CHAPTER 12

Interactive Media
After studying this chapter, you will be able to

1. Describe the various elements of interactive communications
2. Evaluate the various interactive advertising models available to marketing organizations
3. Identify key aspects of online audience measurement systems
4. Assess the potential of the internet, social media, and mobile communications as advertising media
5. Describe and apply various models for pricing and buying online advertising

Technology is changing how marketers and marketing communications practitioners think about the media. Specifically, online communications have turned the nature of marketing communications from a one-way process (disruptive messaging) to a two-way process (participative process). Interactive media allow an organization to listen to customers, learn from them, and then deliver content and services tailored to their responses and actions. Advertisers must adapt to this relatively new way of communicating.

In the digital universe, control has shifted from the advertiser to the customer—this is another change that marketers must adapt to. It’s no longer about delivering a message, but, rather, allowing customers to participate in developing messages and interacting with brands—a concept referred to as engagement. Viewers now have unprecedented choice; they can access internet by computer, smartphone, or tablet.

Advertising on the internet has grown significantly in recent years. Once positioned as a complementary medium, the internet has achieved primary medium status, ranking second just behind television advertising in revenue generated from advertisers. The latest ad spending forecast by ZenithOptimedia predicts that online advertising will surpass television to become Canada’s largest advertising medium by 2014.¹

There has been a clear shift in how advertisers allocate their advertising budgets in the wake of changing consumer behaviour. Knowing that consumers are so attached to their electronic devices, advertisers can now reach customers any time of day anywhere. Procter & Gamble clearly recognizes the value of online advertising and now allocates 25 to 35 percent of its marketing budget to it. The growing interest on digital media is based on their desire to be where consumers are and to spend their money effectively.²

Since all age groups are now online, agency media planners now give greater consideration to the opportunities the medium offers. In making media recommendations, however, one thing hasn’t changed much—budgets have remained relatively stable, making the media choices more
difficult. Advertising on the internet is an expensive proposition, so the funds to support such an investment must come from other media an advertiser has traditionally used. The challenge for media planners remains the same: find the best combination of media to effectively and efficiently reach the target audience. This chapter will discuss the opportunities presented by the various interactive media.

Internet Penetration and Consumer Behaviour

The internet is revolutionizing how companies look at advertising. Organizations are allocating their budgets to ensure a better mix between digital media and traditional mass media such as television, newspapers, and radio. Digital media are benefiting from this shift in thinking. The Interactive Advertising Bureau (IAB) of Canada reports that online advertising revenues reached $2.6 billion in 2011, a 16 percent increase over the previous year. In contrast, television is only growing marginally and all other mass media are experiencing a decrease in advertising revenue.

The latest survey conducted by Statistics Canada reveals that 79 percent of Canadian households have access to the internet, and over one-half of connected households use more than one type of device to go online (e.g., a combination of computer and wireless device). Canadians spend 28 percent of our media time online. The average Canadian spends about 45 hours a month browsing the internet, with a majority of that time spent on social network sites such as Facebook. This is more time online than any other country, including highly wired societies such as China, South Korea, and the United States.

Such high internet penetration is having an impact on time spent with other media, but it seems that Canadians have seamlessly adopted digital media technologies while maintaining a strong appetite for traditional media. The internet now ranks a strong second to television in terms of time spent with media on a weekly basis. Time spent with the media is an important factor that media planners consider when making recommendations to their clients about what media to use.

By age category, younger people spend much more time online than older people. In fact, the 18- to 34-year-old group now spends more time online than they do with television. Canadian boomers are making up ground with the younger generation in terms of adopting new technology. In contrast to the younger generation, boomers are not replacing familiar traditional technology; they are supplementing it by incorporating new channels and devices into the mix. Boomers still consume most video on television but 43 percent of them report that they watch video content via a computer on a weekly basis. These trends have clear implications for media planners. For more insight into who’s spending time with which media refer to Figure 12.1.

Based on the amount of time Canadians spend online, the internet has reached mass media status. While it is an ideal medium for reaching younger Canadians, as noted, it reaches a good cross-section of all age groups. As well, the internet reaches a high proportion of middle- to upper-income households. Ninety-seven percent of Canadian households in the top 25 percent of incomes ($87,000 or more) have internet access. Refer to Figure 12.2 for more insight. Just around the corner is the emerging wireless communications market that will revolutionize consumption patterns once again. Very soon, wireless devices such as smartphones (often referred to as the third screen) will be
Time spent with the media by Canadians

**FIGURE 12.1**

<table>
<thead>
<tr>
<th>Medium</th>
<th>18–34 Years</th>
<th>35–54 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV</td>
<td>19.2</td>
<td>22.5</td>
</tr>
<tr>
<td>Radio</td>
<td>14.0</td>
<td>19.3</td>
</tr>
<tr>
<td>Internet</td>
<td>25.1</td>
<td>17.2</td>
</tr>
<tr>
<td>Newspapers</td>
<td>0.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Magazines</td>
<td>0.4</td>
<td>0.6</td>
</tr>
</tbody>
</table>

All figures are hours per week spent with the medium. The internet is the most popular medium among the 18–34-year-old group while TV is most popular among the 35–54-year-old group.

Source: BBM Analytics RTS Spring 2011. Printed with permission.

The internet is the preferred method of connecting to the internet. This will enable consumers to be exposed to advertising messages anywhere and anytime.

The internet is a mass reach medium, much like television, radio, and print. Data from Canada’s Internet Use Survey show that 80% of Canadians or 27.2 million people use the internet for personal reasons. To further demonstrate the reach of the internet, consider that about 50% of the Canadian population is on Facebook, some 17 million people. In comparison, Canada’s most-watched television shows, such as *Big Bang Theory* and *Grey’s Anatomy*, average 2.5 million viewers (about 7% of the population) per episode.

Although advertising is taking hold on the internet, its effectiveness is much debated. Advertisers who are accustomed to metric measures, such as circulation and audience reached by the print and broadcast media, are trying to adapt to different measures.

**FIGURE 12.2**

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Total in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2–17</td>
<td>22</td>
</tr>
<tr>
<td>18–24</td>
<td>11</td>
</tr>
<tr>
<td>25–34</td>
<td>16</td>
</tr>
<tr>
<td>35–44</td>
<td>15</td>
</tr>
<tr>
<td>45–54</td>
<td>17</td>
</tr>
<tr>
<td>55+</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The internet is an effective medium for reaching all Canadian age groups as well and mid- to upper-income households.

online. Online it is not necessarily about the number of impressions made, but about the amount of time a consumer spends with a brand—how engaged he or she is with a brand. That said, marketers are trying to figure out if engagement translates into consumer purchases, and to what degree.

To be effective with online communications, the advertiser must respect some essential differences between the internet and traditional media. The internet is a true source of information and entertainment for consumers and is a “participative” medium. For example, fans of a brand are known to produce their own commercials for the brand and post them on YouTube for others to view. In contrast, mass advertising through traditional media such as television, radio, magazines, and newspapers is “interruptive” and the communications are one way—advertiser to consumer. Therefore, an advertiser must adapt and produce advertising that is suitable for the online arena. Using the same type of ad online that is used offline is less effective. This fact has spawned a host of digital advertising agencies ready to meet the challenge of online advertising.

From a media planning perspective, the rapid growth in internet consumption strongly suggests the inclusion of interactive media in a marketing communications strategy. Thus far, the largest investors in online media include automotive companies, packaged goods companies, financial institutions, and retailers. Leading advertisers such as Procter & Gamble, General Motors, Bell, Rogers, RBC Financial, and Molson’s clearly see the value in online advertising. PepsiCo has moved a full third of its advertising budget to online.

The challenge facing marketers and media planners is two-fold. First, they must devise a plan that effectively integrates online advertising with other forms of advertising. In doing so, they must understand certain differences in consumer behaviour that people exhibit when using digital media. Second, they must determine how much to invest (share of budget) in online advertising.

**Interactive Communications Planning**

When an interactive communications plan is being devised, decisions about which medium to use are based on the target market the advertiser wishes to reach, the communications objectives, and the budget. Once these elements have been determined, the next step is to evaluate various interactive media options from a strategic viewpoint. Among the options are various forms of internet advertising that include search, display, rich media, video, sponsorships, and permission-based email. As well, an advertiser must consider mobile options (smartphones and tablets), video games, and social media networks.

**TARGETING ONLINE**

On the internet, consumers voluntarily visit websites they prefer. It is much like television, where people select the shows they want to watch. Therefore, audiences can be targeted based on demographic and geographic variables, by time of day, day of week, and behaviour. All websites accumulate data on who visits and how long they visit. Such data aid a media planner when planning audience reach and frequency scenarios.

