

ENGLISH 305

Advertising in a Technical Culture

The best way to advertise: Traditional or Internet?

Jennifer Keegan

3/25/2010

[This document will discuss the different elements of traditional advertising mediums and Internet advertising. Traditional advertising will be defined, while newspaper and television advertising will be discussed. Product placement, dark art, will be defined and discussed as a new way to advertising to avoid the clutter of traditional advertisements. Internet advertising will also be defined and discussed. To better understand Internet advertising, this document will discuss banner ads, click-through rates, and advertising through online social networking sites. Finally, recommendations will be offered in order to successfully advertise to target audiences.]

Table of Contents

Abstract		v
1.0	Introduction	1
2.0	What is traditional advertising?	1
	2.1 Newspaper advertising	1
	2.2 Recommendations for newspapers	3
	2.3 Television and the introduction of DVR.....	4
	2.4 Advantages to DVR	5
	2.5 Internet advertising	5
	2.5.1 Banner advertisements	6
	2.5.2 Click-through rate	7
	2.5.3 Online social network sites	7
	2.6 Disadvantages to Internet advertising.....	7
	2.7 New forms of advertising.....	8
	2.8 Product placement.....	8
	2.9 Recommendations for non-traditional mediums.....	9
3.0	Activation of ad schema.....	9
3.1	Conclusion	10
3.2	Glossary	11
3.3	References	13

Introduction

Can you imagine seeing, encoding, and retaining 4,000 advertisements a day? Although this number is high, consumers see between 1,500 and 4,000 commercial messages daily¹. Advertising has begun to clutter our streets, walls, books, classrooms, computers, cell phones, televisions, radios, etc. Due to message overload, consumers hardly notice advertisements anymore. Although consumers may not retain all the advertisements they see, pieces of those advertisements do impact consumers.

Due to the Internet and digital video recorder (DVR), advertisers have many options, and have to worry that messages aren't being seen due to pop-up blockers and fast-forwarding. As the Internet becomes more popular, companies must budget significant funds for advertisements on the Internet².

In 2001, there were 88 million Internet users in the United States alone. This number was expected to be 143 million in 2005. In 2009, that number jumped to nearly 341 million³. With so many consumers logged onto the Internet daily, how are advertisers supposed to reach them successfully? Are traditional advertisements through television, newspapers, and radio no longer useful because of the advanced technology? Good advertising affects long-term brand equity², so how do advertisers choose the best and most effective medium? This report will discuss the different mediums (newspapers, television with an emphasis on DVR, and the Internet) and how each can be used to effectively communicate advertisements.

2.0 What are Traditional Advertising Mediums?

An advertising message is an exchange of communication and value between a company and potential consumers⁴ that is intended to persuade audiences to take action. Advertisements include the name of a product and how that product could benefit the consumer, which persuades potential consumers to purchase that product². Traditional advertising mediums include television, radio, billboards, magazines, newspapers, and the Internet.

There is a difference between how traditional mediums such as television and newspapers and the Internet reach consumers. The traditional media approach to advertising focuses primarily on capturing attention, while for Internet advertisements to receive valuable positive impressions, they need to provide value in return for the time the customer spends visiting a Web site.

2.1 Newspaper Advertisement

Newspaper advertisements allow businesses to target a specific audience. Newspapers are a flexible medium that can reach large audiences (mass medias), but they can also target local audiences making the advertisements more relevant to the reader than television ads¹.

Newspaper advertisements are successful because they aren't as intrusive as television or Internet pop-up advertisements. This is because the reader remains in control of the content and decides what articles and advertisements he/she is interested in¹.

Newspapers have always been a valuable medium to use for advertising. Newspapers are suitable for promotional campaigns (couponing, retailer ads, etc.), informative campaigns that provide extensive product information, and pure branding campaigns¹. Although newspapers are able to reach mass audiences, interactive advertising channels such as the Internet and mobile applications are gaining in importance at the expense of traditional media, i.e. newspapers¹.

