

# Getting Results From Digital Advertising

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## Excerpt

*Businesses are overwhelmed with a plethora of digital advertising options. There are opposing claims and anecdotes about its effectiveness. Is online advertising losing its charm? Will investing your money in online advertising get you results? In this article, we explore the current state of online advertising, and make a case for a more targeted approach through advertising in social media such as Facebook and Twitter.*

## Online advertising today

With the ever-growing number of Internet users, anyone would expect that advertising online would definitely be more effective than the conventional methods of offline media. That was true, in the beginning, but as the Internet became widespread, online advertising lost its novelty and charm as well.

According to International Data Corporation (IDC), the online advertising market grew by 18 percent in the last year. Last quarter, it grew by a mere 4 percent. IDC has also reversed their optimistic predictions to reflect their belief that online ad revenues will drop by 5 percent in the first quarter of 2009.

## Are online advertisements failing?

According to Jakob Nielsen, principal of the Nielsen Norman Group, they “confirmed for the umpteenth time that banner blindness is real” through an eyetracking study<sup>1</sup>. Also, Eyeblander, a New York-based online ad serving and monitoring firm, says that the average click rate on standard banner ads across the whole Web was only 0.2 percent<sup>2</sup>.

Why do most users not click on online advertisements, even when the proposition on the advertisement is appealing and targeting the right audiences? Experts suggest that:

- **Advertisements get in the way**

In a 2009 survey by Truste, an organization providing privacy seal programs, and TNS, a global market insight and information group, 43.9 percent of 1,008 people surveyed strongly agreed that online advertising is intrusive and annoying, especially when the products and services being advertised are not relevant.<sup>3</sup>

- **Security threats**

With spam forming 89.4 percent of all emails being received globally, as according to MessageLabs, it is no wonder that most people would choose to ignore online advertisements, which have evolved to be perceived as nuisances<sup>4</sup>.

- **Point of view**

Consumer behavior is fast changing, with most reading reviews from other users rather than naively believing advertisements (a theory agreed upon by renowned Wharton professor, Eric K. Clemons<sup>5</sup>) Also, the latest Nielsen Global Online Consumer Survey of over 25,000 Internet consumers from 50 countries indicated that 90 percent of consumers

<sup>1</sup> <http://www.useit.com/alertbox/banner-blindness.html>

<sup>2</sup> [http://www.businessweek.com/magazine/content/07\\_46/b4058053.htm](http://www.businessweek.com/magazine/content/07_46/b4058053.htm)

<sup>3</sup> [http://www.truste.com/about/bt\\_overview.php](http://www.truste.com/about/bt_overview.php)

<sup>4</sup> <http://www.zdnetasia.com/news/security/0,39044215,62056493,00.htm>

<sup>5</sup> [http://www.forbes.com/2007/12/11/consumer-internet-buying-oped-cx\\_ekc\\_1212webbuying.html](http://www.forbes.com/2007/12/11/consumer-internet-buying-oped-cx_ekc_1212webbuying.html)

surveyed trusted recommendations from people they know, while 70 percent trusted consumer opinions posted online<sup>6</sup>.



### **Drop online advertising plans?**

So, should you scratch online advertising off your list of tactical media and just use conventional media like newspapers and magazines? No. There is a total Internet usage of 1 billion unique individuals as of January 2009, according to ComSearch, a Web research firm. With such a huge outreach, not having an Internet presence spells business disaster.

It is a matter of change and innovation. While previous methods of online advertising may not produce the expected results, it does not mean that the platform is a failure. It just indicates that the methods are not optimal for the online environment.

### **The promise of social media**

Therefore, the approach is to move from mass marketing to targeted marketing, and in the process reduce wastage. One of the approaches you can explore is to tap on social media, such as Facebook and Twitter. According to Hitwise (via ResearchRecap), October 2008 traffic to the top 25 social networks (such as Facebook, Bebo and MySpace) accounted for 5.17 percent of all UK internet visits, surpassing the 4.98 percent for the "Computers and Internet - Email Services" category (such as Hotmail, Yahoo Mail and Gmail).<sup>7</sup> Companies are fast catching on to this idea and trying their best to harness this valuable resource.

So what can a social media platform offer?

