

Rich Media Ads

The Marriage of Traditional Advertising and Web Technology

Introduction

Some of the best ideas that have ever surfaced have come about as a marriage of two pre-existing ideas. This is the case with the evolution of Rich Media Advertising. It is the combination of years worth of knowledge in traditional advertising and emerging trends in web technology and design.

Plagued with banner blindness, low click through rates and slow download times, online advertising is not as effective today as it could be with Rich Media Advertising. Rich Media Advertising has the potential to break through the clutter of online ads, overcome banner blindness, and create longer and more solid relationships between a customer and a product.

Where advertising is many times seen as an annoyance and a distraction in both traditional media vehicles as well as in the online environment, Rich Media Advertising may be able to change these perceptions by creating online ads as functional and fully interactive service centers.

Importance of Internet Advertising

Five years ago it may have been easy to dismiss the Internet as a viable advertising media vehicle. Today, it is not as easy. As more people spend time online, the race for "eyeballs" will focus on the Internet. The IDC Research Group forecasts that by the year 2004 there will be 500 million worldwide web users, one third of which could

have "always on" broadband access (Mathieson 2000). This particular figure suggest that not only will the Internet become a viable medium for delivering advertising, it will be an important one, and not one that should be ignored.

There are two factors that directly influence the emergence of the Internet as an advertising medium. The first is the continual increase in actual web sites. A recent study by Inktomi and NEC Research shows that there are currently over two billion websites (Campbell 2000) and this number is sure to increase. An increase in websites ensures that there will be space available to showcase online advertisements.

The second factor that promotes the emergence and eventual prevalence of Internet advertising is the continual development of broadband technologies. "The market for streaming media is growing rapidly, accelerated by the rollout of broadband cable and DSL networks that dramatically improve the quality and speed of internet access (Mathieson 2000)."

Total US Broadband Users, 1999–2003 (in millions)					
	1999	2000	2001	2002	2003
Fiber	1.76	2.46	3.32	4.31	5.39
DSL	0.54	1.84	4.08	6.62	10.95
Cable	1.47	2.94	4.99	7.27	9.78
Sat	NM	NM	0.02	0.04	0.25
Wireless	0.06	0.23	0.81	2.12	3.86
Copper T-1	1.60	1.90	2.00	1.90	1.80
Total	5.43	9.37	15.22	22.26	32.03

Source: eMarketer, 2000

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Rather than focusing on the exact numerical data, the chart above is important because it illustrates the growth of the U.S. broadband user base. This growth trend is

echoed by the Federal Communications Commission (FCC) whose most recent report stated that, "high-speed internet connectivity in the US increased from 2.8 million in the second half of 1999 to 4.3 million in the first half of 2000 -- a 57% rise. High-speed subscribers are now present in all 50 states as well as the District of Columbia and Puerto Rico (High-Time 2000)."

Improved connectivity and improved quality translate to quicker download speeds and greater ease of navigation. At present, advertising on websites is limited in order to ensure quick downloads. This practice may become obsolete with the increase of bandwidth.

Historically, online advertising has been directed toward a tech-savvy audience. However, in a recent report Yahoo states that 80% of its advertisers are consumer brands. Compare this to 85% technology ads in 1995 and it becomes clear that the web is becoming a more mainstream media (Kaur 1999).

Greater bandwidth and a growing online audience should propel businesses to lend more importance to the Internet as an advertising delivery vehicle. A consultant for the Exeter Group in Boston states that, "Firms must insist that their ad agencies become web-savvy in the new millennium (Ranganathon 2000)."