Since newspapers depend on advertising revenues, they are being threatened by the Internet since the Internet makes the “core business” of newspapers, news, available for free¹. Businesses are willing to invest and advertise with Google and Yahoo because more people are getting their news from these sites than from newspapers. This is due, in large, to young readers and the fact that they are accustomed to the free “culture” of the Internet.

Before the rise of the Internet, newspapers competed on their local market with other local media firms, but now they are being threatened and must compete with international companies such as Google, Yahoo, and MSN¹. Since these online sites are pure play Internet (.com) firms, they are solely dependent on advertising revenues, making it more difficult for newspapers to receive advertising revenues.

Classified advertising, one of the largest sources of income for newspapers has moved to the Internet, too. On average, 26% of all newspaper revenue is derived from classified advertising. Since the arrival of the Internet, this number has significantly decreased. This is due to companies such as Ebay, Stepstone, and Monster because these sites attract classified ads that would normally be posted in a newspaper. These sites are used more often due to the fact that the placement is free and easily accessible¹.

Since the Internet has many more options, newspapers aren't as attractive to advertisers as they once were. Now, advertisers have to divide their budgets over more channels, therefore traditional media often lose part of their advertising income. It isn't only advertisers that perceive newspapers as less appealing. Consumers also think that television and magazines have more attractive advertisements than newspapers¹ which causes advertisers to reconsider where they place their advertisement dollars.

Newspapers are one of the oldest forms of advertisements, and one of the best forms to reach mass audiences. Unfortunately, reaching mass audiences isn't practical for companies anymore. According to Jaffe:

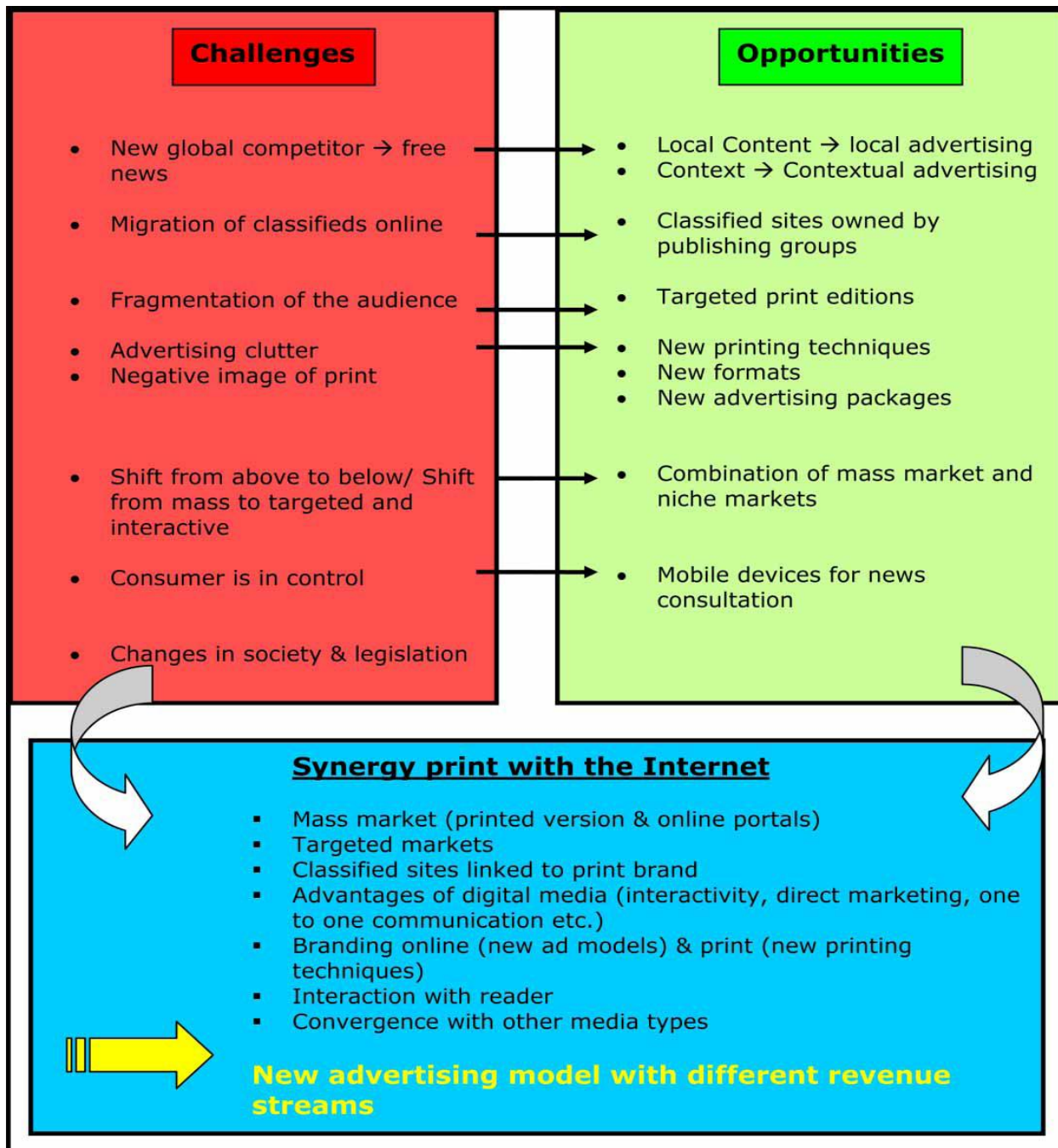
“Why would you even want to reach a mass audience at a time when there are truthfully very few remaining mass products? With more than 40,000 products up for grabs in your average supermarket, the only mass that is present these days is mass confusions, distraction and clutter. [...] It is a much diversified product line against a segmented audience”¹.

