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

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

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

TIME Magazine on America On-Line
Buick ad combining photo-illustrated car brochure with sponsorship of SeniorNet's WW2 retrospective
**WEB EXAMPLES**

- **Hot Wired**
  - [www.hotwired.com](http://www.hotwired.com)
- **Time Warner**
  - [www.pathfinder.com](http://www.pathfinder.com)
- **Zima**
  - [www.zima.com](http://www.zima.com)

**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

**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
- **World News**: $1,000/mo, 16,000 visits/mo
  - $5,000/mo Home Page, $4,000/mo in story file

**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**

**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

**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
Advertiser Strategies

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

On-Line Ad Types

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

Six Advantages of New Media

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

The On-line Ad

- Perfectly zappable
- Perfectly measurable

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

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
Web Magazine Content

Multimedia forms
- typography
- illustration
- photography

- hyperlinks
- sound
- animation
- video
- interaction

WEB EXAMPLE

Mama Ragu
www.eat.com

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

WEB EXAMPLE

Stolichnaya Vodka
www.stoli.com

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

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.

WEB EXAMPLE

Alamo Rent-A-Car
www.freeways.com

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

WEB EXAMPLE

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

Aviation magazine with Adobe Acrobat archive of tabular used airplane listings.
Security and Encryption
- Off-Web authorization
  - Through 800 fulfillment houses
  - Through email
  - Through audiotext response
- Encryption standards
  - Netscape, IETF, VISA/MC
  - Server-dependent

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

Links to Disk and Paper
- CD-ROM/W eb hybrids
  - CD-ROM encryption
  - Selling off the disk
- Web "document delivery"
  - Acrobat pages, SGML, TIFF and PCX images

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, sampleN ET
  - Third party verification

WEB EXAMPLE
I/Pro ad auditing
www.ipro.com

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