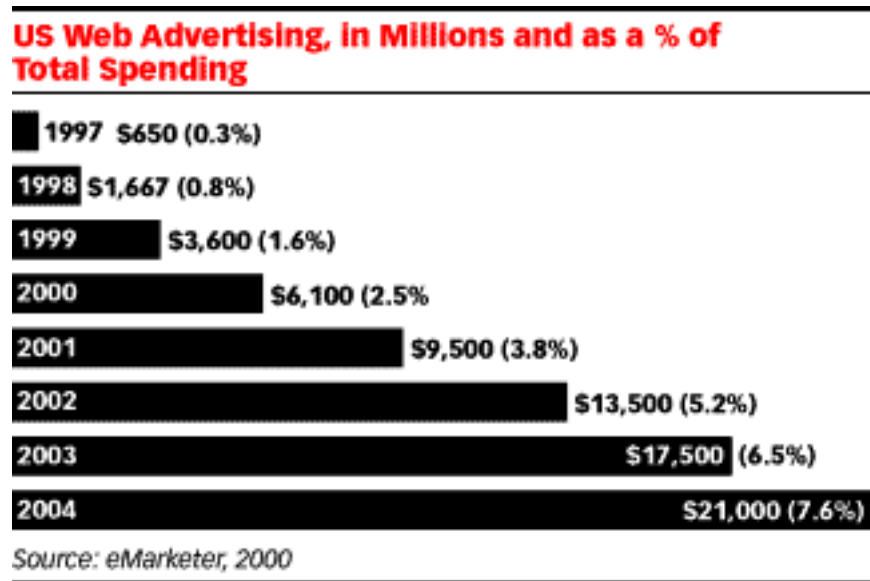
In response to client demand, as of August 2000, 73% of advertisers said they'd increase online advertising over the next 12 months (eAdvertising Report 2000). This increase in advertising volume translates to a dramatic increase in spending which should in turn positively affect the overall quality of online advertisements.

The continual increase of spending for online advertising including banners, interstitials, sponsorships, and e-mail promotions, has been closely monitored for quite

some time. On Aug 8th of this year the Internet Advertising Bureau announced that the medium's advertising revenues had reached \$1.95 billion. This represents a 9.9% increase over 4th quarter 1999, and a 182% increase over 1st quarter 1999 (Callahan 2000).

Though the actual figures differ, both Activ Media, eMarketer and Jupiter Communications forecast large increases in advertising revenue over the next few years. According to Activ Media, a market research firm, web ads will earn \$19 billion by the year 2001 (Kaur 1999).

In the chart below, eMarketer illustrates their own predictions for the growth of spending in U.S. web advertising.



Jupiter Communications predicts that by the year 2005 online ad revenues will hit \$16.5 billion. This figure represents 8% of total U.S. ad spending for all mediums

(eAdvertising Report 2000) and is sure to solidify the Internet as a viable, workable, and exciting new medium for the delivery of advertising.

Advantages of Internet Advertising

Internet ads come in many different shapes and sizes. The most common are banner ads which represent 53% of all online advertisements (Ranganathan 2000). In the mix are also pop-ups, promotional e-mails, destination/promotional websites, interstitials, microsites, contests, and event sponsorships (Kaur 2000). Of these different types of advertisements the most effective at present have been even sponsorships (Blankenhorn 1999).

The number of different online advertising styles suggest an important attribute of online advertisements, that is the lack of technical restrictions commonly associated with traditional advertising such as size and space. This fluidity of design is continuously enhanced by the growth of new technologies such as streaming video and vector graphics.

The advantages of online advertisements are unmatched by any other form of advertising. There is no dispute that Internet advertisements have a wider reach than any other advertising medium. This is compounded by comparatively low production costs, easy updation, and the ability to produce instant transactions (Ranganathan 2000)-- all qualities which are unique to Internet advertising.

Banner ads in particular can accomplish several things. For example, banners can serve as gateway points for your site. They can drive traffic toward a store much like a

traditional billboard does today (Ranganathan 2000). They may also be able to build brand recognition and serve as retail locations (Notess 1999).

Like traditional advertisements, an online ad must have good placement. Yet unlike traditional advertising delivery mediums, the Internet is powered by databases which make it easier to target and track ads. For example, banner ads can be called up and displayed based on a keyword submitted by a person looking up information on a search engine (Freeman 2000).

Because online ads can be targeted in this fashion, it is easier to build brands by putting ads on sites where the right "eyeballs" are (Callahan 2000). When database information such as age and salary information (WebReference 2000) are coupled with keywords entered, the ability to deliver the appropriate advertising message at the optimal time is greatly increased. In today's Internet world, online ads can be targeted and aimed at specific audiences with greater ease (Notess 1999).

Traditionally, the aim of advertisements was to increase top of mind awareness. Essentially the idea is that the more times a consumer is exposed to a product name through advertisements, the greater the chances of that consumer remembering the product in the event of a purchase decision. Increasing top of mind awareness in this way is known as increasing "mindshare." While the theory is solid it is difficult to tabulate.