Newspapers are old-fashioned¹ and aren't as popular as they once were due to the fact that there isn't a need to reach mass audiences. Although newspapers aren't needed to reach everyone, they have always and will remain to be the main source of information for local news¹. Instead of mass media, the future of newspapers is a targeted approach. By offering different sections in a newspaper, it offers the advertiser a wider range of possibilities for contextual advertising¹.

2.2 Recommendations to Successfully Advertise through Newspapers

Although newspapers have a lot to offer advertisers, with the Internet and other more efficient mediums, newspapers are not the first mediums being sought after by advertisers. Figure 1 shows the challenges newspapers are currently having, the opportunities for the future, and how combining with the Internet can help newspapers continue to be successful.

Figure 1: Newspaper Challenges and Opportunities



2.3 Television Advertising and DVR: DVR: Is it Destroying Advertising

Television commercials are generally considered the most effective mass-market advertising format. Infomercials are another form of television advertisement that is much longer, five minutes or more. The purpose of infomercials is to create an impulse to purchase the product immediately. Infomercials describe, display and demonstrate products and features and use testimonials from consumers⁵.

Television consumption has continued to rise. Adult male viewing rose from 3.58 hours daily in 1996 to 4.35 hours daily in 2006, while adult female viewing rose from 4.34 to 5.17 hours daily from 1996 to 2006⁶. Television attracts more new spending revenue than any other medium. Television advertising revenues increased 24% from \$54.9 billion to \$68.2 billion. Internet advertising revenues increased 182%, from \$6 billion to \$16.9 billion between 2002 and 2006. Although the percentage growth for TV advertising was lower, it still grew more than Internet advertising, \$13.4 billion to \$10.9 billion⁶.

Since the invention of television, mass amounts of advertising dollars have been spent to reach mass audiences, target certain demographics, and persuade consumers through television advertisements. DVR and digital cable usage data can contribute to making television advertising more targeted of a medium⁶. The first DVR/TiVo was introduced in 1998 and by 2007 DVR penetration was estimated to be 17% of U.S. homes³. DVR is an intimidating invention for advertisers because it shifts control from networks and advertisers, to the viewers.

