COMPARATIVE EVALUATION BETWEEN
TRADITIONAL ADVERTISING AND INTERNET ADVERTISIG

by

Ms. Pavinee Srisung

A Final Report of the Three - Credit Course
CE 6998 Project

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The Graduate School of Assumption University has approved this final report of the three-credit course, CE 6998 PROJECT, submitted in partial fulfillment of the requirements for the degree of Master of Science in Computer and Engineering Management.

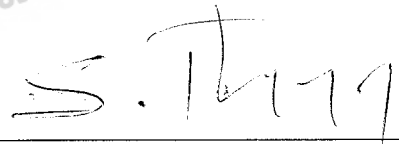Approval Committee:

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ABSTRACT

This research examines the Internet advertising strategies and traditional advertising strategies for comparative evaluation.

The year 1995 was when the year that the Internet became a household name. Several million new users subscribed to services that provide Internet access. 70,000 sites opened on the World Wide Web (www.cyberatlas.com). Virtual magazines, shopping malls and chat rooms became commonplace. The world of advertising discovered a new virtual, but very powerful medium to reach consumers.

On the Internet, advertisers are no longer constrained by print space, air time, or geography. They are limited only by a consumer's attention span. The interactive power of the Internet allows the consumer to determine the extent of the advertising message, ranging from a quick brand impression to an interactive session with a brand, product or service which could last for hours.

During this time, the advertiser has the opportunity to learn about the consumer and his/her interests, educate the consumer about products and services, and potentially even sell products or services on-line.

The benefits of Internet advertising are its ability to cover all promotional objectives from awareness to action by leveraging all elements in the promotion mix. However it requires new strategies and thinking.

Traditional advertising is consumed passively, while on the Internet users have to actively select an advertisement. This changes the way advertisers generate and retain customers. To persuade visitors to revisit and spend time on the website advertisers must fulfill real customer needs on continuous basis.

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TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

I. INTRODUCTION

1.1 Origin of the Study

Internet, the global network of computer networks, has been growing at astonishing speed in the past few years. It has become a nearly giant information infrastructure seeming to be present everywhere. Initially, the use of the Internet was scientific and academic research. However, in recent years, the Internet began the evolution to commercial status. Today's Internet providers are predominantly for-profit businesses.

Doing business on the Internet is gradually becoming the norm for more and more companies. The rapid growth of the Internet and particularly the World Wide Web has led to a critical mass of consumers and firms participating in a global on-line market place. The rapid adoption of the Internet as a commercial medium has caused firms to experiment with innovative ways of marketing to consumers in computer-mediated environments.

The result of today's evolving technology is consumer choice. In the past, people consume advertising passively-someone other than the viewers devises the schedule. But when the viewers can selected and de-select, advertisers faces the enormous challenge of meeting consumers demand. It will alter the way advertisers reach customers, how they catch their attention and what they offer. The advertisers must develop new strategies and ways of thinking The Internet has immense potential as a revolutionary communication medium. It has opened up new opportunities for advertisers. Advertisers might achieve their objectives of establishing a closer customer relationship through the use of Internet. The ability to utilize this medium successfully lies with those pioneers who understand, support and enforce the new rules of the emerging frontier.

For this project, I will provide the advertisers with a clear understanding of what differences there are between traditional advertising and internet advertising, advertisement strategies, advertisement method and various form of Internet advertising. This should lead to some guidelines for advertising and implementing it on the Internet.

1.2 Problem Statement

In order to successfully establish a presence on the Internet and make full use of this marketing vehicle, we have to develop a thorough understanding of this new medium: its characteristics, the tool it has to offer to marketers, the mechanism of marketing activity on the Internet, etc. This research study attempts to probe into one aspect of marketing issues--- advertising on the Internet. The topic is:

Comparative Evaluation between Internet Advertising and Traditional Advertising

In relation to this, we would also like to examine the following questions:

(1)   What is Internet advertising?

(2)   What are the differences between Internet advertising compared to traditional advertising?

(3)   How to generate traffic to the site

(4)   How to retain the visitors?

1.3 Objectives

The objectives for this project can be stated as follows:

(1)   To study how Internet advertising linked with promotion mix

(2)   To provide practical strategies of Internet advertising

(3)   To study the differences between Internet advertising compared to traditional advertising

1.4 Scope

This project will focus on one element of marketing activities advertising, although the Internet has far more business applications than merely as on advertising medium.

II. LITERATURE REVIEW

2.1 Overview

Advertising is an attempt to disseminate information in order to effect a buyer seller transaction. In a traditional sense, advertising was impersonal, one-way mass communication or mass marketing, which was paid for by sponsors. Telemarketing and direct mail were attempts to personalize advertising in order to make it more effective. These direct marketing approaches worked fairly well but were expensive.

The Internet redefined the meaning of advertising. The Internet has enabled consumers to interact directly with advertisers and advertisements. In interactive marketing, a consumer can click with his or her mouse on an ad for more information or send an e-mail to ask a question. The Internet has provided the sponsors with two-way communication and e-mail capabilities, as well as allowing the sponsors to target specific groups on which they want to spend their advertising budget, which is more accurate than traditional telemarketing. Finally, the Internet enables a truly one-to-one advertisement. A comparison of the above concepts is shown in Table 2.1.

2.1.1 Internet Advertising Terminology

There is considerable confusion regarding the terminology used for Web advertising. Hence, the following glossary can help.

(1) Ad views (also page views or impressions): the number of times users call up a page with a banner during a specific time (e.g., "ad views per day"). The actual number of times the ad was seen by users may differ because of "caching" (which increases the real number of ad views) and browsers that view documents as text only (which decreases the number of ad views).

(2) Clicks (or ad clicks): Every time a visitor clicks on an advertising banner to access the advertiser's Web site.

4

Table 2.1. From Mass Advertisement to Interactive Advertisement (Turban 1999).

	Mass Marketing	Direct Marketing	Interactive Marketing
Best outcome	Volume sales	Customer data	Customer relationships
Consumer behavior	Passive	Passive	Active
Leading products	Food, personal care products, beer, autos	Credit cards, travel, autos	Upscale apparel, travel, financial services, autos
Market	High Volume	Targeted goods	Targeted individuals
Nerve center	Madison Ave.	Postal distribution centers	Cyberspace
Preferred media vehicle	Television, magazines	Mailing lists	Online services
Preferred technology	Storyboards	Databases	Servers, on-screen Navigators, the Web
Worst outcome	Channel surfing	Recycling bins	

(3) Banner: a graphic display on a Web page used for advertisement. The size of the banner is 5.0" to 6.25" * 0.5" to 1.0" and is measured in pixels (width x height). An ad is linked to an advertiser's Web page; when one "clicks" on the banner, one will be transferred to the advertiser's site.

(4) Click ratio: ratio indicating the success of an advertising banner in attracting visitors to click on the ad. For example, if a banner received 1,000 impressions and there are 100 "clicks,' the click ratio is 10 percent.

(5) Cookie: a program, stored on the user's hard drive, without disclosure or the user's consent. Sent by a Web server over the Internet, the information stored will surface when the user's browser again crosses the specific server combination.

(6) CPM: cost-per-thousand impressions. The cost of delivering an impression to 1,000 people (or homes).

(7) Effective frequency: the number of times an individual is exposed to a particular advertising message in a given period of time.

(8) Hit: Webspeak for any request for data from a Web page or file, often used to compare popularity/traffic of a site in the context of getting so many "hits" during a given period. A common mistake is to equate hits with visits or page views. A single visit or page view may be recorded as several hits, and depending on the browser, the page size, and other factors, the number of hits per page can vary widely.

(9) Impressions: ad or page views. This is the exposure to an ad.

(10) Interactive advertisement: any advertisement that requires or allows the viewer/consumer to take some action. In the broadest sense, even clicking on a banner is an interaction. However, usually we define action as sending a query or looking for detailed information.