To demonstrate demographic targeting, consider that a website like TSN.ca attracts a male audience and is a favourite destination for males between 18 and 24 years of age. On a daily basis TSN.ca attracts about a half a million visitors. For example, Molson, with brands such as Canadian and Coors Light, has reason to be a heavy advertiser on the TSN website. Programs that are shown on cable channel HGTV have a strong female
reach, particularly in the 25- to 49-year age range. This is an attractive advertising opportunity for companies in the home furnishing and decorating business. Refer to the illustration in Figure 12.3.

Once a target is identified demographically, geographic refinement is possible. Advertisers can place ads in specific regions, cities, or postal codes. From the TSN example above, an advertiser may want to reach young males in only Toronto. Such a request is possible based on data TSN.ca collects about its visitors.

Daypart targeting is another planning option. Prime time for online communications is during the day when people at work or at play. The at-work audience is vast and is comprised of a demographically attractive group of individuals who have higher-than-average incomes, and education, and who tend to research and buy online. To demonstrate the impact of daypart targeting, Best Buy ran a three-week campaign on Yahoo! Its ads ran Monday to Friday between 5 and 11 a.m. in Ontario and Quebec. The campaign generated a 200 percent conversion lift (consumers who took action based on the advertising) over previous campaigns. 11

Unlike other media, the internet is a medium where advertisers can target customers based on their online behaviour. Behavioural targeting involves the delivery of ads to individuals based on previous surfing patterns (you are being watched!). Surfing behaviour is tracked by uploading a cookie, which is a small text file, to a consumer's web
browser and sometimes stored on that person’s hard drive. In other media, reach and frequency tend to be important strategic issues in achieving a desired action by consumers. With behavioural targeting you actually reach fewer people and less frequently, but you reach them directly and at an opportune time. The actual results of a campaign can be measured and evaluated immediately.

To test the impact of behavioural targeting in generating leads, an automotive advertiser targeted consumers who recently visited automotive sites. Two plans were used: demographic targeting and behavioural targeting. The demographic targeting plan produced 183 million impressions and 47 leads per one million impressions. An impression is defined as a measurement of responses from a web server to a page request from a user’s browser. When behavioural targeting was employed, only 6 million impressions were made (at much lower cost) but those impressions generated 116 leads per one million impressions. Behavioural targeting produced almost three times the number of leads per million as did demographic targeting. This experiment verifies that a well-planned online communications strategy can reach far fewer people yet produce better business results.

**Interactive Communication Objectives**

Online media communications will help an advertiser achieve its marketing and marketing communications objectives. In any marketing communications plan, the first step is to identify the objectives; the second step is to evaluate the various media options strategically. This section examines how interactive communications helps achieve marketing and marketing communications objectives.

**CREATING BRAND AWARENESS**

If creating brand awareness across a wide demographic is the mission, the internet does a great job! Portal sites such as Google and Facebook offer great reach and therefore great potential for brand awareness. A portal is a website featuring several commonly used services, such as news or searching, and serves as a gateway to other services such as shopping, discussion groups, and links to other sites. These sites are the most visited sites on the web and include Facebook.com (880 million unique visitors monthly), YouTube.com (800 million), and Yahoo.com (590 million). Presently, 17 million Canadians have a Facebook profile—nearly half of the population. Statistics like these demonstrate the potential value of advertising online.

Recent research indicates that internet advertising works best when used as part of a media mix. To illustrate, when Dove (a popular Unilever brand) launched a new line of skin care products, a mix of magazine, outdoor, television, and online media was used. Dove discovered that the addition of online and outdoor advertising lifted awareness scores by 33 percent. These data strongly suggest the importance of online communications in an integrated marketing communications plan.

**BUILDING AND ENHANCING BRAND IMAGE**

A common objective is to have consumers perceive a brand in a positive and consistent manner. Companies in the telecommunications, automotive, and financial services industries are masters at matching message strategies across all media outlets. Automotive companies in particular do an excellent job of creating and building an image for new car models. When a tempted car buyer first sees a new model advertised on television or
in a magazine, he or she often migrates to the internet for more information. Placing similar ads on appropriate websites (e.g., an automobile magazine website) and developing an effective microsite for the new vehicle will play a key role in creating a favourable and consistent image for the vehicle.

**OFFERING INCENTIVES**

The internet is now the most popular means of delivering information about sales promotion offers (contests, coupons, and other special incentives) that act as immediate motivation to buy a product. It is common for an organization to use television, print media, and outdoor advertising to create awareness for a promotion offer (e.g., the annual “Roll Up the Rim to Win” contest at Tim Hortons). Tim’s uses online advertising to help create awareness, but online information also communicates the finer details of the contest to consumers. As well, organizations often have consumers register for contests online. When a consumer enters a contest online, an organization can collect valuable information about the customer via a short questionnaire. This information can be analyzed and used to deliver unique messages to that individual at a later date.

**GENERATING LEADS**

In business-to-business and business-to-consumer marketing situations, the internet is a useful medium for generating leads. As already indicated, consumers willingly disclose information about themselves when entering contests. Consumers and business people also leave the same vital details when they are searching for information online. Online visitors are known to give out more details about themselves, or the business they are part of, so that they can retrieve the information they are searching for. It’s a fact of doing business online. Any information collected can be analyzed and mined (data mining) to identify potential targets (one-to-one marketing) and to customize messages and products that are suited to that target. The internet plays a central role in collecting data for future marketing endeavours.

**CONDUCTING TRANSACTIONS**

Online shopping should be a booming business considering the time Canadians spend online. It seems that Canadians have not embraced online shopping to the same degree as shoppers in other countries—but the potential for businesses to conduct transactions online remains large. As of 2012, online consumer sales amounted to $18.9 billion, an increase of 24 percent since 2010. More than half (56 percent) of internet users order goods and services online. Customers in the 25- to 34-year-old category are the most prolific online shoppers; they have money, good credit ratings, and a high degree of comfort with buying online.

An organization’s website plays a key role in the communications process. Companies such as Canadian Tire, Sears, and Chapters-Indigo use the internet to communicate effectively with shoppers, and these companies have combined e-marketing and with traditional methods of conducting business. To remain competitive, more businesses will need to follow this lead.

In terms of strategic planning, organizations must carefully select the right mix of media to achieve their marketing and marketing communications objectives. That said, all ads (in any medium) should refer people to a brand’s website or its Facebook page. Such tactics encourage people to engage even more with their favourite brands.
Online Advertising Strategies

Today’s media planners are technologically savvy; they recognize the value of the various forms of interactive communications and make appropriate recommendations when devising an advertising strategy. Planners understand that interactive communications can achieve high reach and frequency, though advertisers must be careful about budgets when the various cost models are evaluated (models are discussed later in the chapter). At portal sites such as Google or Yahoo!, the number of daily unique visitors is incredibly high. In contrast, niche sites, which focus on a special interest, hobby, or activity, reach smaller numbers of people but are more targeted. Both types of sites may be considered when devising an online advertising strategy.

There are a variety of creative opportunities available to online advertisers. These options include search advertising, display advertising (banner ads), video ads, sponsorships, and email advertising. Search and display advertising account for the largest portion of this advertising investment, but spending on video ads has grown significantly in recent years—perhaps due to their similarity to television commercials. For additional insight into the options, refer to Figure 12.4.

Prior to examining the various advertising alternatives, some basic terminology should be understood. All terms relate to how internet ads are measured for strategic variables such as reach, frequency, and engagement:

- **Impressions (Ad Views)** An ad request that was successfully sent to a visitor. This is the standard way of determining exposure for an ad on the web.
- **Frequency (online)** Frequency (online) is the number of times an ad is delivered to the same browser in a single session or time period. A site can use cookies to manage frequency.
- **Clicks (Clickthroughs)** Clickthrough refers to the number of times that users click on a banner ad. Such a measurement allows an advertiser to judge the response to an ad. When viewers click the ad, they are transferred to the advertiser’s website or to a special page where they are encouraged to respond in some way to the ad.
- **Click Rate (Clickthrough Rate)** Click rate is the ratio of ad clicks to ad impressions. It is calculated by dividing the total number of clicks by the total number of impressions. For example, if, during 1 million impressions, there are 20,000 clicks on the banner, the click rate is 2 percent. A high click rate indicates the banner ad was effective in its purpose.

### Internet Advertising Spending in Canada by Type of Ad

<table>
<thead>
<tr>
<th>Ad Type</th>
<th>2011 $ in millions</th>
<th>2012 $ in millions</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Display</td>
<td>840</td>
<td>916</td>
<td>+9</td>
</tr>
<tr>
<td>Search</td>
<td>1,081</td>
<td>1,308</td>
<td>+21</td>
</tr>
<tr>
<td>Classifieds</td>
<td>576</td>
<td>584</td>
<td>+1</td>
</tr>
<tr>
<td>Video</td>
<td>73</td>
<td>92</td>
<td>+26</td>
</tr>
<tr>
<td>Email</td>
<td>13</td>
<td>12</td>
<td>-8</td>
</tr>
<tr>
<td>Video Games</td>
<td>10</td>
<td>13</td>
<td>+30</td>
</tr>
</tbody>
</table>

Display and search advertising lead all forms of online advertising.