Much of the excitement of DVR is due to the fact that now viewers can avoid advertising. However, consumers used advertisement avoidance before the invention of DVR. By zapping, multitasking, physical zapping, and zipping consumers are able to avoid the annoyance of advertisements on television. With so much avoidance, how much is actually being taken in by consumers?

Why are consumers avoiding advertisements? There are four motivations that cause consumers to avoid advertisements. First, consumers avoid ads when there are substitute activities that are more engaging than watching ads. Second, avoidance occurs when the commercials are not visually and/or creatively engaging. Third, avoidance occurs with “worn out” advertisements. Lastly, avoidance occurs when consumers aren’t in the market for the advertised product. According to research by Krugman, Cameron, and White, participants avoid watching the television 67% of the time when there are commercials. Another study conducted by Tse and Lee found that 81% of participants engaged in some form of advertisement avoidance.

DVR users are accused of zipping past advertisements, but do they really? TiVo users zipped 59% of commercials of recorded programs, while DVR users zipped 68%. According to Wilbur, these results are biased due to the fact that DVR owners are more prone to zipping than the rest of the viewing population. In order to find more favorable results, a study was conducted to see if VCR users also zipped advertisements. The results showed that “zipping affected 75% of all ad exposure⁶”. Zipping has two effects on advertising; one physical and one environmental. Zipping removes the audio component of the messages and accelerated the video. The other effect occurs if a viewer zips at any time during a pod. If this occurs, there is a higher probability that the rest of the pod will be zipped⁶.

DVR proliferation will lead viewers to favor zipping over other ad-avoidance strategies due to the fact that there is less risk in missing shows when zipping. Although this sounds disastrous for advertisers, the ability to zip and pause live television is likely to reduce viewers' investment in multitasking activities and is likely to reduce physical zapping⁶.

2.4 Advantages to Advertising with DVR

It is important and interesting to consider how networks and advertisers will take advantage of DVR proliferation, since there are many advantages to advertising with DVR. DVR usage should decrease older ad-avoidance strategies and improve ad-avoidance measurements. This can reduce clutter and search costs for the consumer, while improving targeting precision for marketers. Advertising revenue losses due to shifting ad-avoidance may be partially offset by increases in DVR consumption due to zipping, time-shifting, and program information.

Although viewers are able to zip commercials, there are three reasons supporting zipped ads being effective: heightened attention, latent effects, and effects of time compression. 15% of DVR users **always** and 52% **sometimes** noticed ads while zipping. This is due to viewers carefully watching the TV to make sure they don't zip through the TV show. Moderate time compression of TV ads boosted recall rates by 36-40% and 25% time compression increases TV ad liking and creates more favorable brand attitudes⁶.

DVR can increase value and help advertisers better understand how to successfully advertise, even though consumers have the option to fast-forward. To deal with wear-out, advertisers can observe how zipping rates change over time and with repeated exposures to each advertisement. This allows advertisers to rotate their commercials to minimize the effects of wear-out⁶.

To address lack of interest, advertisers can compare zipping rates across products, programs, and time periods. This can help determine which products garner the most audience interest, which audiences contain the highest percentages of interested viewers, and which times of the day, week, and year viewers are most receptive to particular messages.

It is important for advertisers to understand that DVR isn't going to fade away and must learn to use DVR as an advantage in advertising. There are three reasons DVR proliferation will continue. Digital cable and satellite operators are offering DVR services to subscribers without equipment purchase, only changing monthly rental fees. DVR functionality is being built into convergent TV/Internet platforms, such as Microsoft's Windows Media Center. Lastly, DVRs use computer hardware, so they will continue to get more efficient and cheaper as technology advances⁶.

Finally, DVR will likely accelerate current trends towards "unskippable" advertising including product placement, branded entertainment, and program sponsorship.