(11) Meta tag: tag giving a spider (search engine) specific information, such as keywords or site summaries; part of the HTML code. These tags stay behind the scenes-the end user never sees them. A Web author may surround sentences, even whole paragraphs, with these tags. Certain spiders then read the information in the tags as a way to help them index the site.

Unfortunately meta tag information is not always reliable. It may or may not accurately reflect the content of the site.

(12) Page: an HTML document that may contain text, images, and other online elements, such as Java applets and multimedia files. It may be statically or dynamically generated.

(13) Reach: the number of people or households exposed to an ad at least once over a specified period of time.

(14) Visit: a sequence of requests made by one user in one visit to the site. Once a visitor stops making requests from a site for a given period of time, called a time-out, the next hit by this visitor is considered a new visit.

2.1.2 Internet Is the Fastest Growing Medium in History

In 1997, a study titled "The Internet Retailing Report" examined the adaptation rate of the Internet, compared to three traditional media: radio, network television, and cable television. Meeker and Pearson examined the length of time it took for each to reach 50 million U.S. users (Meeker and Pearson 1997). See Figure 2.1.

As the figure shows, the length of time it took for the Internet to reach 50 million users was about 5 years, which is remarkable considering that it took radio 38 years television 13 years, and cable television 10 years. According to these statistics, the Internet is the fastest growing media of communication, and its growth potential as a means of communication is very high.

2.1.3 Objectives and Growth of the Internet Advertisement

The objectives of advertising on the Internet are the same as those of any other advertising, namely, to persuade customers to buy a certain product or service. Thus, it is seen as an alternative (or a complementary) medium to traditional advertising media. Customers' awareness of this alternative is growing rapidly. Internet/online advertising

revenues ("revenues") surpassed the $1.0 billion quarter for the first time, totaling $1.2 billion for the third quarter of 1999, $726 million or 148 percent growth over the 1998third-quarter total of $491 million. Revenues totaled $2.8 billion for the first nine months of 1999,more than double the same period for 1998, and averaged over $400 million per month during the third quarter of 1999. Based on historical trends, revenues are on pace to exceed $4 billion in 1999 (Pricewaterhouse 1999).

According to the Internet Advertising Bureau (IAB) (www.iab.com) the top categories for Web ad spending in 1998 were computers (27 percent), consumer products (25 percent), telecom (14 percent), financial services (13 percent), and news media (10 percent) (Internet Advertising Bureau 1998).
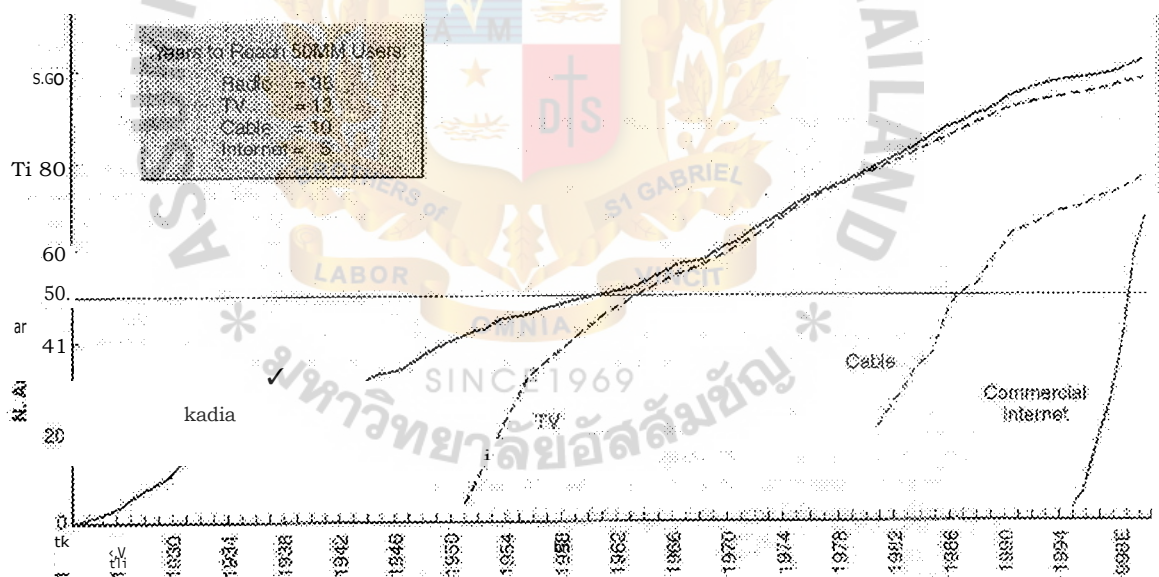
Figure 2.1. Adoption Curves for Various Media (Meeker and Pearson 1997).

2.1.4 Targeted (One-to-One) Advertisement

As stated earlier, one of the major advantages of Internet advertising is the ability to customize ads to fit individual viewers. One-to-one targeted advertisement and

8

marketing can be expensive. However, it can be rewarding. Targeting ads to groups rather than to individuals can also be very cost-effective.

2.1.5 Why Internet Advertisement?

There are several reasons why companies advertise on the Internet. To begin with television viewers are migrating to the Internet. The media follows, acknowledging that the goal of any advertiser is to reach its target audience effectively and efficiently. Advertisers recognize that they have to adapt their marketing plans to account for the ever-growing number of people spending increasing amounts of time online, frequently at the expense of other media.

The migration of so many from television seems very impressive: Add to this the fact that the Internet users are well educated with high incomes, it is only logical to conclude that Internet surfers are a desired target for advertisers.

Other reasons why Web advertising is growing rapidly are:

(1)   Ads can be updated any time with a minimal cost; therefore, they are always timely.

(2)   Ads can reach very large numbers of potential buyers globally.

(3)   Online ads are sometimes cheaper in comparison to television, newspaper, or radio. The latter are expensive since they are determined by space occupied, how many days (times) they are shown, and on how many national and local television stations and newspapers they are posted.

(4)   Web ads can efficiently use the convergence of text, audio, graphics, and animation.

(5)   The use of the Internet itself is growing very rapidly.

(6)   Web ads can be interactive and targeted to specific interest groups and/or individuals.

These characteristics began to convince large consumer products companies to shift an increasing amount of advertising dollars away from traditional media to Web advertisement.

2.2 What Is Internet Advertising?

2.2.1 Publisher versus Advertiser Web Sites

Internet advertising is the placement of an advertising banner or logo on a web site, for a fee, to drive traffic to the advertiser's web site via a hypertext link. There are two types of web sites: publisher web sites and advertiser web sites. Publisher sites publish content and support their content or service through advertising revenues. Examples of publisher sites include Pathfinder, Yahoo and ESPNet Sportzone.

Advertiser web sites are promotional sites developed and supported by a company. These sites provide information about a company, their products or services, and often include an entertainment element and the ability to E-mail comments. Examples of advertiser sites include AT&T, Zima and Saturn. In a few cases, a very popular advertiser site may also accept advertising, such as the Netscape site, but generally this is not the case.

Advertisers hope that consumers who visit publisher web sites for content will click on their banner or logo in order to learn more about their product or service. By doing so, the consumer will be automatically transported to the home page of that advertiser, or to an intermediary ad page.

2.2.2 History of Internet Advertising (Lussier 1996)

For years, the Internet was advertising-free. The Internet existed as a network of several million computers, used primarily by the government and universities, as a means to publish research, exchange ideas through discussion groups and to communicate via electronic mail. Text was generally in ASCII format and information

10

was retrieved through UNIX commands. There were no commercial applications and users preferred it that way.

