
UNIT 11 INTERNETS AS AN EMERGING ADVERTISING MEDIUM

Objectives

After reading this unit you should be able to:

- to define and explain the meaning of internet,
- to explore the profile of internet users in India,
- to examine the potential marketing and advertising applications of the internet.

Structure

- 11.1 Introduction
- 11.2 Profile of Internet Users
- 11.3 Marketing Applications of the Internet
- 11.4 Internet and Marketing Communication
- 11.5 Difference Between Traditional and Internet Advertising
- 11.6 Similarities Between Internet and Other Mass Media Advertising
- 11.7 Effectiveness of Internet Advertising
- 11.8 Internet Advertising Influencing Traditional Advertising
- 11.9 Pricing Issues in Internet Advertising
- 11.10 Summary
- 11.11 Glossary of Key Terms
- 11.12 Self Assessment Questions
- 11.13 Further Readings

11.1 INTRODUCTION

In a short span of time something which started as a US defence initiative has developed into the major communications mechanism for the academic and research community and most recently has expanded into a major business tool for the commercial sector.

The Internet, as we have now come to call it, has evolved during this period from being a robust and effective way of exchanging information to providing a delivery mechanism for massive amounts of multimedia information to global audience.

Simply defined, "internet is a network or a web of computers connected together which can talk to each to each other". Tim Berners Lee is credited with creating the world wide web (www), which is often used interchangeably for the internet. His creation has transformed the way business is conducted in more than one way. Since its inception, internet has covered a long way and there seems no stopping for the newer application being found of the internet.

11.2 PROFILE OF INTERNET USERS

Internet made its debut in India barely five years old but since then it has grown exponentially. Latest figures estimate internet users more than one million. Expectedly, largest participation is from the top crust of the society. Though internet is available in all top cities in India but a large number of people connecting to the internet are from top metros and relatively fall in the younger age group.



Table 1. Penetration of Internet

All India internet access	1.39
million Top 8 metro	64%
SEC A1+	25%
SEC A	54%
(SEC - Socio-Economic Classification)	

Source: National Readership Survey, 1999

Table 2. Internet Users

City	Users (000's)	Delhi	206	Mumbai
190	Hyderabad	154	Bangalore	123
Chennai	92	Calcutta	59	Other cities
574	All India	1,398		

Source: NRS 1999

Moreover, E-commerce has also begun to get a critical mass. NASSCOM, in 1999 made following estimates about the e-commerce:

Total value of E-commerce	Rs. 131 crores
Business-to-Business	Rs. 119 crores
Business-to-Consumers	Rs. 12 crores
Estimated value in 1999-2000	Rs. 300 crores

Activity 1

Write profiles of Internet users in you city who uses internet at the office and/or at home.

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11.3 MARKETING APPLICATIONS OF THE INTERNET

Marketers have started giving internet a closer and a serious look. And, it is warranted also. The growth it has registered is impressive by any standards. Also, the pace at which Internet is growing is amazing.

It is often argued that internet is suitable for certain categories of products and services. This may be true, but only to an extent. A better way to say this could be "internet is more suitable for certain categories of products and services and less suitable for some others". Proctor and Gamble (P & G) forecasts that it will spend 80% of its global advertising budget on the digital media. This clearly reflects the expediency of the internet for a product category for which internet is often termed as incompatible. Products which fall in this category are daily use products which are frequently purchased, such as, soaps and detergents.

Many companies complain that internet has failed to live up to their expectations. There's no reason why internet should not work, if approached properly. This happens when, for a company, web presence itself becomes the objective. Such companies don't know what to make of their web presence beyond a web site. It needs to be understood here that web presence can be a good beginning but not an end in itself. Web presence is an evolving presence which should stem from marketing strategy.

