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On-line Advertising: Sales & Marketing in Cyberspace

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On-line Magazines

- Content (The Library)
  - Subscription and Ad-supported multimedia
- Community (The Saloon)
  - Newsgroups, bulletin boards
- Commerce (The Mall)
  - Advertising, direct response

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On-line Advertising

- On-Line Environment
  - Commercial services, World Wide Web
- Interactive Advertising Principles
  - Tempting the Click
  - Measuring the Audience
- Magazine Management Issues

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Commercial Services

- America On-Line   3 million
- Prodigy   1.7 million
- Compuserve   2.6 million
- Apple Eworld   80,000
- AT&T Interchange   ???
- Microsoft   ???

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ON-LINE EXAMPLE

TIME Magazine on America On-Line

Buick ad combining photo-illustrated car brochure with sponsorship of SeniorNet's WW2 retrospective

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WEB EXAMPLES

Hot Wired
www.hotwired.com
Time Warner
www.pathfinder.com
Zima
www.zima.com

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Commercial Services Rates

- AOL: $240,000 per year
  - 5-20% of Web server transaction
- Prodigy: $1000–$4000/mo
  - Web pointer
- MSN: $7,500/mo x 12 mos
  - Web pointer
  - MSN IPs can get 50% to 70% of on-line fee

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World Wide Web Rates

- Time-Warner Pathfinder: $40,000/qtr
- Hot-Wired: $30,000/qtr, 235,000 subs
- ZDNet: $10–25,000/qtr, 2.5mil hits/wk
- Playboy: $10,000/mo, 200,000 hits/day
- Wall Street Journal: $50,000/6mos
- WorldNews: $1,000/mo, 16,000 visits/mo
  - $5,000/mo Home Page, $4,000/mo in story file

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Web Pricing Options

- Standard space ad deal
  - Should have rate card and audit
- Basic rate plus per inquiry charge
- Per inquiry only
  - Must be a compelling pitch
- Percentage of transactions
- Confusing combinations

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On-line Demographics

- Historical audience profile
  - 70%-90% male 18-39, >$50,000 hh income
  - Institutional, corporate, individual
- Evolving demographics by type of service
  - Commercial services vs Web
- Street trade on the 'Net

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Access Technology Issues

- Access hardware, software and inclination
- Telecom speeds and costs
  - dialup: 2,400 baud to 28.8 kbps (28,800 baud)
  - network links: 64 kbps to 1.5 Mbps
- Server systems, client software
- Broadband futures
  - Cable modems

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Advertiser Strategies

- ◆ Awareness and positioning
  - – Corporate level
- ◆ Product support
  - – Market manager level
  - – Marketing communications
  - – Demonstrations, sampling, promotion
- ◆ On-line ordering and delivery

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On-Line Ad Types

- ◆ Awareness ads
- ◆ Marketing communications
- ◆ Product pitches
- ◆ Demonstrations and sampling
- ◆ Coupons
- ◆ On-line ordering
- ◆ On-line delivery

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Six Advantages of New Media

- ◆ Customization
- ◆ Timeliness
- ◆ Comprehensiveness
- ◆ Searchability
- ◆ Economy
- ◆ Transaction

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The On-line Ad

- ◆ Perfectly zappable
- ◆ Perfectly measurable

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Design: Tempting the Click

- ◆ Creating prospect incentives
  - – Demonstrations and product-related info
  - – Price discounts, coupons
  - – Editorial/games environment
- ◆ Direct response orientation
- ◆ Video game design skills

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Interactive Ad Design

- ◆ Strong editorial content
- ◆ Appropriate multimedia design
  - – Type, Images, Links, Interaction, Sound, Video
- ◆ Tempting the return click
- ◆ Transaction systems
- ◆ Community development
- ◆ Continuous updates

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Web Magazine Content

◆ Multimedia forms
- – typography
- – illustration
- – photography
- – hyperlinks
- – sound
- – animation
- – video
- – interaction

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WEB EXAMPLE

Mama Ragu
www.eat.com

Product-related editorial
environment with a contest,
an audio feature and
subscriber story input

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WEB EXAMPLE

Stolichnaya Vodka
www.stoli.com

Product-related game with
winners circle, updated editorial
features and a link to a vodka
ordering system

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WEB EXAMPLE

Zima
www.zima.com

"Tribe Z" club promotions, updated
fridge video game, links to editorial
features, related Web sites and
to other advertisers

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WEB EXAMPLE

Alamo Rent-A-Car
www.freeways.com

Reservation system link, office
location finder, driving directions,
newsgroup of favorite driving
experiences

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WEB EXAMPLE

A/C Flyer Magazine
www.mcgraw-hill.com/acfonline/

Aviation magazine with
Adobe Acrobat archive of
tabular used airplane listings

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Security and Encryption

- ◆ Off-Web authorization
  - – Through 800 fulfillment houses
  - – Through email
  - – Through audiotext response
- ◆ Encryption standards
  - – Netscape, IETF, VISA/MC
  - – Server-dependent

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Payment Developments

- ◆ On-line credit card authorization
  - – Server to card company
- ◆ EMoney and Internet checking accounts
  - – Wells Fargo
- ◆ First Virtual payment system
  - – Spend money and collect money
  - – No collection guarantee

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Links to Disk and Paper

- ◆ CD-ROM/Web hybrids
  - – CD-ROM encryption
  - – Selling off the disk
- ◆ Web "document delivery"
  - – Acrobat pages, SGML, TIFF and PCX images

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Clickstream Ad Research

- ◆ Who, what, when, where, how and how long...page by page
- ◆ The Web server log
  - – the "referrer" field
- ◆ I/PRO, IAudit, Nielsen, sampleNET
  - – Third party verification

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WEB EXAMPLE

I/Pro ad auditing
www.ipro.com

Web site tracking and reporting system with Acrobat examples of daily volume, user profiles and page traffic statistics

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Magazine Management Issues

- ◆ The role of the agency
  - – Who can sell the possibilities?
- ◆ Direct response focus
- ◆ Integrated advertising
  - – advertising and marketing
  - – sales
  - – distribution and retailing