- **Special interest groups**

Social media has the advantage of knowing the interests of a particular consumer and allows you to interact with them. Using Facebook, you can create Groups, of which like-minded folks can choose to join and be Fans. Canon has a "fan club" in Facebook which has almost 100,000 members. Coke has created a Facebook application, "Pick Your Five", to boost interaction with its consumers. About 100,000 people had downloaded this application to share with their friends about the "five things that make me happy"<sup>8</sup>.

- **Generating buzz**

Social media can reach out to the masses through word-of-mouth. On Twitter, you are able to post live updates to your "followers". The message you want to convey will be sent out fast, just like a ripple through water. Nashville-based CPA for Small Business started a blog and became active on Twitter over the most part of 2008. Since then, 75 percent of its business has been generated from social media, claims Scot Justice, President of CPA for Small Business<sup>9</sup>.

- **Personal experiences**

Social media is interactive, and people will want to share the experience with their friends. Cadbury Creme Egg created a campaign to boost its sales during the 2009 Easter Season. Besides sending out direct mailers, Cadbury also set up profiles on Bebo and Facebook. They created a fun online game and posted it on a blog-based website for gamers to share with their friends. They achieved 10 percent increase in the number of unique visitors, 41 percent increase in the average dwell time, twice the number of average visits per user and 54 percent of visitors played "The Great Eggscape" game<sup>10</sup>.

### **Results from advertising in social media**

In the report "Social Media Marketing Industry Report" by Michael A. Stelzer in March 2009, 880 participants were surveyed about the benefits they had reaped from using social media.<sup>11</sup> The results are presented in Chart 1.

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<sup>6</sup> <http://blog.nielsen.com/nielsenwire/consumer/global-advertising-consumers-trust-real-friends-and-virtual-strangers-the-most/>

<sup>7</sup> <http://www.marketingcharts.com/direct/social-network-traffic-surpasses-web-based-emails-in-uk-2333/>

<sup>8</sup> <http://www.zdnetasia.com/news/business/0,39044229,62055959,00.htm>

<sup>9</sup> <http://www.youtube.com/watch?v=-eXAiHVMj0s>

<sup>10</sup> [http://www.utalkmarketing.com/Pages/Article.aspx?ArticleID=14167&Title=Cadbury\\_Creme\\_Egg\\_social\\_media\\_campaign](http://www.utalkmarketing.com/Pages/Article.aspx?ArticleID=14167&Title=Cadbury_Creme_Egg_social_media_campaign)

<sup>11</sup> <http://marketingwhitepapers.s3.amazonaws.com/smss09/SocialMediaMarketingIndustryReport.pdf>



Chart 1: Benefits of social media marketing

Source: <http://marketingwhitepapers.s3.amazonaws.com/smss09/SocialMediaMarketingIndustryReport.pdf>

The top benefit was gaining exposure and awareness. This is especially important if your product is new and you need to build brand awareness. Another benefit is the rise in search rankings. Without having to inject more funds into Search Engine Optimization, you would be able to reap the same benefits. This appears to be a much more cost efficient method to promote your brand online and direct traffic to your website and its messages and offerings.

You may be sceptical about how social media help with closing deals, which is the main aim of many companies. In the same report, many of those reporting a failure have used social media marketing for a short period of time. As illustrated in Chart 2 below, for marketers who had been using it for a few years, 61.62 percent agreed that social media marketing had helped them close business deals.

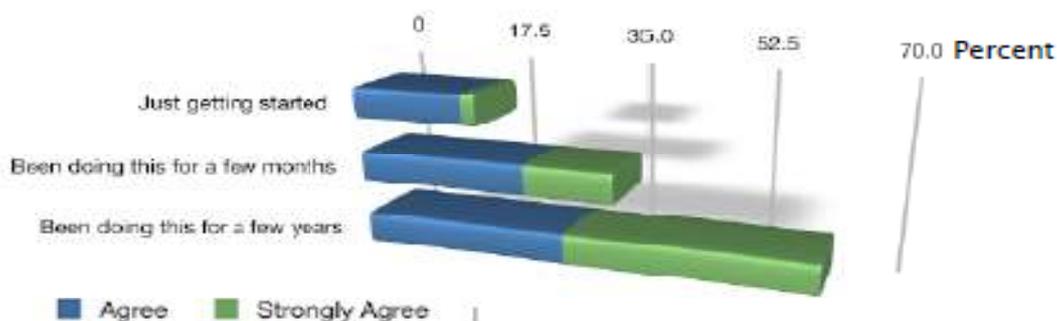


Chart 2: Social media marketing has helped close business

Source: <http://marketingwhitepapers.s3.amazonaws.com/smss09/SocialMediaMarketingIndustryReport.pdf>