Source: Printed with permission of Interactive Advertising Bureau of Canada.
**Unique Visitor** The number of unduplicated (counted only once) visitors to a website over a course of a specified time period. Visitors are determined by cookies, a small text file stored in a user’s browser.

**Visit** A sequence of page requests made by one user at one website. A visit is also referred to as a *session* or *browsing period*.

**SEARCH ADVERTISING**

With *search advertising*, an advertiser’s listing is placed within or alongside search results in exchange for paying a fee each time someone clicks on the listing in those search results. This is also known as *pay-per-click advertising*. Most search engines, such as Google and Yahoo!, set advertisers against one another in auction-style bidding for the highest positions on search results pages. For example, Google offers a service called AdWords, which allows companies, for a small fee, to have a link to their website featured when a user searches for a particular word that the company has specified. For example, if a user types in the term “mutual funds” and RBC Financial has bought that term, an advertisement for RBC Financial appears on the screen. Other bidders may also appear on the same list; the highest bidder for the word or term is at the top of the list. When a consumer clicks on the sponsored link, he or she is immediately directed to the advertiser’s webpage, where detailed information is provided.

**DISPLAY ADVERTISING**

Display advertising includes *banner ads* in a variety of sizes. Advertisers place banner ads on websites of interest to the target audience (users target content). The Interactive Advertising Bureau has established standard sizes for banner ads based on International Measurement Units (IMU) in order to make the planning and buying of online ads more efficient. The IMU refers to the width and depth of an ad. For example, the *rectangle* banner ad is 180 × 150 IMU. A *big box* is a larger rectangle (300 × 250 IMU) that offers even greater width and depth to an ad. A *leaderboard* stretches across the top of a webpage (728 × 90 IMU). A *skyscraper* is a tall, slim, oblong ad that appears at the side of a webpage (160 × 600 IMU). A larger ad such as the big box offers an opportunity to deliver a more complete message, even if the user doesn’t click on it. An illustration of a leaderboard banner ad appears in Figure 12.5.

Research does indicate that larger ads achieve higher scores for brand awareness and message association. Larger ads provide an opportunity to deliver a more complete message and are more difficult for users to avoid. Because of their size and better performance, they command a higher price. The average click rate for a banner ad is now 0.09 percent, meaning only one person in a thousand actually clicks on an ad, even though the ad, by its presence on the page, made an impression on the person viewing the page.

**Rich media** are banner ads that include animation, sound, video, and interactivity. Often referred to as *animated banners*, these banners have higher click rates than static banners. There are several inside-the-banner options. An *expandable banner* employs multiple panels that are launched when the banner is clicked on. A *videostrip* shows a
Popular TV shows are now streamed online and include short video commercials.

Outside-the-banner options include the floating ad, which moves within a transparent layer over the page and plays within a specific area of the page. A window ad downloads itself and plays instantly or when a new page is loading. A wallpaper ad is a large image that replaces the web background. So many styles can grab the viewer’s attention in different ways, or irritate the viewer if they are too intrusive.

**VIDEO ADS**

The massive influx of video content on the web (e.g., news, sports, amateur video content) has had a profound impact on advertising. Video advertising is attractive to advertisers because it is similar to television advertising—something they are familiar with. As well, video ads offer more emotional impact than other forms of online advertising.

Television networks now stream their prime-time shows online. The CTV network offers many of its popular shows and shows from their cable channels that include TSN, Comedy Network, MTV, Discovery, and Bravo, among others. Production companies such as House & Home Media also stream their shows online. Refer to the image in Figure 12.6. Streamed shows present advertising opportunities. Having shows available online reflects the on-demand nature of the present television market.

The online shows include video ads before, during, and after the show. Pre-roll ads refer to ads at the start of the video, mid-roll ads are placed during the video, and post-roll ads appear after the video. Embedding an ad within the show ensures that the ad will be viewed. To watch the desired content, the viewer has no choice.

With regard to the creative, advertisers have the option of creating unique commercials for the internet or running the same commercials they show on television. There was a time when the unique commercial was the preferred option but since consumers now recognize the internet as another mass medium, they are more accepting of commercials.
that resemble those appearing on television. From an advertiser’s perspective this approach saves money. Molson Canadian will advertise on a TSN hockey broadcast and show the same commercial as part of a highlight package on TSN.ca. Delivering the same message in all media offers greater impact and reflects a well-planned integrated advertising effort.

**SPONSORSHIPS**

With a sponsorship, an advertiser commits to an extended relationship with another website. Advertisers are attracted to sponsorships on the basis of web content. If the content is of particular interest to an advertiser’s target market, visitors are apt to visit the site frequently. People interested in business and finance news visit financial sites. Sports junkies visit TSN.ca and Sportsnet.ca. TSN runs various contests during the year, all of which are sponsored by national brands. Kraft Canada sponsors the annual Kraft Celebration Tour on TSN and TSN.ca. Each year, Kraft and TSN go on the road to visit 10 towns in 10 days. A TSN live sportscast and numerous community events occur in each town. The winning communities, as voted by the public, each receive $25,000 to upgrade local sports facilities. The TSN network and its broadcast personalities, and the website actively promote the sponsorship. TSN.ca is one of Canada’s busiest websites so Kraft benefits from its popularity and the traffic it draws (high reach and frequency).

**EMAIL ADVERTISING**

One of the most promising applications in online advertising doesn’t use flashy graphics or oversized banners. **Permission-based email**, in which a user chooses to receive messages from a particular advertiser, is growing quickly. This form of advertising is relatively inexpensive, response rates are easy to measure, and it is targeted at people who want information about certain goods and services. Email is an efficient method of delivering new product information and information about promotional offers. See Figure 12.7 for an illustration.

Similar to direct mail, the success of an email ad campaign depends on the quality of the list. There are two kinds of lists: a rented email list and an in-house list. The rented list is usually obtained from a list broker. Typically, these lists include “opt-in” names and addresses. Opt-in means the people on the list have agreed to receive direct email. Generally, email advertising results in higher response rates than direct mail because receivers of email messages agree to accept them. Receivers may unsubscribe if they no longer deem the content relevant. How often an advertiser communicates with customers by email is an issue. “Many experts say there is a fine line between sending emails to customers on a consistent basis and crossing into annoyance marketing territory.”

Old Navy sends out an email to its Canadian database five times a week—that’s irritating! Email opens up opportunities for a communications technique called viral marketing. **Viral marketing** is a situation in which the receiver of an online message is encouraged to pass it on to friends. A research study in the United States shows that almost 90 percent of “adult internet users share content with others via e-mail.” Should an organization pursue a viral campaign, the objective is to create content that people feel compelled to pass around. Advertisers also have to be alert to the degree to which bad news about a company can be circulated virally. As the saying goes, “Bad news travels fast, even faster online.”

In the age of database marketing, the compilation of an in-house list is essential. Since all forms of advertising should invite people to visit a website, the site should include a section where people can sign up for email newsletters or email updates that could announce the introduction of new products. Online promotions such as contests provide
another opportunity to secure email addresses. Sending email to customers and prospects who specifically request the mail will almost always work better than using a rented list.

WEBISODES (WEBCASTING) AND CONTENT MARKETING

A **webisode** is the production of an extended commercial that includes entertainment value in the communications. Unlike television commercials, a webisode focuses more on creativity in order to engage users. Although consumers use digital video recorders to skip television ads they don’t like, they use the internet to tune in to commercials they want to see—an interesting phenomenon.

The popularity of YouTube has motivated business organizations to produce unique content for posting on a YouTube channel or their own website. Producing unique content for a brand or company is now referred to as content marketing. **Content marketing** involves creation and sharing of content in order to acquire customers. By design, content marketing tends to be informative and entertaining while being less “sales-driven.”

Mercedes-Benz Canada devised an integrated campaign to reach a younger audience that included online webcasting and mobile applications. A spy-themed movie, entitled *Drive & Seek*, features a James Bond–like character and his female accomplice eluding police—by employing fancy driving manoeuvres in a C-Class coupe—to deliver a mysterious suitcase. Viewers participate in the movie by using keyboard sequences to drive the action. The mobile application included a contest that used GPS technology to guide users to one of 10 virtual briefcases in their vicinity. When they approach the briefcase, users will see a 3D rendering of the car espousing the latest technological advancements. The grand prize for one of the top 125 game players was a new C-Class coupe.
BMW Re-Establishes Its High Performance Image with Video

Should an upscale automaker use online videos to promote its brand? Is advertising online in keeping with the brand image? These were questions on the mind of Marc Belcourt, communications manager at BMW Canada, prior to making the decision to jump into the world of YouTube video.