2.5 What is Internet Advertising?

The Internet has changed the way that advertisers advertise; therefore many opportunities for businesses have emerged including developing new services and products⁴. There are so many options and different ways to reach audiences through the Internet and it is very important that

advertisers understand the Internet and the different options, advantages, and disadvantages with advertising through the Web. As the Internet matures into a viable commercial medium, Web sites must rely on advertising to finance their operations².

“Marketers need to understand the true nature of this medium [the Internet] to enhance the effectiveness of internet advertising⁴”. Online advertising is becoming a popular advertising medium. “Online advertising spending in the United States exceeds \$20 billion annually⁷”. Although Internet advertising is popular, it isn’t necessarily the best way for all businesses to advertise their products.

Internet advertising differs immensely from other traditional mediums; therefore reaching consumers must be done differently. Internet advertising differs from other traditional mediums because it provides unlimited delivery of information from unlimited sources of information and has the added benefit of targeting specific groups/individuals⁸. Internet advertising is portrayed as an interactive medium that is highly measurable and supportive of other advertising mediums, as well as having high levels of ‘targetability’ and flexibility⁸.

Value-based advertising is the key to successful e-commerce, the purpose of online advertising⁴. Value-based advertisements are reflected in the quality of the Web site, its content, and the level of consumer involvement with the product due to the advertisement. It is designed to meet the needs of consumers to aid in their decision-making abilities to either purchase or not purchase the product. In order to provide value to Internet advertisements, advertisers must provide one of the following: information, entertainment, or purchase facilitation⁴.

Internet advertisements can either be image/emotional/feeling advertisements or informational/rational/cognitive advertisements⁴. Each type of advertisements will reach different consumers and will persuade different consumers to consume. According to research, consumers notice online advertisements primarily because of the layout and then size. Advertisers use different advertising styles, layouts, sizes, etc. to place ads on Web sites. Banner ads and advertising through online social network sites are among the two most popular forms of online advertisements.

2.5.1 Banner advertisements are a form of advertisements on the World Wide Web (www)⁹. Banner ads are embedded into a Web page intend to attract consumers to a product page by linking the banner back to the website of the advertiser⁹. Banner ads consist of rectangular images displayed at the top of Web pages and contain the message the advertisers believes will attract consumers². Banner advertisements differ from shape, size, position, style, images, etc. and it is important for advertisers to understand the differences and be able to choose the best layout to reach maximum audiences.

Through research, banner advertisements of any kind don’t seem to be successful in attracting audiences. According to research participants only saw 21.3 banner ads on Web sites not including social networking sites and 14.75 on social networking sites. Due to this research, clients need to be aware of how to successfully advertise to audiences through banner advertisements.

2.5.2 Click-through rates (CTR) is a way to measure the success of an online advertising campaign¹⁰. CTR is the percentage of the total number of ad exposures that induce an Internet surfer to actually click on a banner in response to the advertised message². Research suggests that the reason that CTRs are low is that Internet surfers actually avoid looking at banner ads during online activities².

Due to the economical challenges, advertisers seem to be moving online display advertising dollars from customer relationship management campaigns that require payment based on the number of people exposed to the ad to “pay-for-performance” programs. The pay-for-performance programs require payment when the customer performs a desired action such as clicking on an advertisement banner⁷.

CTRs are not good indicators of how successful an advertisement is⁷; instead equity variables such as brand or ad awareness are better gauges of advertising effectiveness². CTRs on static advertisements fell dramatically in 2006 to 0.2% and even further to 0.1% in 2008. Currently, it is unclear if the low click rates are evidence that advertisements aren't having an effect on consumers, but researchers are trying to understand if online display advertisements are similar to traditional offline advertising, with multiple exposures over time being needed to effect consumers⁷.

2.5.3 Advertising on social network sites has become extremely popular due to the fan base of Facebook, Myspace, and Twitter. Facebook became the world's most popular communication tool, overtaking e-mail⁸, making it extremely valuable to advertisers. There are a lot of reasons that advertisers are moving to these sites. The low cost of entry into these spaces is a strong reason, but not nearly as strong as the attractiveness to markets such as Generation Y⁸. These sites allow businesses to communicate directly with the consumer in their personal environment. But how do consumers feel about the invasion?