The World Wide Web grew out of a 1991 hypertext project started by a group of physicists to organize on-line scientific information. The web did not achieve widespread popularity, however, until a program called NCSA Mosaic was developed in 1993 by a group of undergraduates at the National Center for Supercomputing Applications (NCSA) at the University of Illinois. The invention of NCSA Mosaic, the first Internet browser, allowed users to access information easily through GUI (graphical user interface) technology, instead of typed commands, and presented "pages" with formatted text and colorful graphics. The browser software allowed linkages to other pages on the World Wide Web that provided more detailed information or complimentary topics. As the content on the World Wide Web increased, and improved browsers such as Netscape's Network Navigator become widely available, the general public became fascinated with the concept of "surfing the net."

As the World Wide Web gained in popularity, consumer demand for content grew. Since web content was expensive for some publishers to develop and maintain, many initial publisher business models anticipated charging subscriptions to their sites, similar to the current business model for magazines. An alternative form of revenue support was to accept advertising from the many companies developing their own web sites. Both these business models were shunned by the early adopters of the World Wide Web who were determined to keep the medium in its original free and non-commercialized format. However, as the web drew a larger consumer audience, publishers created more content, and more companies opened promotional web sites. As a means to draw consumers to their site, companies advertised their site by placing their logo in the form of a banner on a popular site, with a link to their web page. Hotwired

was one of the first popular sites to accept advertising, in October 1994. By mid-1995, the consumer outcry against advertising began to dwindle, as the public realized that the alternative was to pay for access to the information. Thus, the World Wide Web evolved to the current predominantly advertiser-supported business model.

2.2.3 Why Has the World Wide Web Become a Popular Marketing Vehicle?

Today many consumer products and services companies had never heard of the Internet and the World Wide Web. Now they are racing to develop web sites to promote themselves on this new medium. Their web sites range from basic, informative product and company information to high-tech entertainment sites with complex graphics and even animation. The development costs of these sites range from tens of thousands to millions of dollars.

There are 2 reasons:

(a)   Demographics

(b)   Benefit of Internet Advertising

Demographics (Lussier 1996)

World Wide Web users have highly desirable demographics. According to an Internet Demographics Survey jointly conducted by CommerceNet and Nielsen Media, users are professional, upscale and well-educated: 50 percent hold professional or managerial positions, 25 percent have incomes over $80,000 and 64 percent have at least a college degree.

These demographics contrast with the general demographics of the United States and Canada: 27 percent hold professional or managerial positions, only 10 percent have income levels above $80,000, and only 29 percent hold at least a college degree. Males currently account for 66 percent of Internet users. The survey estimates the current number of Internet users to be approximately 24 million.

Benefits of Internet Advertising

The World Wide Web enables certain forms of marketing, unmatched by other media. The web provides interactive, demand-based information for both current and potential customers. Consumers can spend as much time as they want interacting with a marketer's web site. They can obtain as much or as little information as interests them.

If the information they seek is not available on a web site, they can E-mail the company from the site and obtain a prompt response to their question. Furthermore, consumers can revisit the marketer's web site, upon demand. Marketers can also use their web sites to learn about their customers' interests and product suggestions. As a result, a web site increases a company's exposure and promotes its brand image.

2.2.4 What Is the Current Market for Internet Advertising?

Advertisers

While the market for Internet advertising is growing rapidly, it is still concentrated among a small group of leading national advertisers and Internet start-up companies that have dedicated portions of their media budgets to experiment with this new medium. The advertisers spent $42.9 million in 1995 to place banners on other web sites, to drive traffic to their home pages (Jupiter 1996).

Publishers

Advertising spending is still focused on the most popular publisher sites. The primary criteria for choosing to advertise on a site is the site's traffic volume. Therefore, it is no surprise that the most popular publisher sites for advertising placement are search engine and web directory sites, such as Yahoo, Infoseek, Webcrawler and Lycos.

Users will often visit these sites several times during a session to find sites that meet their interests or informational needs. Entry portal sites (browser software home pages), such as Netscape and GNN, are also highly in demand by advertisers, since their

sites are automatically visited upon logon by the user. Many sites were the initial World Wide Web trailblazers, and therefore are most familiar to Internet users, resulting in high traffic such as Netscape, Infoseek, Yahoo.

As new content publisher sites gain acceptance and realized increased traffic, the sites chosen by advertisers are expected to diversify.

Market Forecast

Internet advertising will increase as advertisers become more comfortable with this new medium. Increased consumer usage and improved valuation methodology and tools will increase advertisers' comfort level.

Technology will also evolve rapidly, and by the year 2000, the Internet will provide the most dynamic, flexible and truly multimedia medium to support both mass advertising and one-to-one marketing efforts.

Although the industry expects that advertisers will shift more of their media budgets to Internet advertising, the bulk of the budget still will be allocated to traditional media forms of television, print and radio advertising.

2.3 Internet Advertising versus Traditional Advertising

2.3.1 Overview of Traditional Advertising

In traditional media, advertisement placement is usually determined by a combination of target audience demographics, optimal medium and cost effectiveness. For example, one target demographic for Toyota's Soluna model is women aged 18 to 35. The car is positioned as the ideal first car purchase decision for young, educated women, either starting college or beginning a career. Toyota would choose among traditional media options to communicate their message. For broadcast media, optimal choices to reach this target demographic would be to advertise on television programs with high female viewing audiences. To reach the same audience through print

advertisement, target publications might include women's fashion magazines. Other mediums might include billboard advertising at a shopping mall.

Typically, an advertiser and the company's advertising agency will plan their media schedule based on the best medium to meet their goals and the costs associated with effectively delivering the advertising message to their target audience. A media schedule will often include more than one medium to vary delivery and increase audience exposure.

2.3.2 Traditional Passive Advertising

Broadcast, print and billboard are all forms of <u>passive</u> advertising; the target audience can only view the advertisement, forming an impression of the advertised product. The audience has no direct means of acting upon the advertisement or asking for more information, such as the nearest dealer, prices, etc. Passive advertising is the most common form of traditional advertising.

2.3.3 Traditional Interactive Advertising

There are also forms of traditional <u>interactive</u> advertising, such as direct response advertising which encourages an action. Using the prior Toyota Soluna example, forms of direct response advertising might include: a commercial promoting a contest to win a Soluna by calling an 800 number to register; a print advertisement with an 800 number inviting the reader to call for their nearest dealer; or a direct mail piece with a rebate coupon and an invitation to call a local dealer to schedule a test drive.

2.3.4 Internet Advertising: A Combination of Passive and Interactive Advertising

Internet advertising can be directly compared to traditional advertising in that it incorporates both passive and interactive advertising. All forms of banners and links on publisher web sites are a type of passive advertising, whereas advertisers' web sites in their own right are the highest form of interactive advertising.

15

As an Internet user visits a publisher's web site, he or she is exposed to one or more forms of passive advertising: banners, logo icons or sponsorships on the site's home page. For example, each time a user visits the Sanook website, he or she will see a banner ad at the top of the home page.

This is the equivalent of a passive impression. It is very similar to a billboard promoting a brand name or a slogan. If the user scrolls down to the bottom of the home page, he or she might see a sponsorship logo, such as the one located on the Pantip site. This impression is similar to the type of impression a viewer might have when watching a college basketball game and seeing a sponsor logo on the scoreboard.

Internet advertising allows passive advertising to become interactive. In most traditional passive advertising today, a viewer will notice the advertising message, or subconsciously note the logo, but will usually not immediately react by driving to the nearest store to purchase the product, or by calling the company and asking for more information.

With Internet advertising, if a consumer is intrigued by the message or interested in the company's product, the Internet user has the option to simply click on the banner or icon and visit the advertiser's website to begin a truly interactive experience. In fact, the web site provides several levels of product information, from basic features to product specifications. The site even invites the user to purchase the product directly from the web site by completing an order form and entering a credit card number. The product can then be shipped overnight to the consumer's doorstep.

The opportunities for interactive advertising on the web are endless. Amazon has a searchable database of over one hundred of its products. Ragu offers visitors Italian recipes using its product, on-line coupons, Italian language lessons, and E-mail to write comments to the company. In addition, many web sites offer company information, on-

line press releases, executive profiles and even job listings. A consumer can potentially spend hours interacting with just one company's web site. No comparison to this exists in traditional advertising.