Belcourt’s anxiety stemmed from the fact that BMW was trying to re-establish a high performance image for its brand in a medium that did not have much cachet. Would it be a medium to ultimately influence luxury car buyers to respond—to buy a BMW? To find out, BMW launched a video titled “Walls” in 2011. In the video a roaring BMW, with brakes screeching, hurtled toward a concrete wall only to narrowly slide through a cut-out hole in the wall—an exciting and dramatic portrayal of how the vehicle handles!

Based on the results of the video campaign, Belcourt needn’t have been anxious. The video for the BMW1 Series M1 Coupe got 4 million views on YouTube. Sales of the Series M increased 12 percent in 2011 and it proved to be the most successful year overall ever for BMW in Canada. Always in a battle with Mercedes-Benz, the videos helped BMW outpace its rival in sales volume in 2011.

In 2012 BMW launched another video for its M5 series and it too achieved 4 million views on YouTube. From an advertising strategy perspective BMW learned a lot from the video effort. The perception that only young, tech-savvy consumers watch videos quickly vanished. Older and more affluent consumers are watching as well! The M5 is targeted at men 45 to 64 years old with household incomes of $300 000 plus with an interest in architecture and design. Research indicated online video could reach half of that group.

Since the M5 comprises only a small portion of BMW overall vehicle sales, the money required for a traditional TV campaign would have amounted to irresponsible spending. In contrast, the video campaign produced excellent return on investment. BMW’s success demonstrates how executive perceptions about online video must change. While television and print remain “must haves” in the media mix for luxury car campaigns, competitor brands must wake up to the potential of online video.

While the number of potential viewers of a webcast is much lower than for a conventional television ad, the fact that viewers choose to watch a webcast indicates the benefit of using webcasts. People behave differently on the web and will watch advertising content as long as it is enjoyable and engaging.

For more insight into the potential impact of online video content, read the Advertising in Action vignette BMW Re-Establishes Its High Performance Image with Video.

COMPANY AND BRAND WEBSITES
Traditional forms of advertising can tell a story, but not necessarily the complete story. Therefore, traditional media combined with effective website content give an advertiser ample opportunity to tell the whole story. Advertisers should include their website or Facebook page address on any print material, and encourage customers to contact those sites for additional information.

To demonstrate how traditional media and websites can be combined, consider the nature of automobile advertising. Typically, automobile makers show unique and vivid visual images of their latest makes and models in television ads and glossy print ads. These ads project image but do little in terms of telling potential buyers about design and technical specifications. That task is best suited to the website.

Toyota Canada overhauled its website in order to accommodate the consumer’s online information-gathering process. According to David Brimson, national manager for public relations and marketing, “Consumers are increasingly turning up at retail with an almost predestined vision of what they want. So we have to ensure that we provide the best knowledge and information to help them make decisions.” Toyota’s website was redesigned from a consumer’s perspective. Consumers move from the welcome page, to different car models, to information areas such as safety and colour choice, to a car configuration page, and finally to a price quote. 18

Consumers commonly do their research online before making purchases, especially expensive purchases. Therefore, website content must effectively inform consumers of a product’s benefits. As mentioned in the previous section, video content is important. Recent research reveals that some 57 percent of consumers felt product videos made them more confident in a purchase. Further, 41 percent of consumers are more likely to share product videos than other product content. 19 In an era of marketing where consumer recommendations (word of mouth on Facebook and Twitter) are important, marketers must react accordingly and produce video content that consumers are willing to share.

Organizations also establish microsites that serve unique purposes. A microsite is an individual webpage or series of pages that functions as a supplement to a primary website. For example, Unilever has a corporate website in which all brands have a page. However, for new product launches or high-profile brands, the company will create a microsite with its own address. For example, Axe, a very popular grooming product line, has its own microsite that encourages males to “Get Clean. Get Styled. Get Noticed. Get Close.” All it takes is a visit to the AXE.ca website. Similar content is also available by following Axe on Facebook, Twitter, or its YouTube channel. Axe is a leading brand, and web communications have contributed to the brand’s success.

The Internet as an Advertising Medium
As with any medium, advertising on the internet has some advantages and disadvantages. Media planners must assess the advantages and disadvantages of this medium in the context of the target market the advertiser is trying to reach and how cost effective the medium is.
ADVANTAGES OF ONLINE ADVERTISING

TARGETING CAPABILITY  Since the internet is based on technology, advertisers have a new range of targeting capabilities. As discussed earlier, consumers can be targeted demographically, geographically, or by their behaviour (by a person’s browsing behaviour and personal preferences). Once a consumer’s preferences are known, an advertiser can target the individual with ads that are of potential interest.

BROAD REACH  The internet can’t match television’s penetration, but the size of the internet audience is growing rapidly. Because advertisers buy online ads by the impression (see the next section of this chapter for buying details), an advertiser can buy as much or as little of that audience as desired.

DEPTH OF CONTENT  Unlike a television commercial or print ad, a banner ad is simply the beginning of the process of transferring information. A banner might communicate only a brand name impression, but detailed information is only a click away. Once a person arrives at an advertiser’s website or Facebook page, he or she can access as much information as wished—a true benefit to the company or brand.

TIMING  The internet doesn’t sleep—messages can be delivered 24 hours a day, 7 days a week, 365 days a year. As well, the content of a campaign can be changed at a moment’s notice. Technology allows for constant monitoring of a campaign for success or failure, so changes, updates, or cancellations can be made much more quickly than in any other medium.

INTERACTIVITY AND ACTION  Internet users like to be entertained along the way. Therefore, companies have an opportunity to interact with prospects and customers and develop more meaningful relationships with them. Messages encourage interaction by asking people to perform a task, enter a contest (where valuable information is transferred), or play a game.

TRACKING AND MEASUREMENT  Advertisers can get timely, detailed reports on the success of their campaign. Banner ads can be tracked the next day—with specific numbers of impressions and click rates. Many websites that sell advertising provide these detailed reports to clients online. Such measurements gauge the effectiveness of the advertising investment and allow an advertiser to alter the online message strategy if need be. These measurements are difficult—if not impossible—to generate for traditional media.

DISADVANTAGES OF ONLINE ADVERTISING

LOW CLICK RATES  Some click rates are very low (in the 1-percent-or-less range), which means that only a small audience visits a website for more information. Better creative executions are needed to stimulate higher click rates.

ADVERTISING OVERLOAD  Many popular websites are cluttered with advertising, meaning that no particular ad commands a high degree of attention. Consequently, consumers avoid the ads, causing low rates of return for the advertising investment.
CONSUMER FRUSTRATION Consumers are starting to feel frustrated, even harassed, by the constant barrage of banner ads that suddenly appear and by unsolicited emails. Advertisers who persist in following these practices will ultimately suffer the wrath of angry consumers.

PRIVACY CONCERNS Consumers do perceive a loss of privacy because access to many sites involves complex registration procedures. With registration, customers give up information about themselves that can be used for marketing purposes at a later date. The transfer of personal and credit card information to other parties is a serious issue among internet users.

TOO MEASURABLE A marketer can be overburdened with data from an online advertising campaign.

Internet Advertising Rates and Media Buying

Several advertising models are available. Since marketers and advertising agencies are accustomed to cost-per-thousand (CPM) comparisons before making critical media decisions, the CPM model is the most popular on the internet. Other pricing models include pay-for-performance and flat fees.

CPM MODEL

CPM is the price charged for displaying an ad 1000 times. The calculation for CPM is cost multiplied by impressions (number of impressions divided by 1000). For online advertising, an organization pays a rate for every 1000 impressions made. Therefore, if the total number of impressions was 1,000,000 and the CPM was $40.00, the total cost of the advertising campaign would be $40,000 (1,000,000 impressions/1000 × $40.00).

CPM rates vary based on the level of targeting desired by the advertiser. As the degree of targeting increases, the CPM also increases. With reference to the rate card for GlobeandMail.com shown in Figure 12.8, if the run-of-site rates are used (described as the net CPM rate on the rate card), the placements of the ads are predetermined and are quoted based on the size of the ad. For example, a skyscraper ad costs $35/M and a big box ad costs $37/M. Note that there are additional charges for targeting requests and for ads that expand in size on the page (see the additional columns on the rate card). If targeting requests are applied, a 15-percent premium is charged for each request. Volume discounts may also be available based on the total dollar value of advertising purchased (refer to the lower left corner of the rate card for details). To demonstrate, consider the following buying example:

**EXAMPLE 1**

<table>
<thead>
<tr>
<th>Type of Ad:</th>
<th>Skyscraper banner ad, GlobeandMail.com</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impressions Desired:</td>
<td>2,000,000</td>
</tr>
<tr>
<td>CPM:</td>
<td>$35.00</td>
</tr>
<tr>
<td>Cost Calculation:</td>
<td>$(2,000,000/1000) × $35 = $70,000</td>
</tr>
</tbody>
</table>
EXAMPLE 2

Type of Ad: Big box banner ad, GlobeandMail.com
Impressions Desired: 3,000,000
CPM: $37.00
One Target Request: +15%
Cost Calculation:

\[
(3,000,000/1,000) \times 37 \times 1.15 = 127,650
\]