Furthermore, paid ads are not the only form of advertising available on social media – there is also word-of-mouth and interaction. This sort of relationship between a brand and the consumer is made possible through social media. 90 out of 100 of the world's biggest brands already had a Facebook Fan Page by the end of 2008, according to the Interbrand 100 index<sup>12</sup>.

### Defining advertising success

Much emphasis has been given to click through rates (CTR) as a method to determine return on investment (ROI) for online advertising. In my opinion, and that of many modern advertising experts out there, CTRs are over-rated. I would suggest these indicators to consider instead:

- Online ad awareness
- Viewing intent
- Brand favourability
- Recommendation intent
- Aided brand awareness

On brand awareness, the actual return on investment (ROI) from online advertising is likely 25 to 35 percent higher than most marketers believe and this hidden value lies in branding, according to Jupiter Media Metrix<sup>13</sup>.

<sup>12</sup> [http://www.utalkmarketing.com/Pages/Article.aspx?ArticleID=14858&Title=Marketers\\_accept\\_Facebook\\_as\\_effective\\_ad\\_platform\\_](http://www.utalkmarketing.com/Pages/Article.aspx?ArticleID=14858&Title=Marketers_accept_Facebook_as_effective_ad_platform_)

<sup>13</sup> <http://www.clickz.com/790751>

Here is how ROI can be calculated in 4 simple steps, as advised by Ian Lurie from ConversationMarketing.com.<sup>14</sup>



1. **Know the goal of your advertisement**

Ask yourself these questions: What do we want to achieve with the online campaign – to conduct direct sales or to increase public brand awareness? Then decide on the action which has to be done for the goal to be completed: Click on a link? Purchasing a product? Forward to a friend? Watch a video? Play a game?

2. **Figure out the worth of the goal**

After figuring out the goal, the next question would be its value. If you have a newsletter, subscribers who turn into customers would be its worth. If actual figures are hard to calculate, you can start by putting arbitrary values. Accuracy is important, but consistency is vital as well. You will be able to assess advertising effectiveness, as long as relative effectiveness can be found.

3. **Use conversion metrics**

These are measurements which can track the frequency of achieving your goal. Depending on your campaign, it can be the number of times a promotional page is viewed, or what websites your web visitors are coming from. These conversions indicate which advertisements generate value. A simple example would be if a “Thank you for your request” message had been shown 90 times, it can mean that you achieved 90 sales leads. Assign an average value to each lead and you would be able to estimate the value generated by that particular approach.

4. **Cost of these achievements**

The cost involved to achieve the results would reveal whether or not the approach you are taking is working. With an estimated value assigned using conversion metrics in step 3, you would then be able to find out your ROI. For example, if sales were \$2,000 from a \$50 advertisement, the ROI is 40 times.

### **Conclusion**

With social media offering several unique advantages, my advice would be to:

- Invest your money into building up your brand on social media
- Get evangelists to “Tweet” about your latest products and solutions
- Get an influencer to review your product on technology forums or on Facebook

Consumers would less likely find these approaches intrusive. These are the things they had signed up for, or their friends had forwarded to them. Precious budget would not be wasted buying ad space in the virtual world, in hope that your advertisement will, by chance, be clicked on by interested consumers. You will, instead, be able to work within a lower budget (using Facebook to set up a Group is free) and still tap on a highly targeted audience.

There is a pressing need to shift from interrupt-based to permission-based (opt-in) advertising. This will ensure that your advertisement is shown to those who find it relevant, and achieve much better results, and with less wastage. You will also be able to harness the power of word-of-mouth. Conventional methods of online advertising may be showing a huge decrease in efficiency, but these new forms of online advertising open up a whole new world of opportunities. It would definitely be foolish to pass them over.

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<sup>14</sup> [http://www.conversationmarketing.com/roi/roi\\_1.htm](http://www.conversationmarketing.com/roi/roi_1.htm)