A critical thing to be kept in mind when going on-line is that the brand is meeting the consumers directly. A relationship is being developed between the two. Hence, the web



presence of a company should work to enhance the existing brand values. Consumers have strong from the web sites they visit. These expectations can either work for or against the company. Either they will strengthen the existing brand values or dilute them. To strengthen the existing brand values, there should be an attempt by the company to match the consumer expectations and their on-line experience. Web sites should offer online experience which corresponds to the off-line experience. Many marketers, in an attempt to make on-line users feel the hugeness of the company, load their sites with information. Such marketers should understand that how many bytes a web site holds is not a yardstick of the largeness of a company.

Marketers should treat web presence as a part of the brandscape. And, it should be made to work in tandem with other elements of the brandscape and create synergies. One of the main duties of the web site is to communicate the brand identity. Many web site fail at this only. In a study done by Revolution and Mantel UK, it was revealed that most of the web sites do not convey the core of their brands. Most of the such web sites just give information and little chance to interact. At the end of the day, the marketer should ask himself: "can my brand stand at this place?". "Place" here denotes web site.

Activity 2

Write down some of the major marketing applications of Internet, particularly for your own organization.

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11.4 INTERNET AND MARKETING COMMUNICATION

What took decades for other media (in terms of audience) to do has taken a few years when it comes to Internet.

Years to reach 50 million users

Years

Internet	04
Television	13
Personal Computer	16
Radio	38

Needless to say, this has also impacted the traditional business models and strategies. Marketing is no stranger either. In more than many ways Internet has changed ways we communicate, too. This sea of change has created new challenges that face the communication industry. The one that directly concerns us is the advertising. Early adopters have already embarked on their on-line advertising strategies. Others are evaluating their options till the time they go on-line.

The whole concept of marketing mix or 4 Ps has taken a complete turn about. No longer the 4 Ps theory can be applied to business which run in the cyber space. Working with the new medium is a five-stage process. This is in stark contrast to the traditional approach to marketing, as illustrated below.

Admittedly, advertising industry is also faced with this new challenge of the internet. More so it has impacted the traditional advertising. Some authors have gone to the extent of predicting the death of advertising as we know it today.

Like all things associated with the internet, the dynamics of its use for advertising are still in a formative stage of development, It was in the year 1994 that the first example of using another web site for advertising occurred.



11.5 DIFFERENCE BETWEEN TRADITIONAL AND INTERNET ADVERTISING

The fundamental difference between all of the traditional means of advertising and that provided by the internet is the process by which the observer of the advertisement can translate their interest into action. This needs to be explained. Having seen an advertisement of interest you can be taken immediately to the advertiser's internet site by simply clicking' the mouse button on the caption or graphic. From this point onwards it depends on the inventiveness of the advertiser to convert the visitors interest into whatever outcome they were seeking. This might be to get the visitor to purchase the product directly or to browse through the details of the company and its products. Certainly the objective of advertising should be to make sufficient impact on the visitor that they will return to the site in near future.

The delay between observing the advertisement, registering interest and experiencing the fulfillment of that interest has been reduced to a matter of seconds, rather than the days that are involved with traditional advertising. Even, in the most responsive companies, the delay between receiving a telephone response to an advertisement and the point when the inquirer receives the information requested can be measured in days. Differences between internet advertising and traditional forms do not end at this point of time.

Factor	Traditional	Web based
Range of audience that can be targeted	Wide	Narrow*
Ability to target niche audience	Good	Moderate*
Speed of gaining feedback	Slow	Very fast
Speed to implement modifications	Slow	Very fast
Ability to measure effectiveness	Moderate	High
Ability to link cost to results	Low	High
Ease of gaining global exposure	Low	High

*But rapidly improving

11.6 SIMILARITIES BETWEEN INTERNET AND OTHER MASS MEDIA ADVERTISING

While there are many differences, there are a number of similarities between internet advertising and that found in other media:

- The strength of the brand image will just be as, if not more, important in capturing the viewers' attention.
- In many cases the site where the advertisement is placed will have a particular audience and hence a relevance to promoting certain products, Matching the medium to message and audience is just as important in the virtual world.
- Rather than seeking to advertise on one large web-site, it may be more appropriate to have the same message conveyed on a number of smaller sites with similar audiences. This is equivalent to diversifying traditional advertising expenditure over a number of- different publications.
- The creativity of the images and copy of the advertisement will be just as important to its success or failure. This does not imply that what is a good paper-based advertisement can make the transition to the internet. In fact, it is almost certain that what works in "real world" will not be effective when transferred to the internet.