2.3.5 Advantages and Limitations of Internet Advertisement as Compared to Traditional Advertising

The major traditional advertisement media are TV, newspapers, magazines, and radio. Each of these has its advantages and disadvantages. The Internet can be viewed as just another media with its advantages and limitations. Table 2.2 compares the Internet as an advertisement media against the traditional media.

Table 2.2. Advantages and Limitations of Internet Advertisement as Compared to
Traditional Advertising (Meeker and Pearson 1997).

Medium	Pros for Generating Advertising Revenue	Cons for Generating Advertising Revenue
TVs	(1) Intrusive impact-high awareness getter. (2) Ability to demonstrate product and feature "slice of life" situations. (3) Very "merchandisable" with media buyers.	(1) Ratings fragmenting, rising costs, "clutter." (2) Heavy "downscale" audience skew. (3) Time is sold in multiprogram packages. Networks often require major upfront commitments. Both limit the advertiser's flexibility.
Radios	(1) Highly selective by station format. (2) Allows advertisers to employ time-of-day or time-of week to exploit timing (3) Copy can rely on the listener's mood or imagination.	(1) Audience surveys are limited in scope, do not provide socioeconomic demographics. (2) Difficult to buy with so many stations to consider. (3) Copy testing is difficult, few statistical guidelines.

Table 2.2. Advantages and Limitations of Internet Advertisement as Compared to Traditional Advertising. (Continued)

Medium	Pros for Generating Advertising Revenue	Cons for Generating Advertising Revenue
Magazines	(1) Offer unique opportunities to segment markets, demographically and psychographically. (2) Ads can be studied, reviewed at leisure. High impact can be attained with good graphics and literate, informative copy.	(1) Reader controls ad exposure, can ignore campaign, especially for new products. (2) Difficult to exploit "timing" aspects.
Newspapers	(1) High single-day reach opportunity to exploit immediacy, especially on key shopping days. (2) Reader often shops for specific information when ready to buy. (3) Portable format	(1) Lack of demographic selectivity, despite increased Zoning-many markets have only one paper. (2) High cost for large-size units. (3) Presumes lack of creative opportunities for "emotional" selling campaigns. (4) Low-quality reproduction, lack of color.

Table 2.2. Advantages and Limitations of Internet Advertisement as Compared to
Traditional Advertising. (Continued)

Medium	Pros for Generating Advertising Revenue	Cons for Generating Advertising Revenue
Internet	(1) Accessed on demand 24 hours a day, 365 days a year, and costs are the same regardless of audience location. (2) Accessed primarily because of interest in the content so market segmentation opportunity is large. (3) Opportunity to create one-to-one direct marketing relationship with consumer. (4) Multimedia will increasingly create more attractive and compelling ads. (5) Distribution cost are low (just technology costs), so the millions of consumers reached cost the same as one.	(1) No clear standard or language of measurement. (2) Immature measurement tools and metrics. (3) Although the variety of ad content format and style that the Internet allows can be considered a positive in some respects, it also makes case-to-case comparisons difficult for media buyers. (4) Difficult to measure size of market, therefore difficult to estimate rating, share, or reach and frequency. (5) Audience is still small.

Table 2.2. Advantages and Limitations of Internet Advertisement as Compared to Traditional Advertising. (Continued)

Medium	Pros for Generating Advertising Revenue	Cons for Generating Advertising Revenue
Internet	(6) Advertising and content can be updated, supplemented, or changed at any time, and are therefore always up-to-date. Response (click-through rate) and results (page views) of advertising are immediately measurable. (7) Ease of logical navigation-you click when and where you want, and spend as much time as desired there.	

2.4 Advertisement Methods

Several of the major methods used for advertisements are:

2.4.1 Banner

Banner advertising is the most commonly used of advertising on the Internet. As you surf your way through the information superhighway, banners are everywhere. The file size of the image should be about 7 kb. The smaller the file size, the quicker it loads. Designers of banners pay a lot of attention to the size of the image because long downloading times may cause a viewer to become impatient and move on before the

banner is fully displayed. Typically, a banner contains a short text or graphical message to promote a product. Advertisers go to great lengths to design a banner that catches consumers' attention. With the progress of Internet programming we are starting to find banners with video clips and sound. Banners contain links that, when clicked on. Transfer the customer to the advertiser's home page.

There are two types of banners: keyword banner and random banner. Keyword banners appear when a predetermined word is queried from the search engine. It is effective for companies who want to narrow their target audience. Random Banners appear randomly. Companies that want to introduce their new products (e.g., a new movie or CD) use random banners.

Banner exposure was found to be responsible for 96% of ad awareness according to the survey conducted for the IAB by researcher MBinteractive. The survey, based on responses from more than 16,000 Web users, found banner ads were effective in raising brand awareness, had a significant impact on brand perception and had a positive impact on intent to purchase. Across 12 brands tested, consumer awareness of brands increased, on average, to 64% from 61% after a single exposure to Web banner ads. (Maddox 1997)

Advantages and Disadvantages

A major advantage of using banners is the ability to customize them to the target audience. One can decide which market segments to focus on. Banners can even be customized to one-to-one targeted advertisement. Also, "forced advertising" marketing strategy is utilized, which means customers are forced to see it. The disadvantages are high overall cost. If a company demands a successful marketing campaign, it will need to allocate a large percentage of the advertising budget to acquire a high volume of CPM. In addition, one of the major drawbacks of using banners is that limited

information is allowed. Hence, advertisers need to think of a creative but short message to attract viewers.

An important factor an advertiser needs to scrutinize is the size of the banner. One needs to make sure that the image size the exchange uses is appropriate for the intended location and that the file size and animation limits are correct. An image with a large file size or unlimited animation looping may require several minutes of downloading time. This could prevent the remainder of the Web page from being displayed until the image is finished, resulting in impatient visitors who leave the site before the Web page is shown.

There are several different forms of placing banner advertising on the Internet on others' web sites.

The most common forms are:

(a)   Banner Swapping

(b)   Banner Exchanges

(c)   Paid Advertising.

Banner Swapping

Banner swapping means that company A agrees to display a banner of company B in exchange for company B displaying company A's ad. It is a direct link between Web sites. Every time B's Web page is accessed, A's banner will be displayed, giving the viewer the opportunity to click on it and be transferred to A's Web site.

This is probably the least expensive form of banner advertising to establish and maintain, but it is also difficult to arrange. One must locate a site that one believes could generate a sufficient amount of quality traffic; a match between the swapping parties is a must. Then, one must contact the owner/Webmaster of the site and inquire if they would be interested in a reciprocal banner swap.

Banner Exchanges

Frequently banner swapping does not work because a match is not possible. If there are several companies involved, however, a multicompany match may be easier to find. For example, out of three companies, A can display B's banner, but B cannot display A's banner optimally, However, B can display C's banner, and C can display A's banner. Such bartering may involve many companies. Banner exchange organizations arrange for the trading of three or more partners. It works similarly to that of a regular bartering exchange. A firm submits a banner to the exchange service and displays a link on one of its Web pages, which will display a different banner each time the page is accessed. Each time the participant displays a banner for one of the exchange's members it receives a credit. After a participant has "earned" enough credits, its banner is displayed on an appropriate member's site. Most exchanges offer members the opportunity to purchase additional display credits. Many of the exchanges also permit the participants to specify what type of site the banner can be displayed on, thus allowing the advertiser to target what type of audience will see the banner ad.