CPM rate cards vary from site to site, but high-traffic sites of course charge a higher CPM. Although standard rates are quoted, the reality of the situation is quite similar to offline advertising. CPM rates are negotiable and depend on factors such as

**Table 12.8**

<table>
<thead>
<tr>
<th>Creative Format</th>
<th>Pixels Size</th>
<th>Max File Size</th>
<th>Impressions</th>
<th>CPM Rate*</th>
<th>Expanding Creative (%)</th>
<th>Geo-targeting (+15%)</th>
<th>Frequency (+15%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Box†</td>
<td>300 x 250</td>
<td>40k – 5 rotations</td>
<td>$37</td>
<td>600 x 250*</td>
<td>yes</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>Leaderboard†</td>
<td>728 x 90</td>
<td>40k – 5 rotations</td>
<td>$37</td>
<td>728 x 90*</td>
<td>yes</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>Superbanner</td>
<td>960 x 90</td>
<td>40k – 5 rotations</td>
<td>$43</td>
<td>960 x 90*</td>
<td>yes</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>Half Page SkyScraper</td>
<td>160 x 600</td>
<td>40k – 5 rotations</td>
<td>$35</td>
<td>—</td>
<td>yes</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>Tile</td>
<td>300 x 650</td>
<td>40k – 5 rotations</td>
<td>$50</td>
<td>—</td>
<td>yes</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>Pre-Roll Video***</td>
<td>576 x 324</td>
<td>2 Mbps (minimum)</td>
<td>$52</td>
<td>—</td>
<td>yes</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>Top Layer (Voken)</td>
<td>580 x 580 max</td>
<td>40k – no rotations</td>
<td>$40</td>
<td>—</td>
<td>yes</td>
<td>included</td>
<td></td>
</tr>
<tr>
<td>Full Screen Transition</td>
<td>640 x 480</td>
<td>40k – no rotations</td>
<td>$70</td>
<td>—</td>
<td>yes</td>
<td>included</td>
<td></td>
</tr>
<tr>
<td>Text Link</td>
<td>95 characters</td>
<td>—</td>
<td>$2</td>
<td>—</td>
<td>yes</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Smartphone banners</td>
<td>300 x 50</td>
<td>3k – 3 rotations</td>
<td>$20</td>
<td>300 x 150*</td>
<td>no</td>
<td>no</td>
<td></td>
</tr>
</tbody>
</table>

**Voluntary Discount**

<table>
<thead>
<tr>
<th>Volume Discount</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 – 9,999</td>
<td>0%</td>
</tr>
<tr>
<td>10,000 – 49,999</td>
<td>5%</td>
</tr>
<tr>
<td>50,000 – 99,999</td>
<td>10%</td>
</tr>
<tr>
<td>100,000 – 499,999</td>
<td>15%</td>
</tr>
<tr>
<td>500,000 – 999,999</td>
<td>20%</td>
</tr>
<tr>
<td>1,000,000 – 2,499,999</td>
<td>25%</td>
</tr>
<tr>
<td>5,000,000 – 9,999,999</td>
<td>30%</td>
</tr>
<tr>
<td>25,000,000 – 59,999,999</td>
<td>35%</td>
</tr>
<tr>
<td>100,000,000 – 199,999,999</td>
<td>40%</td>
</tr>
<tr>
<td>500,000,000 – 999,999,999</td>
<td>45%</td>
</tr>
<tr>
<td>2,000,000,000 – 9,999,999,999</td>
<td>50%</td>
</tr>
</tbody>
</table>

**ADVERTISER EXCLUSIVE E-MAILS**

<table>
<thead>
<tr>
<th>E-Mail Name</th>
<th>Site</th>
<th>Subscribers</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>News Update</td>
<td>GAM</td>
<td>64,000</td>
<td>Daily</td>
</tr>
<tr>
<td>Business Ticker</td>
<td>GAM</td>
<td>50,000</td>
<td>Daily</td>
</tr>
<tr>
<td>Personal Finance Reader</td>
<td>GI</td>
<td>130,000</td>
<td>Friday</td>
</tr>
<tr>
<td>Advisor Focus</td>
<td>GA</td>
<td>12,000</td>
<td>2nd Friday</td>
</tr>
<tr>
<td>[email protected]</td>
<td>Life</td>
<td>9,800</td>
<td>Friday</td>
</tr>
<tr>
<td>[email protected]</td>
<td>Life</td>
<td>104,000</td>
<td>Daily</td>
</tr>
<tr>
<td>[email protected]</td>
<td>Life</td>
<td>21,700</td>
<td>Sunday</td>
</tr>
<tr>
<td>[email protected]</td>
<td>GA</td>
<td>20,000</td>
<td>Thursday</td>
</tr>
<tr>
<td>[email protected]</td>
<td>RB</td>
<td>20,000</td>
<td>Monday</td>
</tr>
<tr>
<td>[email protected]</td>
<td>GAM</td>
<td>3,120</td>
<td>Daily</td>
</tr>
</tbody>
</table>

**CONTRACT AND MATERIAL DEADLINES**

DUE 2 DAYS PRIOR TO LAUNCH: Sponsors Ad
DUE 5 DAYS PRIOR TO LAUNCH: Ad
Signed online contracts must arrive a minimum of 1 business day prior to the above material deadlines.

**Volume Discount**

<table>
<thead>
<tr>
<th>Volume Discount</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 – 9,999</td>
<td>0%</td>
</tr>
<tr>
<td>10,000 – 49,999</td>
<td>5%</td>
</tr>
<tr>
<td>50,000 – 99,999</td>
<td>10%</td>
</tr>
<tr>
<td>100,000 – 499,999</td>
<td>15%</td>
</tr>
<tr>
<td>500,000 – 999,999</td>
<td>20%</td>
</tr>
<tr>
<td>1,000,000 – 2,499,999</td>
<td>25%</td>
</tr>
<tr>
<td>5,000,000 – 9,999,999</td>
<td>30%</td>
</tr>
<tr>
<td>25,000,000 – 59,999,999</td>
<td>35%</td>
</tr>
<tr>
<td>100,000,000 – 199,999,999</td>
<td>40%</td>
</tr>
<tr>
<td>500,000,000 – 999,999,999</td>
<td>45%</td>
</tr>
<tr>
<td>2,000,000,000 – 9,999,999,999</td>
<td>50%</td>
</tr>
</tbody>
</table>
as length of the campaign, season, and relationship between client and vendor. Effective negotiation skills in the media buying process could result in lower CPM rates.

**PAY-FOR-PERFORMANCE MODEL**

Advertisers must remember that the purpose of the banner is to stir initial interest so that the viewer clicks the ad for more information. Once the ad is clicked, the viewer sees it in its entirety. Since clicking is the desired action, many websites use a CPC (cost-per-click) pricing model. The benefit of this system is clear: the degree of clicking achieved by an ad indicates the effectiveness of the ad.

If the success of an ad is based on the click rate, many current campaigns are not doing very well. For years click rates have been shrinking across all web destinations. As responsiveness declines, ad targeting is becoming more attractive to online advertisers. The ability to target based on location and behaviour does have a positive impact on click rates. Pricing models based on cost-per-click are becoming more popular, but they are plagued with all kinds of click fraud. **Click fraud** is the practice of artificially inflating traffic statistics by repeatedly clicking on an advertisement. This practice makes a campaign look better than it really is and inflates the cost of the campaign for the advertiser. Tighter restrictions and controls are needed if the pay-for-performance model is to succeed.

**FLAT-FEE MODEL**

Some websites charge a flat fee for advertising—typically, a set amount for the length of time the ad appears on the site. This practice is more common for sponsorships of contests or other special activities on a website. For example, a site such as TSN.ca might offer a flat-rate sponsorship opportunity to an advertiser in combination with a CPM or pay-for-performance advertising package. At TSN, advertisers who opt for a sponsorship package will receive preferred positions for their banner ads. Because fee structures vary, lower traffic sites are more likely to use the flat-fee system.

**Social Media Networks**

A **social media network** connects people with different types of interests at one website. At the website, people become friends and form communities—in effect the community could be viewed as a potential target market. Refer to the illustration in Figure 12.9. Facebook, Twitter, YouTube, Instagram, Tumblr—you spend a lot of time at these sites. Millennials are a generation of tech-savvy social animals who like to stay connected to their friends online. Advertisers must find a way to effectively communicate with them.

Recent research indicates Canadians are married to the social web. Apparently, Canadians spend 25 percent of their total internet time social networking—approximately 1.2 hours a day. And the number of Canadians using social networks is staggering: some 17.1 million people or 51 percent of the population used social sites in 2013.20 While it is difficult to stay on top of social media statistics, Facebook claims (March 2013) that it has 1.1 billion people using the site each month and 665 million active users each day on a worldwide basis. Just nine years ago Facebook only had 1 million users.21 Social media has transformed itself into a mass medium in a very short space of time.
ADVERTISERS MUST ADAPT TO THE SOCIAL MEDIA ENVIRONMENT

Organizations are operating in an era where consumers have more control over marketing communications. In previous eras, the marketer would push their communications on to consumers. In the social media era, the communications process is more participative—the goal is to get consumers talking about brands and promoting brands on behalf of the organization. This shift in control is often referred to as brand democratization.