11.7 EFFECTIVENESS OF INTERNET ADVERTISING

This brings us another related area of internet advertising - the effectiveness of advertisement on the internet. Do they really create a change in the behavior of the



visitor (of the web-site on the Internet)? There are a number of other related issues. However some of the common issues are:

- How interactive ads influence response rate?
- What new cost structures can be applied?
- Will we be able to link from ad to internet site?
- How will it make advertising more measurable?
- What value should we be placing on interactive advertising?

Millward Brown conducted research to understand the dynamics of Internet advertising. In the research, Millward Brown measured the Consumer Loyalty. This is defined as the likelihood that the consumer will purchase the product on the next purchase occasion. The results of the research were encouraging.

The research was done on three product categories n an apparel brand, an ISP (Internet Service Provider) and a browser. Those exposed to the Internet advertising had a higher level of loyalty than those not exposed to the Internet advertising. Thus, it won't wrong to say that Internet advertising works.

Merely a predisposition may not always translate into sales for a product. But through the value that interactivity provides to the viewer the probability of the purchase being made increases. Through interactivity, what was essentially a passive medium, television, is now transformed into one with more viewer control. This can be anything from requesting further information to viewing a product demonstration. The real price of anything lies in the toil and trouble of acquiring it, and this is where interactive has the ability to offer benefits. Through it viewers can get all the information they require in the decision making process before acquiring the product by just clicking the mouse. Further, interactive ads will provide better return access to information about a product, it will change the way people value ads. Interactivity will give us much better view of advertising's real value.

Already, in some pockets of the country audience are able get Internet through cable television wires. When most of the consumers will be able to access Internet through cable operators it will be a different scenario altogether. Interactivity will create a profound change in television advertising as it will allow brand owners, for the first time, a permanent presence on television, adding additional power and value to their spot buys on conventional channels. In such a scenario, the choice for advertiser will not be between a Zee TV, Star or Sony, etc. but between a Zee TV and (let's say) Rediff.com.

When considering value, it is the measurement aspect of the interactive advertising that really lures the agencies and clients. With mechanism to measure the accurate and authentic response built in, advertising will be fully accountable. This gives advertisers a new model to work with. This model incorporates the measuring techniques like click throughs. However, at the same time, brand building aspect, which do not require click throughs, cannot be undermined. Advertisers are also measuring impressions, where viewer sees the message. Depending on the tasks set for interactive advertising exercise, both measures (viz. click throughs and impression) will have their own places. It would not be correct to base evaluation merely on the basis of either of the two without the due regard to the tasks in hand.

Activity 3

Recollect the products, which were advertised on Internet. Do you rate those advertisements as effective?

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11.8 INTERNET ADVERTISING INFLUENCING TRADITIONAL ADVERTISING



Most believe that, whatever happens, there will be a large difference between the emotional take-out of the Internet ads and that of traditional ads. However, the most critical aspect that will remain is creativity. The challenge for the advertisers would be to maintain the integrity of the brand: it becomes very important to retain the consistency across all media-how they would work in tandem is the challenge. Conventional ads provide complex messages that are delivered in a short duration that evokes emotions. Interactive media may decrease the wish to consume these ads.

One of the most significant effects on the break may be sound. When watching television or radio we are used to hearing sound between the commercials but when navigating the web we are used to going through the sites without sound. It seems like a continuum. Hence, when designing the Internet advertising we need to keep in mind the whole creative environment. On the other hand, putting sound may not be the best option available to advertisers. This is due to many factors - bandwidth constraints, cost issue, etc.