Online advertisements differ from traditional advertisements because their purpose is no longer to increase "mindshare," but rather to increase "lifeshare" by tracking individual customer transactions and building relationships with them (Centaur 1999). By delivering ads created specifically for an individual consumer (WebReference 2000), such as a suggested book from Amazon.com based on previous purchases, Internet

ads are able to foster stronger relationships than any other advertising medium. The loyalty inspired in customers is greater since there is more of a one to one relationship between the buyer and the seller, thus promoting return purchasing.

Though the Internet has the potential for low cost global advertising, its real strength is its ability to deliver highly targeted and individualized ads to a small, yet receptive audience. Recent studies support this idea by showing that bilingual advertisements are more effective online (Kaur 2000).

To John Danner, Chairman of Netgravity, the advantage or value of online advertising is not in raising awareness or direct marketing, it is the low cost per acquisition of a new customer (Centaur 1999). Highly targeted ads delivered at the right time to the right person at a fraction of the cost of traditional advertising are making this possible.

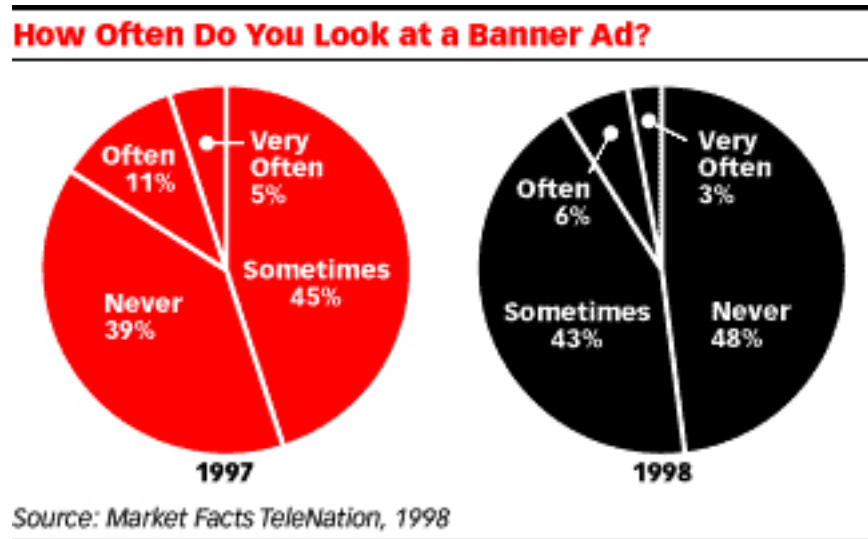
Problems With Current Internet Advertising

With over one billion sites out there, it's no surprise that billions have been spent on how to be "heard over the rest (Campbell 2000)." In fact, the greatest problem of Internet advertising is its inability to break through the clutter.

Alun Howell, Creative Director at Ogilvy & Mather, believes that the on screen banner is the closest thing to traditional advertisements (Douglas 2000). And like traditional advertising, people will always be able to flip the channel or turn the page just as they are now cruising the net with images turned off for greater speed.

Because banner are becoming more and more common, they are now being

ignored in a phenomenon widely known as banner blindness (Notess 1999). The graph below clearly illustrates this growing trend.