Most exchanges offer a credit ratio of approximately 2:1. This means for every two banners displayed on your site, your banner will be displayed once. You may wonder why the ratio is not 1:1. The banner exchange company must generate revenue to cover its operating expenses and to offer additional services, so they sell about 50 percent of all banners. Some exchange will not allow certain types of banners; hence, the decision on whether or not to participate is important. Overall, banner exchanging can be very valuable and should be considered by advertisers. (Grant 1999)

Paid Advertisement

Purchasing banner ad space on the Internet is quite similar to buying ad space in other media. However, in many cases, this option may be more expensive than the

traditional ones. Also, on the Internet you are limited to the size of the ad and the amount of content (text and graphics) the ad may contain. This is to ensure that viewers do not become impatient waiting for the ad to appear and leave before it is fully displayed.

2.4.2 Splash Screen

A splash screen is an initial Web site page used to capture the user's attention for a short time as a promotion or lead-in to the site home page or to tell the user what kind of browser and other software they need to view the site.

The major advantage of a splash page over any other advertising method is that one can create innovative multimedia effects or provide sufficient information for a delivery in one visit.

2.4.3 Spot Leasing

Search engines often provide space (spot) in their home page for any individual business to lease. The duration of the lease depends upon the contract agreement between the Web site host and lessee. Unlike banners, which show up at various times, the ad place on the spot will always be there; hence, competition is reduced. The disadvantage of spot leasing is that the size of the ad is often small and limited, causing some viewers to miss the ad. Also, the cost can be very high.

2.4.4 URL (Universal Resource Locators)

The major advantage of using URL as an advertising tool is that it is free. Anyone can submit its URL to a search engine and be listed. Also, by using URL the targeted audience can be locked and the unwanted viewers can be filtered because of the keyword function. On the other hand, the URL method has several drawbacks. First, due to intense competition, a company's listing at the top of the list of a search engine can easily be replaced by others. Moreover, different search engines index their listings

differently. Some search engines honor meta tags and some do not. One may have the correct keywords, but if the search engine indexed its listing using the "title" or "content description" in the meta tag, then the effort could be fruitless.

2.4.5 E-Mail

Another way to advertise on the Internet is to purchase e-mail addresses and send the company information to those on the list. The advantages of this approach are its low cost and the ability to reach a wide variety of targeted audiences. Most companies develop a customer database to whom they send e-mails. E-mail is emerging as a marketing channel that affords cost-effective implementation and better, quicker response rates than other advertising channels. Marketers should be racing to embrace the medium. What happens, though, when every marketer starts inundating prospects and customers with mail? How much e-mail will this result in? How will consumers deal with it? What areas must marketers focus on to ensure e-mail-marketing success?

Undoubtedly, the quantity of e-mail that consumers receive is exploding. The marketers employing e-mail must take a long-term view and work toward the goal of motivating consumers to continue to open and read messages they receive. This is especially important as even now nearly one-third of consumers read e-mail only from senders with whom they have a relationship. As the volume of e-mail increases, consumers' tendency to screen messages will rise as well.

When considering who they should be talking to, marketers must supplement existing database information with data relevant to e-mail campaigns. When deciding what the mail concerns, marketers must integrate inbound customer service e-mail solutions with their outbound marketing efforts. Finally, in regard to the "how,' or the execution, of the message, marketers must develop e-mail-specific copywriting skills and the ability to deliver multimedia-rich e-mail. A list of e-mail addresses can be a

very powerful tool because you are targeting a group of people you know something about.

2.4.6 Chat Rooms

Electronic chat refers to an arrangement where participants exchange messages in real time. The software industry estimates that several hundred thousand Web sites have millions of chat rooms. (Gehrke and Turban 1999)

A chat room is a virtual meeting ground where groups of regulars come to gab. The chat rooms can be used to build a community to promote a political or environmental cause, to support people with medical problems, or to let hobbyists share their interest. And since many customer supplier relationships have to be sustained without face-to-face meetings, online communities are increasingly being used to serve business interests, including advertising. A vendor frequently sponsors chat rooms (look for the logo). Chat capabilities can be added to a business site for free by letting software chat vendors host your session on their site. You simply put a chat link on your site and the chat vendor does the rest, including the advertising that pays for the session.

The main difference between an advertisement that appears on a static Web page and one that comes through a chat room is that the latter allows advertisers to cycle through messages and target the chatters again and again.

Also, advertising can become more thematic. You can start with one message and build upon it to a climax, just as you would do with a good story. Chatters are used to seeing multiple ads on their screens, so they are bound to take notice. The advertisement in a chat room merges with the activity in the room and the user is conscious of what is being presented. The message of advertisers is reaching the audience.

Chat rooms are also used as one-to-one connections between a company and their customers. For example, Mattel sells about one-third of its Barbies to collectors. These

collectors use the chat room frequently and are likely to pay attention to Mattel's or others' advertisements there. (Hoffman and Novak 1995)

2.4.7 Other Forms

Online advertisement can be done in several other ways ranging from advertisements in newsgroups to the use of kiosks (O'Keefe 1997). Advertisement on Internet radio is just beginning, and soon advertising on Internet television will commence. Of special interest is the advertisement to Internet communities' members. The community sites such as www.geocities.com offer direct advertisement (you can actually buy the advertised products). There are also ads that link you to other sites that might be of interest to the type of community member. Targeted ads also go to the members' Web pages.

2.5 What Are the Various Forms of Internet Advertising?

2.5.1 Home Pages versus Hyperlinks

A marketer's web site is the primary form of Internet advertising for a company, its products or services and brand image. The first page of a web site is the Home Page. It is the point of entry to the site and is critical. It is the basis by which a visitor will decide to interact with the site or to "surf" to another site. The goal as a marketer is to make the page visually exciting, entertaining and enticing, so that the visitor will stay and explore the site for as long as possible. A company can benefit from Internet advertising by educating their customers, increasing "share of mind" and building brand image. If a company's site includes a small survey, it can also learn about current customers or generate leads for new customers.

How can a company publicize its new site? Certain sites advertise their Internet addresses within their print advertisements, inviting readers to "check out" the new site. Other sites may be so interesting and distinct that they are included in a "Cool Site"

directory, which will steer traffic to the site for free. Still others become popular through word of mouth.

The best way to stimulate traffic to a site is through advertising, by placing a hyperlink to the site on a complementary publisher's site. Advertisers should be careful to choose a site not only for high traffic volume, but also to ensure that the site's visitor demographics and brand image is complementary.

There are six forms of advertising hyperlinks:

(a)   Banner ads on publisher site home pages

(b)   Banner ads or logo placement on publisher site content pages

(c)   Sponsorship of other web sites

(d)   Logo placement on other site affiliated advertiser listings

(e)   Site listing in a general listing or directory

(f)   A storefront in a cybermall

Banner Ads on Home Pages

The most popular, visible and impactful form of advertising is the Banner. The banner is a strip usually along the very top of a publisher site's home page. It is large enough to display a company's logo, an enticing tag line, or both.

An example of a banner ad is located at the top of theZDNet home page. Sometimes banner space may include up to three different advertisers, as on thePathfinder home page. Banners may also take the form of a button or icon, as illustrated by the logo on the Yahoo web site. By clicking on the banner or icon, the user is automatically transferred to the advertiser's home page.

This form of advertising commands the highest rates since it is the most visible to the user, and therefore, guarantees an impression. Sometimes publishers will rotate several ads through a banner position, to increase the number of advertisers supporting

their site. A rotating banner ad position is less expensive than an exclusive banner position.

Banner Ads on Content Pages

Banner advertising space may also be available on site <u>Content</u> pages. These are the pages beneath the home page that provide content to the visitor, based on the visitor's interests. For example, Pathfinder provides content ad space on its individual publication pages such as Time and Fortune. These ad placements tend to cost less than home page banners since only a portion of site visitors will choose to view a specific content page.

Furthermore, the amount of this type of ad space is limited because the reader may be turned off by an unacceptable level of advertisement, such as an ad on each site page. For this reason, ESPNet limits the total number of banners on its site to 24 different content pages. Publishers may also rotate banners on content pages.

Sponsorship of other Web Site

Another form of advertising is site Sponsorship. A sponsorship can be in the form of an icon, a button, a hyperlink or even a banner. Typically, a sponsorship will be listed at the bottom of the home page.