Such sites are funded by the selling of advertising specifically targeted to the individual, as well as the selling of statistical data collected from the profiles of the site users. The growth of these sites has changed the purpose and functionality of the Internet, which has changed the way that advertisers view advertising through the Internet. Since the advertising expenditure in this new media is expected to reach \$2 billion by 2011, it is important for advertisers to understand the characteristics of online social networking sites as a media for advertising and how this might differ from standard Internet advertisements⁸.

Online social networking sites provide advertisers with an opportunity to target consumers using personalized content based on their behaviors and preferences, and they can also establish two-way dialogue with consumers.

2.6 Disadvantages for Internet Advertising on Social Networking Sites

Many marketers aren't convinced that this medium's effectiveness is worth the risk of advertising in a semi-controlled environment, and they might be right. There are five reasons that young people use the Internet: (1) mood enhancement, (2) to learn by experience, (3) passive escapism, (4) information and advice seeking, and (5) social interaction. The least powerful motivator is

searching for information and advice, suggesting that Internet users may not be receptive to advertising information on the Web.

For this reason, advertisers cannot approach online social networking site advertising in the same method as advertising through the Internet. The Internet is perceived by viewers as being vast and global and a supplier of information. For this, most consumers understand that some sites aren't trustworthy and only go to the Internet for information when they must⁸. Social networking sites are perceived as trustworthy places to share feelings and ideas and converse with friends making the way advertisers reach audiences more difficult than on the Web.

These social networking sites perceived as private, personal spaces to socialize and build personal images, and when advertisers intrude this space it can have a negative effect on consumers. Consumers don't like to be deceived and will resent businesses and advertisements that try to "trick" them. Thus, if advertising is going to exist in these environments, advertisers must respect the way the community works.

In order to respect the community, advertisers must build the trust of the audience. A "mistrust of advertising in personal spaces is amplified when teenagers suspect that commercial online social networking sites are trying to befriend them⁸." This is perceived as "trying too hard" and has a negative effect on audiences due to loss of credibility of the advertiser.

Lastly, businesses need to respect the space of personal and professional. Many businesses are creating Myspace and Facebook pages to reach younger audiences, but research shows that users would prefer to go directly to the official Web site instead of the Myspace or Facebook page because those sites aren't as credible as the professional Web site. Consumers believe that online social networking sites are used only for personal interests, not commercial use, and do not trust the information on the commercial sites⁸.

2.7 New forms of Advertising

Due to younger generations relying on technology, advertisements have begun to change to adapt to the generation Y consumers. These new forms of advertising include product placement, guerilla marketing, and non-traditional mediums such as bathroom stalls, eggs, T-shirts, etc. Non-traditional advertising is atypical and is placed in a way to get the viewer's attention without them necessarily expecting it¹¹. It is also considered any type of media that hadn't previously featured advertising¹³.

This type of advertising uses a surprise effect to tantalize the viewer when they are in a situation where they wouldn't normally find media. Although some companies are slow to embrace this new form, they are coming around to a new way of reaching consumers because of its' greater impact¹¹.

2.8 Product Placement

Product placement is a new way of advertising in order to avoid clutter of traditional advertisements on television, radio, and anywhere else ads can be placed. Product placement is a

one-way communication, usually sponsored by a profit-generating corporation with intent to increase consumer demand for the corporation's products¹².

Product placement is a new form of advertisement that allows businesses to strategically place their product within television shows, movies, or on the radio without acting as an advertisement. The advantage to using product placement is that these advertisements occur during a time when viewers are less likely to be critically engaged¹². This type of covert advertising of a product to unguarded consumers is exactly why advertising companies like product placement. It is deceptive advertising, and is considered dishonest advertising. It sneaks by our critical faculties and plants its message in our brains when we are paying less attention¹².

