the corporate/advertisers), which has come to occupy a large and influential part of the overall communication landscape. This may or may not be directly related to your brand, product, or even product category. It may even traverse traditional product categories and domains but may still be relevant for you, simply because the amount of ‘trust that it has built up with its dedicated influence zone’ .This UGC can be originating within or outside a single market (or nation state, as maybe) and can still be of consequence to an advertiser. The role of the normal regulators as was applied to traditional advertising also has to change for this UGC. Thereby, offering both a challenge, and an opportunity for the advertisers to tap into.

5.2 Cause attachment

With the increase of social media tools and platforms, a greater participation has resulted in all kinds of issues, be it political, economic, and or social. This greater participation was quite right pointed out by Castells in 2010 ^[2] & 2015 ^[3]. and was further discussed by Sassen (2002) ^[10] in her seminal work on the changing societies. The same was again brought into prominence by the Arab Uprising and the role played by the social media in it (Tandon 2012) ^[11] as was the need for the businesses (and advertisers alike) to be able to suitable gauge the public mood and being forced to take positions, and also sometimes, being forced by the nation-states to take positions, which might expose them to a greater public backlash, on that particular issue. This dilemma is being increasing being faced by the businesses and they are forced to react to the concerns of their subscribers, patrons, or to a cause endeared to their audience. The recent experiences of Uber, Zomato, Twitter, Facebook, and CNN are testament to this.

5.3 Constant Digital Scrutiny

Being socially responsible and appearing to be such had never been more important for the businesses. The 360 degree scrutiny on social media about your official, unofficial, action/words is the new expectation. Any deviation in this is viewed quite seriously and even a delayed response may sometimes harm the organization. The expectations from the businesses/advertisers is such that they are seen to be taking responsibility for any and (almost every actions of not only their employees, but even their extended partners/associates) on contentious issues. This means that advertising messaging is required to be even more responsible and proactive in its operating environment.

5.4 Death of Commissioned pitches

The traditional model of commissioned advertisements holding or guiding the marketing/branding efforts in individual markets I long down with. The evolving and interactive adverting pitches find more favour with the audiences globally (Palou and Stewart, 2000). The greater push is on creating/offering an immersive experience to the targeted audience, which in turn could lead to the 'desired modification in behaviour'. An extreme example can be the greater acceptance of pitches built around voyeuristic (earlier shunned) programming which has surprising taken firm roots in the contemporary world, eg. The reality shows both on television, and web based platforms. This content which is designed to be intrusive and all pervasive, surprisingly finds considerable takers and similar adverting content is also generated to go with it. Such a situation was not conceivable in early 2000s, however it is a bold reality now.

5.5 Being 'woke'

The term woke has cemented its place in the contemporary lexicon and is used to refer to the state of "awareness of and being actively attentive to important facts and issues - especially related to social equity". The modern firm is expected to be woke entity, wherein it is expected to be mature enough to shun the contentious theme, images, stereotypes, etc which perpetuate distinct images to particular social groups, communities, and ethnicities. Thus racist, and other segregating themes need to be dropped as soon as possible, because in this hypersensitive world it is quite easy to be called out for such.

5.6 The increasing role of Gamification

This increasing role of gamification in the contemporary society has meant that games become the new bandwagon for the advertisers. The in/out-game promotions, building games around their product/services, using games to create, engage the audience or using game features to tap-into an entirely new class of an audience group are all the new items on an advertisers' menu.

5.7 Keeping abreast with newer metrics

The traditional measures like Cost-per Thousand (CPM), Cost per Insertion (CPI) and the Television rating Points (TRPs) etc have become less and less relevant in the contemporary settings. The newer measures like the Point-of Purchase (POP); Point of Influence (POI) etc are seen as more workable. The newer reality offers various fresh measures like - Impression models (Flat Fee "FF"; Cost Per Thousand- "CPT"); Effectiveness models (Cost per Click –

"CPC", etc); and Hybrid models – (namely a mix of "CPT+CPC" and/or Cost per Action –"CPA"). The traditional model of measure for running a campaign (like a Flat Fee model) has also undergone a modification and this means a complete mental recalibration is required from the side of the business leaders.

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