For example, the Hotwired site is "Powered by" Silicon Graphics. That simply means that Silicon Graphics provided the money to support publication of the site's content. In return, Silicon Graphics is advertised as the site's sponsor. Sometimes a chat room will be sponsored by an advertiser.

Chat rooms can be a very powerful form of targeted advertising since they are typically organized by demographics or interest. For example, a camera manufacturer could sponsor a chat room on the topic of photography. As people spend time in the chat room, they would be continually exposed to the company's logo.

Affiliated Advertiser Listings

Affiliated advertiser lists provide the opportunity to advertise on a popular publisher's site, but at less expensive rates than banner or sponsor positions. An affiliated advertiser list is an area of the site that lists icons of advertisers who want to be associated with the publisher and pay for that privilege. For example, the Pathfinder web site lists an Ad Directory, recommending other advertisers' web sites to visit.

The benefit to the advertiser is that they can complement their brand image by being listed in a site that is valued by their demographic target, at a lower cost. The downside, however, is that the advertiser must share the space with other advertisers, and potentially competitors. The impression level is much lower than with a banner ad because site visitors may not even choose to view the list of affiliated advertisers, or if they do, they may not notice a specific company's icon amid the long list of advertisers.

General Listings and Directories

In addition, the Internet contains numerous general listings and directories. One form of advertising is to include a link to your web site in a Yellow Pages directory, such as the Nynex Yellow Pages. For example, an Internet travel agency could include a listing under the topic of "travel" or "cruises," and would therefore be brought to the attention of potential customers who are interested in travel information via the Internet.

Many web directories, such as Yahoo offer free listings to all web sites that register with the search engine directory. Yahoo also offers sponsorships of keywords or categories used in searches.

The sponsor is charged a few cents every time a user executes a search using a sponsored keyword. In return, the sponsor's site is listed at the top of the "search results" listing, improving the chances that the user will choose the sponsor's site as a destination for information on the topic of choice.

Cybermall Storefront

A special form of advertising used by retailers includes cybermall advertising, such as Netplaza. This advertising is in the form of a storefront, usually with transaction capabilities. The advertisement may include a link to the advertiser's home page or to more detailed ad pages, such as a catalog.

For example, the PC Flowers and Gifts listing within the Netplaza cybermall is a brief description of their service that links back to their home page. Another example with NetPlaza is Clambake Celebrations The listing describes the company's services.

However, the advertisement is hosted on Netplaza's server, and therefore, does not link to a home page, because the company either does not have a web site or because it may simply choose not to link to it. Both formats (cybermall links and cybermall-hosted advertisements) usually have the ability to order product on-line.

Responsibility for Advertisement Effectiveness

Regardless of the form of link an advertiser decides to utilize to drive traffic to their site, it is the responsibility of an advertiser to develop a compelling message for the link. Many advertisers only display their company logo as an icon link. A company logo is good to build brand awareness, but an advertiser should not be disappointed if that does not drive as much traffic to the site as might a banner with an intriguing tagline or special offer.

The site publisher's role is to deliver an audience to the web page locations where they sell advertising space; it is the advertiser's role to convince the consumer to interact with the advertisement.

2.6 Advertisement Strategies

Several advertisement strategies can be used over the Internet. Before we describe them, it will be useful to present some important considerations in Internet-based ad design.

2.6.1 Considerations in the Internet-Based Ad Design

Some commonly accepted commandments of advertising on the Internet are advocated by Choi et al. and by other. (Choi et al. 1997) Representative examples are:

(1)   Advertisements should be visually appealing. In mass media, advertisements should be colorful to catch the reader's attention. On the Internet, this principle can be realized by adopting interactive and moving Web content that can grab the visitor's attention and draw repeated visits.

(2)   Advertisements must be targeted to specific groups or to individual consumers. Ads should be customized and speak on a personal level.

(3)   The content should be valuable to consumers. Web pages should provide valuable information, avoiding useless and large files that slow downloading time.

(4)   Advertisements must emphasize brands and a firm's image. Ads should emphasize how your firm and its products and services differ from other competition.

(5)   Advertisements must be part of an overall marketing strategy. Firms should actively participate in all types of Internet activities, such as newsgroups, mailing lists, and bulletin boards. All activities constitute a strategy. Also, online advertisements should be coordinated with offline advertisements.

(6)   Advertisements should be seamlessly linked with the ordering process. When the customer has become interested after having seen the ads, the

33

advertised items should be able to be ordered and paid for conveniently, preferably online.

(7) Designing Internet ads. Successful Web site design is an art as well as a science. It is actually a difficult task. For example, a study of Web ads done by the University of Michigan business school students for a Web company, Athenia Associates, showed that ads laced in the lower right-hand corner of the screen next to the scroll bar, generate 228 percent higher click-throughs than ads at the top of the page. The study also found that ads placed one-third of the way down the page increased click-throughs 77 percent over ads at the top of the page, where ads are usually positioned. Andrew Kind, webmaster with Athenia, attributed the higher click-throughs to the ads' positioning in the "click zone," where a user's mouse is naturally drawn. Information about the study is available at http://www.webreference.com/dev/banners. In many cases it is best to solicit the help of an expert or consultant to design Internet ads(Doyle 1997).

There are 5 categories to be considered for Internet Advertising (Gehrke and Turban 1999):

(1) Page- Loading Speed

    (a)   Graphics and tables should be simple and meaningful. They need to match standard monitors.

    (b)   Thumbnail (icon graphs) are useful

(2) Business Content

    (a) Clear and concise text is needed. A compelling page title and header text is useful.

    (b) The amount of requested information for registration should be

        minimal.

(3) Navigation Efficiency

    (a)   Well-labeled, accurate, meaningful links are a must.

    (b)   Sites must be compatible with browsers, software, etc.

(4) Security and Privacy

    (a)   Security and privacy must be assured.

    (b)   Rejecting cookies option is a must.

(^{5}) Marketing Customer Focus

    (a)   Clear terms and conditions of the purchases, including delivery

        information, return policy, etc., must be provided.

    (b)   Confirmation page after a purchase is needed.

When the designed ads are in line with the above commandments, we can

implement Internet-based advertisement in one, or as a combination, of the following

strategy (ies).

2.6.2 Passive Pull Strategy

    Usually, customers will look for a site and visit it only if it provides helpful and

attractive contents and display. This strategy when Web pages are waiting for a

customer's passive access, is referred to as passive pull strategy. The passive pull

strategy is effective and economical when advertising to open, unidentified potential

customers world wide.

    However, since there are so many Web pages open to all customers, there is a

need for a directory that can guide customers to targeted sites. For instance, refer to the

site Advertising World (http://advertising.utexas.edu/world). This is a noncommercial

site that can guide customers. In this sense, portal search engine sites like Yahoo can be

regarded as an effective aid for advertisement. These sites are all equipped with directories for the registered sites.

A site may be either a pure advertisement site (which means it does not offer order entry and payment capabilities) or a complete retailing storefront (like Amazon). The ads in the latter case can be directly linked to sales. In this case, the ad can be regarded as the first step of sales activity on the Internet. When the site is an e-mall, we can see its own directory and search engines, which help find the desired products and services. In this sense, the directory in the e-mail can be regarded as the second step in the passive pull strategy.

2.6.3 Active Push Strategy

If customers do not visit the merchants' sites voluntarily, merchants need to actively advertise to the targeted customers. One option of this strategy is sending e-mails to the relevant people. The first issue to be considered by merchants adopting this strategy is how to obtain the mailing list of the target customers. Companies like DoubleClick (www.doubleclick.com) have started to generate mailing lists to meet this need.