2.9 Recommendations for Non-traditional Mediums

The product placement industry was worth \$3.6 billion in 2006 and was suggested to reach \$9 billion by the end of this decade¹² which is one reason why clients should consider this form of advertising. Product placement is a form of advertising that allows companies to expose products within the content which prevents consumers from easily disentangling and deleting the advertising. Since it is placed within a form of entertainment, it also makes consumers avoid using ad-avoidance strategies, forcing them to watch the advertisement or risk missing part of the entertainment¹².

Due to the swift advances in the development of digital-multimedia editing tools and video-recording techniques, an advertiser's job of placing products in media is easy. Companies can now place products into pre-recorded episodes or even into real-time entertainment. The real-time insertion of ads and products allows businesses to target a specific audience with images of the most relevant ads and products selected for specific demographics, which in turn allows broadcasters to demand top dollar for their services¹².

Finally, product placement isn't limited to movies, TV, or radio. Such images and audio are able to be injected into any area of a consumer's life, including iPods, music videos, video games, and printed books. This form of advertisement will soon overwhelm Palm Pilots and cell phones¹².

3.0 Activation of Ad Schema

Due to the overwhelming amount of advertisements seen daily, consumers mentally activate a so-called ad schema which helps consumers interpret the ad as a persuasive attempt to sell a product. The advertisement schema must be activated individually by each consumer, and each consumer perceives advertisements differently¹³.

The attitudes of consumers towards advertisements increasingly become more negative due to the amount of clutter. This clutter negatively affects both the media (TV and newspapers) and their advertising content. This can be seen in many different mediums including magazines and television¹³.

As consumers age, they develop consumer knowledge in the form of different schemata that dictates how to react towards different marketing events. These schemas help consumers

identify how, when and why advertisers try to influence them and the schema also directs the responses to the advertisements, i.e. buying a product or disregarding a product¹³.

3.1 Conclusion

Due to the vast possibilities of advertising, it is important for each client to understand the target audience for their advertisements. Once a target audience has been decided, then different approaches can be discussed. Since people see between 1,500 and 4,000 advertisement commercials a day, it is important to understand the different mediums to advertise through and which medium can reach different audiences better.

Newspapers are the oldest form of advertisement, and even though they aren't as likely to reach younger generations, they are still successful. Due to the fact that newspapers are able to reach mass audiences is one of the biggest advantages to using this medium. Newspapers are also able to reach specific demographics and target local audiences as well as national audiences.

Newspapers have a lot of room for improvement and growth in the age of technology. Since younger generations log-on to the computer numerous times a day, merging into the Internet is one opportunity for newspapers. By providing news online and making consumers pay a subscription fee, newspapers are able to reach different demographics and still make a profit. Newspapers also have the opportunity to go mobile. By allowing news to be accessed by cell phones, the companies are able to, again, reach more audiences and keep up with new technology.

Television is the largest form of advertisement when reaching mass audiences. Television advertisements have been around a long time and won't recede even with new technology such as the DVR. Ad-avoidance strategies have been used to avoid ads for a long time and for every type of medium. DVR actually allows advertisers to understand when, why, and how long consumers are zipping through advertisements.

Due to the DVR, advertisers are now moving to a new type of advertising: product placement. Product placement is one of the newer forms of advertisements that occur within entertainment to make it impossible for consumers to use ad-avoidance strategies. Product placement is a growing industry and whether an advertiser finds this type dishonest or not, it is going to continue to grow.

The Internet is a type of advertisement that seems to be both successful and unsuccessful. Younger generations find Internet ads to be "annoying" and "untrustworthy" and younger generations avoid such ads completely. Although it is cheap to advertise through social networking sites such as Myspace and Facebook, consumers involved in such networks find advertisements as an invasion of personal space.

There are many options for clients, but it is important to understand the different options, how successful each is, and what audiences are reached through each type. Once these questions have been answered it is easy to proceed.