Creative issues demand proper attention. At times, it is found that agency briefed for on-line advertising is either not the same which is working off-line (for the client) or not closely working with the off-line agency. This creates inconsistencies between the style and message. Hence, the off-line and on-line integration suffers. The rallying cry for advertisers is to give more attention to the big picture and look at the integration: This ensures not only the consistency with other parts, but fulfills its own unique role in the buying cycle. This ensures that consumer's brand experience is matched on-line and off-line. If consumers find discontinuity of experience from one medium to the next, they won't buy.

When synchronizing on-line and off-line attention should be paid to the exact role of the medium. Research done by Forrester suggests that on-line advertising picks up where off-line experience leaves off, moving the buyer forward in the purchasing cycle and closing the 'consideration gap'. If, for example, a car company advertises a test drive on television, together with its web address, typing in that should lead directly to a test drive registration form, and not to the company's general home page.

The biggest mistake an advertiser can make is to adapt print and television ads. It's not so simple. Latching on to Internet requires development of new set of skills. These require a blend of traditional marketing wisdom with a deeper understanding of motivations of new consumers and the new medium along with a visionary creative teams which can turn ideas come alive.

11.9 PRICING ISSUES IN INTERNET ADVERTISING

Another topic of debate is that of pricing and diverse opinions and options were proposed about the way banner ads should be priced. These pricing models range from fixed per time period (per month, usually) to impressions to per click. Which is the right one? The answer is not as easy as the question is. At a given time, all of these pricing models are existing in the marketplace. Depending on where you advertise determines which pricing model you will end up following. It is for the advertiser to zero-in on the pricing model, which he/she feels best, fits into the Internet advertising planning wherein results are rendered measurable. For example, if the advertiser is selling or running sales promotion offer over the Internet then click through best fits the bill. On the other hand, if advertiser is merely running a brand building campaign then pricing by impressions may be suitable. After all, visibility of a brand also influences consumer behaviour.



11.10 SUMMARY

The dynamics of how the internet can be best used for marketing and advertising are still far from clear and are, indeed more, becoming more complicated as new variants and options appear.

Irrespective of future developments there is one truth that will remain constant. Unless the organization's site that receives the traffic generated by the advertising is capable or exploiting the visitor's interest, it will be totally wasted expenditure.

11.11 GLOSSARY OF KEY TERMS

Browser: This is the name given to the software that runs on the PC that displays the web pages. There are many makes of this software. Leaders in this are Netscape and Internet Explorer.

HTML: Stands for Hyper Text Markup Language. This is the programming commands that define how pages look on the screen when a visitor looks them on the internet.

URL: Stands for Uniform Resource Locator. This is like the address for a piece of information on the internet. Each page, on a web site has unique URL.

Hits: This is a measurement unit of the traffic on a web site. This is the count of the files called from a server (where the web site resides). A single page of a web site would have multiple files, which comprise of images also. This is not a true measure of traffic estimation.

Page: This is also a measure of traffic on a web site. This is better than Impression hits, as a measurement unit. This is a count of the, pages that a visitor views on a web site. If a web site has 10 pages and the visitor sees all the 10 pages then the page impression of the site would be 10.

Search: These are like directories of the web address. Users can search for Engines the address (URLs)of various web sites by typing the key words of their search. Examples of such sites are Yahoo, Altavista, Lycos, etc.

Portals: Portals are web site which offer all the information/service that a visitor might require. These are like one stop shops on the net. Examples of such sites are Yahoo, Rediff, Indiatimes, Digitalht, etc. The idea behind such sites is to retain visitors to their site. And, they offer extra services like e-mail, search, news, etc.

WWW: This stands for World Wide Web.

11.12 SELF ASSESSMENT QUESTIONS

What is the reach of Internet in India? Do you think it can affect the reach of traditional press or television, as an advertising Medium?

What are the fundamental differences between internet advertising and conventional forms of mass media advertising.

Typically agency get 15% commission on the media billings, which are dependent on the space or time utilised for advertising. What are the key issues in relation to these, in internet advertising.

11.11 FURTHER READINGS

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Internet As An Emerging
Advertising Medium



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Attract consumers to the web site Engage generate interest and participation.

Retain assure repeat visits Research visitors habits/preferences Personalize provide specific services.