2.6.4 Associated Ad Display Strategy

With a banner, a display may be organized independently of who reads it and what is read. If the merchant can identify the person and the characteristics of accessed pages, displaying an associated ad can be a very effective advertisement. Let us call this the **associated ad display strategy. For example, in using MapQuest** (www.mapquest.com), which supports hotel reservations, the user may select an indexed category such as 'lodging" within a city. Then, a Radisson ad may be displayed. Another example of associated ad display can be found at Amazon. When the customers read about a book, a list of books under the title "Customers who bought this

book also bought....." is displayed (Figure 2.2). To support this kind of service, Amazon's system must have the capability of data mining from past records and storage in the database. The ad display can be directly ordered seamlessly. In this sense, this strategy can be regarded as just-in-time strategy.

Figure 2.2. An Example of Associated Ad Display at Amazon.

2.6.5 Ad as a Commodity

An ad is sold as a product, using the approach of CyberGold (www.cybergold.com) and others. Interested consumers read the ads in exchange for direct payment made by the advertisers. Consumers fill out data on personal interests, then CyberGold distributes targeted banners based on the personal profiles. Each banner is denoted with the amount of payment for reading it. If interested, the reader clicks the banner to read it and, passing some tests on its contents is paid for the effort. Readers can sort and choose what they read, and the advertisers can vary the payment level

reflecting the frequency and desirability of readers. An illustrative screen of CyberGold

is shown in Figure 2.3.
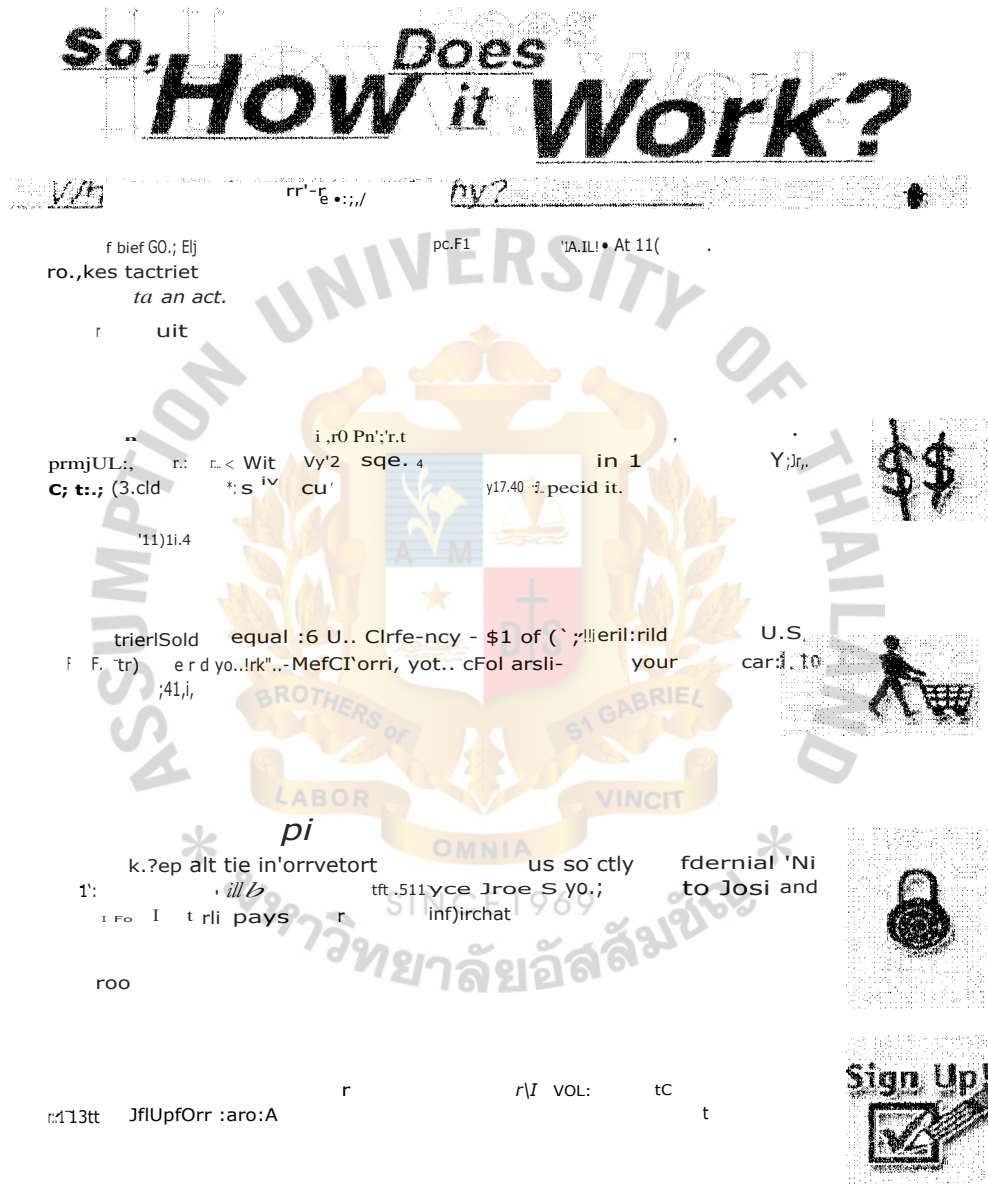
Figure 2.3. An Illustrative Screen of CybeyGold.

Comparison Ads as a Medium of Advertisement

Customers need to compare many alternative products and services. Suppose you want to buy a television and have found a product in a Web catalog or e-mail, as shown in Figure 2.4. Then you would like to find the least expensive place to buy the TV. Comparisons with competitive vendors are shown in Figure 2.5. An issue here is who provides the information for the ads. One possible policy is to let the e-mail managers provide such information as a free service for the brands listed in a mall without any specific request. The other policy is to generate the comparisons as a reply to a request of 'compare" for a designated product. In this process, the competitors have an incentive to pay for the comparing ad.
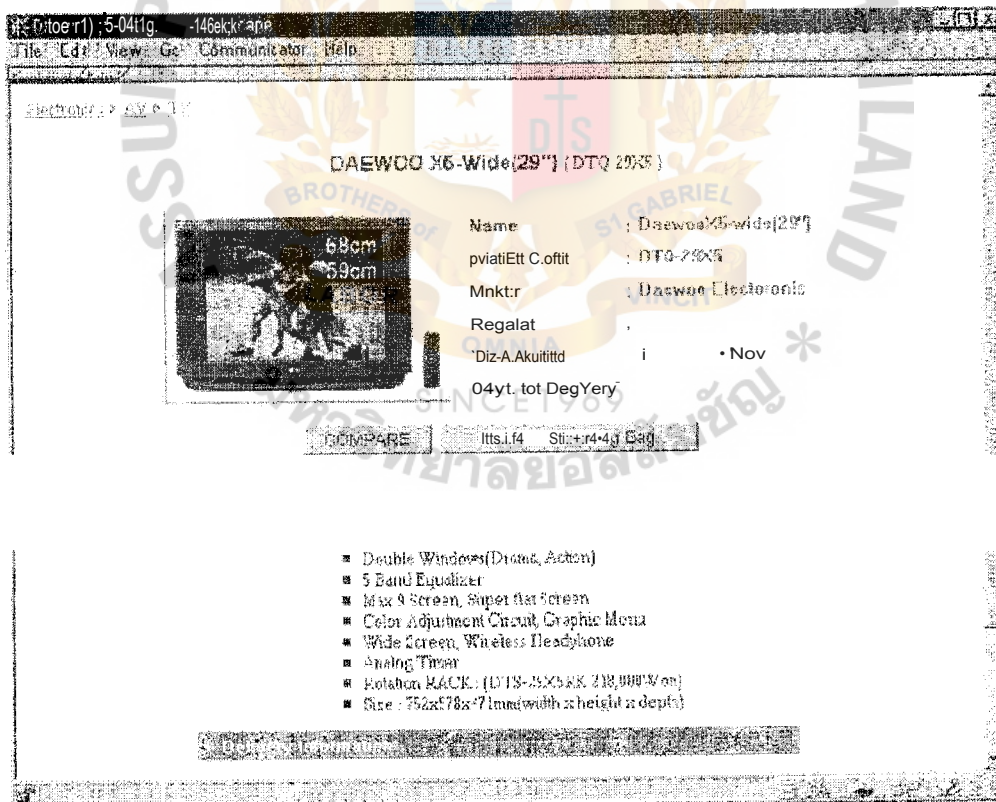
Figure 2.4. An Illustrative Product with the "COMPARE" Button.