Once the marketer adapts to this change and sees the benefit of allowing consumers to participate in the creation of brand content, it will be easier to integrate social media into a marketing communications strategy. For example, if a marketer puts out a call for input based on some broad-stroke direction (for example, request that consumers submit a video and enter a contest), members of the public might submit some very worthy content that the marketer could use. It is often surprising what a brand enthusiast can do for a brand.

To demonstrate this concept, consider the type of communications people commonly view online. Messages delivered on social networks are created mainly by amateurs. Consumer-generated content refers to content created by consumers for consumers. People who do this are often called brand evangelists and will do anything to promote their favourite brand—you have certainly viewed examples of this on YouTube. For many people, this type of content carries more weight than marketer-generated content.

When a company invites the public to participate in the marketing of its brands, it is employing a technique referred to as crowdsourcing. Crowdsourcing uses the “collective intelligence of the public at large to complete business-related tasks that a company would normally perform itself or outsource to a third-party provider (for example, an ad agency or production company).” Crowdsourcing capitalizes on the vision, creativity, and enthusiasm people have for the brand.

To demonstrate the power consumers have in social media, consider the case of Bud Light Lime in Canada. Pressure from Facebook fans forced Labatt Breweries of Canada...
to introduce the brand a year early. It was already available and popular in the United States. Canadian consumers created Facebook pages asking Labatt to “Bring it to Canada.” According to Richard Musson, vice-president of marketing, “We wouldn’t have [launched] this year if it hadn’t have been for the enormous demand from the consumers . . . there was such a strong demand we realized we couldn’t wait.” When the brand was launched, Bud Light Lime team members in major cities gave out stickers that said, “You asked for it Canada, now it’s here.”

Marketers now realize that social networks have given real people real power. There’s an expression: “Any publicity is good publicity.” Whether that is true or not is debatable, but if consumers create and upload content and it is viewed by millions of people, there must be some benefit for the brand. Moving forward, marketers must find ways to tap into this phenomenon—they must find a way to strategically add social media to their communications arsenal. It sounds almost frightening to let consumers take charge, but consumer control is the ultimate form of engagement that marketers are searching for.

**Types of Social Network Advertising and Marketing Communications**

Several advertising opportunities exist on social media networks. Many of the standard online advertising options are available. As well, many organizations have created their own blogs to publish ongoing information about the company and its brands.

**DISPLAY ADVERTISING**

As in other online advertising, the placement of banner ads is available on some social networks. Given the abundance of information that social networks collect about users, there is a significant targeting advantage available to advertisers. Facebook offers a sophisticated demographic filtering process. For example, If an advertiser wants to reach females, 21 to 35 years old, married, and interested in fashion, that target request would be entered in the Facebook database. The advertiser would then know the approximate number of women fitting that profile and plan a campaign to reach them.

Click rates are low on a site such as Facebook. A recent study by Webtrends observed an average click rate of only 0.051 percent on Facebook. Low click rates are causing advertisers and social network publishers to look for other more effective options to advertise in this medium.

**BRAND PAGE (FAN PAGE)**

Marketers can create their own page on Facebook that users choose to join. Users who click on a brand’s “Like” button become members of the brand’s fan page. Contests or other incentives motivate fans to visit the page, resulting in an expanded base that can be used for future marketing programs.

The value of a “Like” is often questioned by advertisers. Presently, many marketers equate social media success to the number of likes they have, and they implement programs to build their number of likes. But the value of a like remains elusive since only 5 percent of people who “Like” a brand go back to that brand page. Such limited engagement needs to be evaluated by advertisers if an adequate return on investment is desired. A prudent
marketer must shift his or her way of thinking and devise strategies that give “engagement” a priority over “Likes.”

To find a better way for advertisers to communicate with Facebook users, Facebook launched sponsored posts in 2012. The sponsored posts use a timeline design. The timeline design forces marketers to frequently post fresh and engaging content. Specific posts appear at the top of the page, but they are removed after seven days. Marketers also have to be more engaged since they must post, monitor, and respond more often on their brand page. In the Facebook environment, a person will share sponsored posts that they like with their friends.

ADVERTISING FROM A FRIEND NETWORK

Referrals from friends play a key role in creating interest in a branded product or service. A news feed about someone buying something new, for example, could be received by countless numbers of friends. While word of mouth is effective, many social network users are becoming skeptical of the source of the message. Is it legitimate? There is also some controversy about word-of-mouth advertising because such communication can be considered exploitation of personal relationships with friends.

COMPANY BLOGS

A blog is a website where journal entries are posted on a regular basis and displayed in reverse chronological order. Blogs provide commentary on news or particular subjects of interest such as politics, food, and fashion. A typical blog includes text, images, and links to other blogs.

A company blog is proving to be an effective means of presenting relevant information in a positive manner. It gives an organization the opportunity to be part of the discussion on matters that are important to customers. People access blogs because they want to read the content. With a blog, an organization can communicate with customers in a more relaxed environment. A brand has an opportunity to develop an online personality that goes beyond what can be accomplished in traditional media communications. Although most company blogs are not written mainly to sell products or services, providing useful information in the blog can indirectly influence customers to make a purchase.

YOUTUBE CHANNELS

Everyone views video content on YouTube, don’t they? With that in mind, doesn’t it make sense for an organization to have its own YouTube channel, where it can show some exciting videos about its brands? On YouTube, a channel is the word used for a user’s profile. Other users can access a channel/profile to find out what videos have been uploaded. You can also subscribe to a user’s profile and be notified when that user uploads new videos to the site.

The principle just described can certainly apply to a company and its brands. Axe is all over social media and recently launched a dedicated channel on YouTube: www.youtube.com/AXECanada. Similar to Axe communications in other media, the YouTube channel offers a highly sexualized perspective on topics of male interest. According to Shelley Brown, president and CEO of CP+B (Axe’s ad agency), “Axe is a brand that, as it moves through social space, needs to stay very relevant, very fresh. It needs to be in a state of continual renewal.”

26

27

28
BUYING SOCIAL MEDIA ADVERTISING

Facebook is by far the largest social media network. It offers two advertising options: banner ads and promoted posts for brand pages. The banner option is similar to the online banners discussed in the previous section. In terms of budget, the advertiser chooses between a CPM (cost per thousand) model and the CPC model (cost-per-click). If the CPC model is chosen, an advertiser establishes a daily budget (the maximum the advertiser is willing to spend) and a bid price within or above the selected range. The bid (bid price) is a predetermined maximum amount an advertiser is willing to pay for each click. On Facebook, advertisers can target their ads based on criteria such as location, age, gender, education, likes, and interests (for example, hiking, camping, skiing, or gardening).

The posts-for-brand-pages option allows advertisers to pay for posts to be more prominently displayed on news feeds. Facebook determined that the average brand page is only seen by 16 percent of fans. Promoted posts will help businesses reach and engage more of their fan base.

Google offers a service called AdWords, an auction-style system that determines the ads that appear on the search results page. The advertising cost is based on what the advertiser is seeking (e.g., awareness, website traffic, or conversion). If awareness is the objective, costs are based on a CPM (cost per thousand impressions) basis. If web traffic is the objective, costs are based on CPC (cost-per-click) basis. Each time a person clicks on the ad, the advertiser pays a fee. For more seasoned advertisers, a CPA (cost-per-acquisition) system is available. In this system an advertiser pays a fee once the person takes specific action at the advertiser’s website. The CPC (cost-per-click) system is the most widely used option on Google.

BENEFITS AND DRAWBACKS OF SOCIAL MEDIA ADVERTISING

There are several key benefits available for a marketing organization that engages in social media communications. From a targeting perspective, all age groups are engaged with social networks. Therefore, it is a complementary medium in the marketing communications mix. More specifically, millennials are on social networks in droves: 91 percent are on the internet, and 86 percent of those participate on a social network.

Now and in the future, social media communications that reach this group are absolutely essential in the mix. One of the most potent forms of influence on brand decisions is word of mouth, a situation that marketers have no control over. As mentioned earlier in the chapter, a significant amount of word of mouth happens among friends on social networks. Perhaps the primary benefit is an intangible one—the fact that consumers willingly engage with brands. While such engagement may not produce an immediate sale, it is part of the relationship-building process that could produce a sale later on.

A survey of U.S. marketing executives reveals that customer engagement with the brand is the single most important benefit of advertising on a social network site. Other benefits include direct contact with potential customers (a situation that allows the marketer to listen to customers and gain insights into how they feel about the company or brand), the quickness of feedback (actual results of initiatives), and the opportunity to learn about customer preferences.