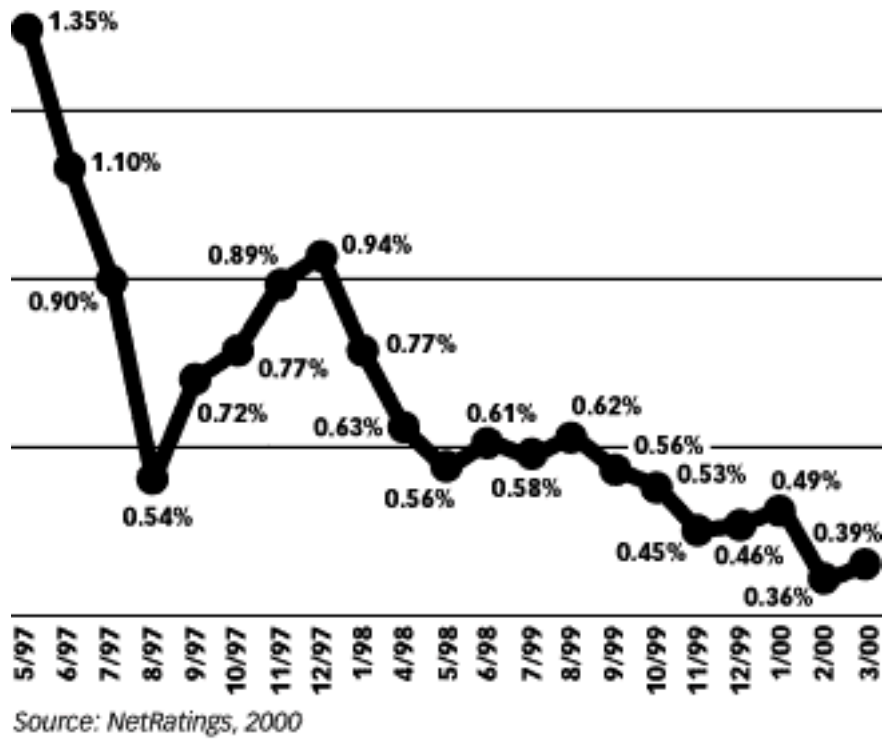


This year consumers will be hit with 950 online advertising impressions per day, more than doubling the 440 impressions of 1999 (eAdvertising 2000). This constant barrage of Internet ads is the main catalyst for banner blindness (Douglas 2000).

Internet ads are currently plagued with bad navigation and slow loading graphics (Freeman 1999). PC users accustomed to these flaws usually abort a page before a banner ad--usually the first thing to appear--has time to fully load (Gilbert 1999). Most users will not wait more than 30 seconds for anything to download and click through rates have fallen below 1% (Douglas 2000).

As illustrated in the graph below, users who don't bother looking at online ads certainly won't click them.

Historical Tracking of Banner Click-Through Rates



Even with the arrival of broadband and services like Road Runner, click through rates decrease. In fact, with broadband, service messages are more effective than traditional brand or image oriented messages (Blankenhorn 1999). Unfortunately, few advertisers have caught on to this trend. This can be seen by the fact that most banner ads today look like modifications of pre-existing print advertisements rather than new concepts designed specifically for the web.

How is Rich Media Advertising a Solution?

The potential of the Internet as a viable and effective medium for delivering advertising, coupled with the emergence of new technologies for both the production and

viewing of online ads, has created a climate rich with enthusiasm and innovation. For those who believe that internet advertising is worth investing time and money, the issue of banner blindness is simply another hurdle in a long list of hurdles that need to be overcome in order to fully take advantage of the web's advertising potential.

"Your website has to solve my problems-- I need a new camera, I need a book, I need someone to design a logo, or I need someone who understands Ampex reel-to-reel tape decks. And since this is the web, I want someone who can solve my problems now! (Flanders 2000)." This is the "gift economy."

We are in the "gift economy." "Give something valuable away: info, software, advice, humor, and people will flock to your site (WebReference 2000). This is true for websites. It could also be true for banner ads.

A recent study by Ogilvy One and Thinking Media shows that the longer a person views a page or an ad, the higher the click through rate. A viewing time of 60 to 85 seconds resulted in a click rate jump four times higher than average (Gilbert 1999).

If the idea of the "gift economy" is combined with the idea that prolonged exposure to an ad will increase click rate, then it would make sense to create ads that held the audience's attention and "gave something away." Currently, companies such as Enliven.com and ActiveAds.com are at the forefront of this big idea. This big idea is called "Rich Media Advertising," and it is sure to transform online advertising.

"Rich Media advertising uses advanced technology such as streaming audio/video or programs such as Flash or Java to heighten interactivity between user and advertiser at the time the ad is served (Thomases 2000)." It has evolved as a marriage of good advertising strategies and effective web design principles.

"A good website is an information mover first, a selling tool second (Freeman 1999)." Essentially, the web design principal echoed in that last quote is that a website should help a consumer, not get in their way. With rich media advertising, ads will soon be able to "help" as well. They will become a service, either transactional or informational, rather than a distraction or an annoyance.

The Sothebys.com banner ad displayed below is an example of a rich media ad.