Despite these benefits, many companies are reluctant to invest in social media communications. The absence of sound metrics (beyond click rates) to determine return on investment are a stumbling block. Many executives question the value of a “Like” and what impact it may or may not have on sales. In the U.S., Coca-Cola has questioned the
value of buzz created by online conversation. Eric Schmidt, senior manager, marketing strategy and insights, states, “We didn’t see any statistically significant relationship between our buzz and our short-term sales.” For the record, Coca-Cola has 61.5 million brand fans on Facebook. Taken in isolation, Schmidt’s observation is probably true. Coca-Cola’s situation tends to confirm the need for integrated campaigns that employ a combination of media. It is the combination of owned, earned, shared, and paid-media connections that creates marketplace impact, consumer engagement, and brand value.

Proctor & Gamble is watching media consumption trends closely and is building its own social media presence for many of its popular brands. Figure 12.10 shows an image of workers at the social media command centre during Proctor & Gamble’s Everyday Effect campaign in New York City. The Everyday Effect campaign highlights the practical yet spirit-lifting values of its products and brands and the positive effect they have on people every day.

Staying abreast of social media trends poses another challenge for executives and many feel unprepared for what lies ahead. Erich Marx, director of interactive and social media at Nissan, effectively puts social media communications into perspective for modern day advertisers. He says, "From an ROI standpoint, are we selling hundreds of cars through social? No. But, you have to be there. It’s not about ROI, it’s about COI—cost of ignoring. It’s too big to ignore.”

There is little doubt that social media communications will be a strategic component of future brand communications. Simply stated, advertisers must be where their customers are. If time spent with a medium is important to advertisers, then social media trumps everything but television. If anything, the shift in how people consume media will continue to move in the direction of all forms of interactive communications.
Measuring the Impact of Social Network Communications

People don’t visit social network sites to view advertising; they visit to socialize. As discussed earlier in the chapter, advertisers have to adapt to a different environment. In a social media campaign, advertisers must look at a softer set of measurement tools to judge whether a communications effort was successful. Therefore, the amount of time a person spends at a social media site (rather than pages viewed) and the extent of involvement they might have with a brand while at a site become meaningful ways of measuring the effectiveness of a social media campaign. The Interactive Advertising Bureau is actively promoting a new set of terms to measure social media efforts. These terms include the following:

- **Interaction Rate** The proportion of users who interact with an ad or application
- **Time Spent** The length of a specific visit or session
- **Conversation Reach** The number of unique visitors per month in all sites related to the conversation in which the client [brand advertiser] is participating
- **Conversation-Relevant Links** The number of links to and from content that contains phrases from … all sites identified as part of the client’s campaign.

The viral nature of the internet generally, and social network sites specifically, is real. It doesn’t take long for word of mouth to spread on these sites. The viral component is a true indicator of communications success or failure. For example, Dove (a Unilever brand) created a video titled “Dove Beauty Sketches.” The video featured an FBI-trained forensic artist sketching women to show them how their self-image differed from how others see them. In one month the video reached more than 100-million views across different channels. The video also earned Dove much free publicity. Dove was an early adopter of social media video. The brand’s first video, titled “Evolution,” met with similar success (though the number of views was much lower) back in 2006.

Marketers who realize the difference between offline and online communities will reap the benefits of online communications. To members of the online community, the Dove message was highly acceptable. It caught their attention, was innovative, and was discussed by millions of viewers—another measure of success! The challenge for other advertisers is to figure out effective ways of integrating brands into the online community experience so that users respond to and interact with the brand in a positive manner.

Mobile Communications

The screen is small, the audience’s attention span is short, and the environment (possibly a busy and noisy street) is variable. Yet the possibilities of mobile marketing are capturing the attention of advertisers. Mobile marketing is defined as “a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network.”

In 2012, there were 26.0 million mobile subscribers in Canada, and 48% of them (approximately 12.4 million people) had a smartphone. In the 18- to 34-year-old group, 69% of mobile users have a smartphone. Generally speaking, Canadians are emotionally attached to their mobile phone (check your own behaviour)—79% of people don’t leave
home without it. For some other interesting facts and figures about mobile phone behaviour, refer to Figure 12.11. Given that our phones are always with us, they should be an ideal medium for reaching consumers with advertising messages.

Despite the growth in phone ownership, spending in mobile phone advertising has been slow. In 2011, mobile advertising reached $82 million and it was projected to reach $250 million by the end of 2013—a significant increase. In terms of total online advertising spending, mobile will remain a small contributor. Advertisers have been slow in adapting to media consumption trends but the future of mobile advertising communications offers great potential. Factors such as the penetration of smartphones, the ability to offer location-specific messages, and consumers’ willingness to make online transactions bode well for mobile-minded advertisers. Thus far, the consumer packaged goods industry, retailers, telecommunications companies, and automotive companies are leading the charge to mobile advertising, but their investment has been low relative to what they spend in other media.

Earlier in the chapter, the issue of time spent with the media was discussed. People spend most of their time with television (40% of the average adult’s media time);
the internet ranks second (23% of time). Mobile only represents 7.5% of the average adult’s time, but it is growing at a much faster rate than all other media. Time spent with a medium is an important consideration when devising a media plan.

Smartphones such as the iPhone, BlackBerry, Samsung Galaxy, or Google’s Android devices typically offer many features: the ability to send and receive email messages and access the web, take photographs and videos, download applications, and play music and video games. Therefore, marketers can reach consumers through text messaging, video messaging, downloaded applications, and online video games—and they can do so in a highly targeted manner.

Mobile media allow an advertiser to reach targets where they are located at any point in time—a concept referred to as location-based targeting. Essentially, a person’s location information (available through GPS chips in smartphones) is factored into a marketing communications effort. Let’s assume that a fast-food restaurant such as McDonald’s or Wendy’s knows where you are; the company can send you an incentive (coupon) instantly to encourage you to visit a nearby location. It’s an unexpected incentive you just might take advantage of.

Let’s examine the primary means of communicating with consumers through mobile media.

**TEXT MESSAGING**

Text messaging refers to the transmission of text-only messages. The popularity of electronic devices such as the Apple iPhone, BlackBerry, Samsung Galaxy, and Google Android has allowed text messaging to emerge as a popular communications tool. Believe it or not, Canadians send 186 million text messages a day. Texting is popular because of its speed, portability, and low cost.

Marketers interested in reaching younger targets are experimenting with text messaging, running promotions that include “call to action” short codes. Codes are usually mentioned in other media used to create awareness for the promotion. Cell phone users can punch in their codes to participate in contests, download free music, and get ring tones and prizes.

Scotiabank entered the text-messaging arena successfully. Its initial effort was a contest in support of the bank’s sponsorship of the Canadian Football League. Contest entrants earned the chance to win a VIP Grey Cup Experience and a selection of secondary prizes. The objectives of the promotion were to encourage participation, broaden reach beyond that of traditional media channels, and drive the brand’s association with the sponsorship among consumers. The campaign was a multimedia effort with web, email, online media, TV, stadium advertising, and mobile components. A full 20 percent of all entries were through the text short code “Scotia” (726842). The mobile component helped make the contest a success.

**VIDEO MESSAGING**

Video messaging is the next generation of cell phone communications. Surprisingly, or not surprisingly, people are watching long-form video content on their mobile phones—in fact, some 40 percent of all video viewing occurs on a smartphone. Apparently, mobile users will watch television shows, sports events, and YouTube videos on their phones. About half of all videos viewed on mobile phones are watched at home. These same consumers want the largest flat screen television in their living room. This is behaviour irony at its best.
Advertisers who are interested in the next generation of consumers have to take advantage of mobile video communications. Teens and young adults have grown up with technology and mobile phones are ubiquitous among them. These consumers will carry their mobile behaviour forward, and it will have a dramatic impact on how they learn about and buy products. Already, smartphones are assisting people with everything from finding a retailer’s nearest store to checking product availability and price. One recent study revealed that eight million Canadians used a smartphone to help them shop in the last month. Further, 39 percent of smartphone users took a picture or video of a product while shopping and sent it to someone for an opinion.

Are mobile ads effective? Recent research indicates that mobile ads are outperforming standard banners on the internet. MediaMind, an organization that tracks the performance of online and mobile campaigns, reports that the clickthrough rate for mobile banners is 0.61 percent, almost eight times as high as the clickthrough for standard online banners in campaigns that had at least one mobile ad. For additional insight see Figure 12.12.

**MOBILE APPLICATIONS**

All smartphone suppliers, such as Apple and Google, offer applications that encourage in-application advertising. Apple’s system is called iAd, and it allows for full-screen video and interactive advertising content to be served within an application. The advertisements are delivered to the phone wirelessly. In other systems, it is common for users to be bounced to a company website for the video message. Apple created a new advertising category using Apple Apps. With some 500,000 and counting applications (2012 data), advertisers have the means to deliver their advertising messages.

There’s a common complaint about applications among consumers, however. They say, “There’s so much choice, but nothing I really want.” Finding apps that fit with one’s lifestyle is challenging. Well, here’s one that Canadians will love: Tim Hortons’ Timmy Run application. Timmy Run was initially launched as a web-based application, but there are plans for a mobile extension. The application allows users to take orders for up to 20 people. It makes the run easier and more convenient for those who volunteer on behalf of friends and colleagues. Logistically, when a member of a group initiates a run, everyone in the group is notified by email and given a specified period of time to opt in.
When the time’s up, the runner is notified of the order, which is compiled on one list. Refer to the image in Figure 12.13.

Among media companies, Rogers-owned Citytv launched a video application that allows iPhone and iPod touch users to view live and on-demand content on their mobile devices. Regular scheduled programs will be available to mobile users. Already available on the iPad tablet, the new application gives advertisers the ability to reach consumers on a greater variety of platforms—online, tablet, and mobile. Pre-roll and mid-roll video ads are sold to advertisers.

QR CODES

A QR (quick response) code is a two-dimensional barcode that can be scanned and read by smartphones. Made up of small squares with black and white patterns, the code allows for sharing of text and data. To read the code, a person needs to download a QR code reader, available at various app stores (for example, Tag Reader for an iPhone).

To secure information, a user takes a picture of a code and is then linked to a website, a phone number, or perhaps a YouTube video that offers more information about a product or service. Thus far, Canadian advertisers have enjoyed mixed results using the codes; their effectiveness in stimulating interest and ultimately a desired action is yet to be determined. Again, advertisers have to adapt to a different media environment and understand what consumers expect of QR codes. Some research indicates that what consumers want and what advertisers are providing are at odds. Consumers want deals and discounts while advertisers want to deliver brand information. The number one reason why people scan bar codes is to access discounts, coupons, and free items.
QR codes offer an advertiser several benefits: additional information is communicated to the customer in a cost-efficient manner; when customers snap the picture, they are instantly engaged with the brand; and the codes are environmentally friendly, since they save on printed materials and potential waste.

Video Game Advertising (Advergaming)

Advertising in video games, or advergaming, refers to the placement of ads in commercially sold games or in games played online or on mobile devices. The notion that video games are a male- (young male) dominated activity initially restricted the level of interest in the medium by advertisers. However, new data suggest that video games are growing in popularity across both genders and all age categories. Games are becoming an accepted form of family and adult entertainment. That could be an important targeting consideration for a media planner.

Integrating a brand into games helps achieve several objectives: it can generate positive brand awareness and higher brand preference ratings, as well as help stimulate purchases. The tactic is seen as being more effective than product placements in TV shows, mainly due to the intensity of the behaviour while gamers are playing—they see and recall the brand messages.

Gamers do not seem to mind the presence of ads. In fact, they expect to see ads, and they are receptive to their presence. A study conducted by IGA Worldwide (a game vendor) discovered 70 percent of respondents felt that the ads made them feel better about the brands. Further, brands running ads in games experienced an average 44 percent increase in brand recall among consumers, when compared to awareness prior to seeing the brand in the game.

With video games, an organization can go in two directions: create its own branded game or place ads in commercially produced games. Many brands have developed their own games for visitors to play at their website. Such games promote interactivity and offer good entertainment value—things people are looking for when they visit a website. In commercially sold games, there is a diverse range of possibilities, including fully integrated opportunities (having a game designed around a brand or brands), interactive product placements, outdoor-style billboards, and 30-second video spots.

SUMMARY

Companies are turning away from traditional advertising media such as television and newspapers and toward direct response and interactive communications, and for good reason. Canadians are leaders in internet consumption, and as a medium it has surpassed all other media except television in terms of revenue. People in all age categories are spending time online, so the questions for advertisers relate to how much of their budget should be allocated to online media and where the funds will come from. Which traditional forms of media will get less investment? Many advertisers remain skeptical of the effectiveness of internet advertising due to low click rates, but they do like the engagement factor that gets users more involved with brands. Another challenge for online advertisers is to create interesting interactive communications without alienating users. In the online world, marketing communications has to be entertaining as well as informative.
Interactive communications strategies can be tailored more directly to consumer preferences, a concept referred to as behavioural targeting. When this concept is applied, the ads that appear on screen are related to the consumer’s previous surfing behaviour. Ads can also be targeted based on demographic and geographic profiles.

Advertising on the internet is ideally suited for meeting several marketing objectives. The medium is ideal for creating brand awareness, building and enhancing brand image, offering incentives, generating leads, and conducting purchase transactions. Strategically, there are numerous advertising options available, including search advertising, display advertising (which includes static and animated banners), rich media, video, sponsorships, email, and webcasting. Online video ads are growing in popularity due to their similarity to television ads (users have a sense of familiarity based on their experience with traditional advertising media). Company and brand websites (microsites) also play a key role in communicating detailed information.

As an advertising medium, the internet offers targeting capability, depth of content, high reach, and tracking capabilities that measure effectiveness of campaigns in a variety of ways (clicks, leads, and purchases). As well, the interactive nature of the medium provides an environment that fosters the building of solid relationships with customers. The fact that the internet is open 24/7 means that an advertiser’s message is always at hand. Some drawbacks of the internet include consumers’ frustration with unwanted email and the barrage of banner ads that are on some sites, and the perception among users that advertisers are invading their privacy.

Interactive media advertising rates are typically quoted on a cost-per-thousand-impressions basis. Other options include cost-per-click and flat fees. Currently, the CPM pricing model is the model used most frequently by websites and online advertising networks.

Mobile media represent new opportunities to deliver advertising messages. Electronic devices such as smartphones are part of consumers’ daily lives. Text messaging allows consumers and brands to interact with each other, a definite step in developing brand loyalty. Now phones have video capabilities, an even stronger way to deliver a message. The small screen is about to become a true complement to television and laptop screens. Marketers are attracted to mobile media based on the immediacy and intimacy they offer.

Video games are proving to be an effective means of reaching all age groups. People are now spending a lot of time playing games instead of watching television. Advertisers must capitalize on this trend and adjust their media budgets accordingly.

Online social networks such as Facebook, LinkedIn, and YouTube represent unique advertising opportunities. These sites feature user-generated content, some of which is composed of commercials generated by amateurs. Companies are placing their own commercials on social network sites and establishing fan pages, hoping for positive word-of-mouth (buzz) about their brands. Advertisers measure the effectiveness of these communications by monitoring the conversations people have about their brands. The viral nature of the internet (users passing along information to friends) is another benefit for advertisers.

**KEY TERMS**

- advergaming 374
- animated banner 354
- banner ad 354
- behavioural targeting 350
- big box 354
- blog 366
- click (clickthrough) 353
- click fraud 363
- click rate 353
- content marketing 357
- cookie 350
- CPC (cost-per-click) 363

- CPM (cost-per-thousand) 361
- crowdsourcing 364
- daypart targeting 350
- display advertising 354
- expandable banner 354
- floating ad 355
- frequency (online) 353
- impression (ad view) 351
- leaderboard 354
- mid-roll 355
- mobile marketing 369
- permission-based email 356
REVIEW QUESTIONS

1. What characteristics make the internet different from traditional media?
2. Explain the concept of behavioural targeting as it applies to online communications.
3. Explain the following terms as they relate to advertising on the internet:
   a) Click
   b) Click rate
   c) Frequency
   d) Impression
4. What is search advertising, and how does it work?
5. What is display advertising, and how does it work?
6. Briefly explain the following interactive communications terms:
   a) Permission-based email
   b) Opt-in
   c) Webisode
   d) Pre-roll and post-roll
   e) Consumer-generated content
   f) Crowdsourcing
7. Explain the concept referred to as “brand democratization.”
8. Identify and briefly explain two advantages and two disadvantages of online advertising.
9. Briefly describe the various advertising opportunities available on social media networks.
10. What is the CPM pricing model and how does it work? What factors influence the price charged in the CPM model?
11. If the CPM is $30.00 and the banner ad campaign achieves 1.5 million impressions, what is the total cost of the campaign?
12. If the total cost for a banner campaign was $30,000 and the impressions generated a total of 1.2 million, what is the CPM for the campaign?
13. How is the pay-for-performance advertising model different from the CPM model?
14. What does the term “advergaming” refer to?
15. Briefly explain two key benefits of social media advertising.

DISCUSSION QUESTIONS

1. “Persistent invasions of consumer privacy will be the undoing of internet-based advertising.” Is this statement true or false? Conduct some secondary research online to update the status of this issue. Report on your findings.
2. How important will mobile communications be in the future? Will consumers be accepting of advertising messages in this medium, or will they perceive them to be a nuisance? Describe and defend your opinion on this issue.
3. Review how the pay-for-performance model for advertising on the internet works. What is your opinion of this model? Examine the situation from both the advertiser’s and the website’s perspective.
NOTES


377