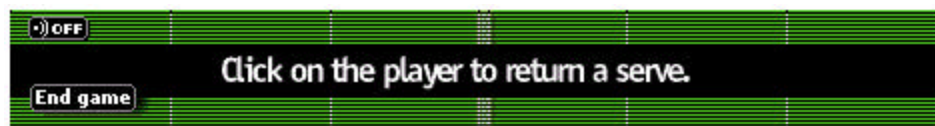


When it is clicked, rather than sending the surfer to a new site or even a new window, the banner ad grows to show a form without affecting the webpage it is housed on.

This embedded form can be filled out and submitted directly from the banner ad. In this way, the advertisement becomes more of a service center capable of real-time transactions (Kaur 1999).

If a "good website is interactive (WebReference 2000)" it follows that a good web ad should be interactive as well. "What is required (for a good website) is not 'deep,' but 'sticky' content, like horoscopes or sports results. The designer's challenge is to keep those suggestions in front of the user's nose as much as possible (Butcher 1999)." When creating Internet ads, the same principles hold true. Perhaps this is why rich media advertising seems to have so much potential.

Not all rich media banner ads grow. Some may require viewers to play games or answer queries in order to eventually lure a person to the advertiser's site (Notess 1999). An example of a rich media advertisement that makes viewers play games was created by Ogilvy One for IBM and can be seen below.



Users without a java-enabled browser or platform support for Java will see a GIF version of this ad.

[For information on How to Java-enable Your Internet Browser, click here.](#)



Users without a java-enabled browser or platform support for Java will see a GIF version of this ad.

[For information on How to Java-enable Your Internet Browser, click here.](#)

With rich media capabilities a consumer can play games such as golf on a banner ad, make purchases directly from the ad, play trivia contests, watch mini-movies with streaming video, etc. What they have in common is a question that stems from the idea that websites aren't billboards, they're service centers (Blankenhorn 1999). The question that arises is this; why not make banner ads service centers as well?

By becoming a service center, either transactional or informational, web advertising may not be seen as an annoyance the way traditional advertising is currently perceived. In this manner rich media advertising is different than traditional advertising. Because it has the potential to be seen as a tool rather than a distraction, it also has the ability to create stronger individualized relationships with the consumer. As the shift from "mindshare" and "eyeballs" to "lifeshare" and service continues, rich media advertising is gaining more support and interest (Blankenhorn 1999).

Rich media advertisements are gaining popularity because of three specific benefits they can offer over current online ads. The first is that higher levels of innovation and interactivity lead to higher click through rates. The second is that increased consumer involvement with the ad helps create a stronger relationship and increase brand loyalty. And the third is greater traffic retention for host sites as viewers do not have to leave the page in order to peruse an ad further (Thomases 2000).

Conclusion

The Internet is a relatively new medium, but not one that can be easily dismissed. In today's day and age it is paramount to take advantage of the internet's special abilities for delivering advertising, such as greater targeting, while at the same time overcome the

boundaries of banner blindness.

Banner blindness and low click through rates may seem like insurmountable obstacles, but there is a great potential for success with the emergence of rich media advertising. With rich media advertising, web designers and traditional advertisers are for the first time coming together to create a new form of advertisement; one that combines the best practices in both fields.

As the online audience increases, so will the online advertising expenditure. This should in turn fuel a desire for more effective online advertisements in order to ensure a profitable return on investments. With this in mind, it is no surprise that so much effort has been put forth already to try to break through the clutter by creating something new and different--by creating rich media advertising.

Rich media advertising should not only be able to break through the clutter and defeat banner blindness, it should also transform the way people perceive online advertising. Online advertisements should no longer be seen as an annoyance or a distraction stealing away precious bandwidth and download time. They should be seen as a service, either transactional or information, in addition to being a source of amusement.

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Adforum

AdTalk

AdWeek

Advertising Age

Brandera

Brand Week

Broadcasting & Cable Online

Business Marketing

Cable World

Media Central

MediaLife

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WEB SITE

www.adcritic.com

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www.broadcastingcable.com

www.businessmarketing.com

www.cableworld.com

www.mediacentral.com

www.medialifemagazine.com

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Ad Resource

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AMA Green Book

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Clickz

www.clickz.com

Cnet

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Cyberatlas

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EMarketer

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