Figure 2.5. An Illustrative Screen for Product Level Comparison.

2.6.7 Attracting Visitor to a Site

There are many ways to attract visitors to a Web site. Here we will discuss some of them.

Making the Top List of a Search Engine

In any search engine, there is a page for submitting URLs. By submitting a URL the search engine spider can crawl through the submitted site, following and indexing all related content and links. Because the spider indexes the full text of the pages, there is no need to submit a list of keywords. Nor does one need to give the search engine summaries or descriptions; they are generated automatically.

41

Improving a Company's Ranking on the Search Engines' Lists

By simply adding, removing, or changing a few sentences, the Web designer may alter the way a search engine's spider ranks its findings. For this reason, when designing or redesigning a Web site, the designer needs to think about the search queries the company wants people to use when they try to find the site. Then the designer creates a site that will be responsive to those queries.

For example, a user is searching for "Hawaiian Bed and Breakfast." The user will receive a list of 20 top locations. Now the user needs to finds a particular site among the 20 sites retrieved by the search engine. The problem is how to be included in the top 20 and then how to attract the user to the site. To do so, the advertiser must not emphasize the way the ocean looks from a bedroom window but emphasize key terms, such as bed, breakfast, Hawaii, and weeklong getaways. In addition to being included in the top URL list, companies attract visitors by running special events and promotions.

Online Events, Promotions, and Attractions

Today, such promotions are regular events on thousands of Web sites. Contents, quizzes, coupons, and giveaways, designed to attract visitors, are integral to Internet commerce as much, or even more then, offline commerce,

Running promotions on the Internet is similar to running offline promotions. Some of the major considerations, according to (Chase 1998) and (O'Keefe 1997), are:

(1) The target audience needs to be clearly understood.

(2) The target audience needs to be online surfers.

(3) The traffic to the site should be estimated, and a powerful enough server must be prepared to handle it.

(4) Assuming the promotion is successful, what will the result be? This assessment is needed for your budget and promotion strategy.

42

(5) Consider co-branding. Many promotions succeed because they bring together two or more powerful partners.

Bargains, Special Sales, and Financial Incentives

Bargain hunters can find lots of bargains on the Internet. Special sales, auctions, and coupons are frequently combined with ads. Of special interest are sites such as www.clickrewards.com, wwvv.cybergold.com, and www.windough.com. A popular lottery site is www.worldlotto2000.com.

Finding Your Way Around

Several sites compile current contents by theme, prize, entry deadlines, and so on. They also provide search engines for finding sweepstakes.

2.7 Economics and Effectiveness of Advertisement

Justifying advertisement on the Internet is more difficult than for conventional advertisement. One of the major reasons for this is the difficulties in measuring the results of advertising. Several methods are available for measuring advertisement, conducting cost-benefit analysis, and for pricing ads. They are discussed below.

2.7.1 Exposure Models That Are Based on CPMs

Traditional pricing has been based on CPMs. So far, this model has been the standard advertising rate-pricing tool for Web sites as well. While CPM charges on the Web vary widely, on average they have been at higher levels than they are in most other media because of the small supply of highly trafficked Web sites.

Since advertisers pay an agreed-upon multiple of the number of "guaranteed" impressions (page views), it is very important that impressions are measured accurately in the context of the advertising business model. This limits the site's responsibility for ad delivery, and the ad revenue generated is simply the product of the traffic volume times a multiple, which is generally priced in terms of CPM, which can range from $10

to $100 (in 1999). The price charged is different for different search engines and other popular sites. For example, in 1999 Excite charged $68 per CPM and Lycos charged $50 to $60 per CPM. Generally, CPMs seem to average on the order of $45, resulting in a fairly low cost of $0.045 per impression viewed. (Hoffman and Novak 2000)

The wide price spread suggests that the Web can function both as a mass medium and a direct-marketing vehicle and that context, audience, technology, and anticipated results all play a part in determining what price an advertiser will pay. A few well-branded sites in a very broad range of categories (such as new, entertainment and sports) will dominate, and these sites will be able to charge a premium for ad space.

2.7.2 Click-Through

Ad pricing based upon click — through is an attempt to develop a more accountable way of charging for Web advertising. The payment for a banner ad is based on the number of times a visitor actually clicks on it. However, a relatively small proportion of those exposed to a banner ad actually click on the banner. DoubleClick Inc. reports that only 4 percent of visitors who are exposed to a banner ad the first time click on the ad. Thus, payment based upon click —through guarantees not only that the visitor was exposed to the banner ad but actively decided to click on the banner and become exposed to the target ad (Hoffman and Novak 1995). Space providers object to this method, claiming that viewing an ad itself may lead to a purchase later or to an offline purchase.

2.7.3 Interactivity (Hoffman and Novak 1997)

While a payment based upon click-through guarantees exposure to target ads, it does not guarantee that the visitor liked the ad or even spent any substantial time viewing it. This proposal suggests basing the pricing upon the amount the visitor interacts with the target ad. Such an interactivity measure could be based upon the

44

duration of time spent viewing the ad, the number of pages of the target ad accessed, or the number of repeat visits to the target ad.

Back in 1996, Modern Media, an interactive advertising agency, had developed a pricing model in which its clients paid not for exposures or click-through but only for activity at the client's Web site. This has raised a controversy surrounding the Web media. Web publishers were arguing that the problem with activity-based measures likes click-through or interactivity is that the Web publishers cannot be held responsible for activity related to an advertisement. They also argued that traditional media, such as newspapers or television, charge for ads whether or not they lead to sales. So why should the interactive condition be applied on the Net?

Advertisers and their agencies, on the other hand, argued that since the Web medium allows for accountability, models can and should develop those that measures actual consumer activities. A standard solution will eventually be reached in the future or different companies will use different approaches.

2.7.4 Actual Purchase (Hoffman and Novak 2000)

Marketers are interested in outcomes, and the ultimate outcome is a purchase. It is obvious that 1,000 people visiting a site is worth something, but a site that only 5 people visit can be worth much more if they are actually shopping there. It is also important to know the amount of money customers actually spend.

In an outcome-based approach to pricing, Web advertising begins by specifying exactly what the marketer would like the target ad to do. Examples of typical outcomes include influencing attitudes, motivating the consumers to provide information about themselves, or leading the consumer to an actual purchase. For example, if a customer purchased a book at amazon.com after he or she saw Amazon's ad at America Online's

Web site, then America Online receives a referral fee of say 8 percent of the purchase price of the book.

2.7.5 Other Methods

Several other methods exist, such as:

(a) The use of the gross number of visits (occasions on which a user looks up a site) as a possible measure of effectiveness is also inadequate. (Visiting an entertaining site may not result in a purchase.)

(b) The number of "unique users" at a site during a specific time can be calculated by recording some form of user registration or identification (to overcome the problem of one user paying several visits to one site). An ad placed in such a site has a greater potential of attracting a viewer, but there is no guarantee that a purchase will be made.

(c) Many advertisers charge a fixed monthly fee, regardless of the traffic. Others use a hybrid approach; some combination of the above.

(d) An interesting approach is to let the market determine prices. This is done via auctions. Both www.onsale.com and www.adauction.com schedule auctions for ads. Publishers post information about available space and buyers bid on it.

2.8 Special Advertisement Topics

2.8.1 How Much to Advertise?

Like any other advertisement, Internet advertisement needs to justify itself; otherwise you may spend more than you need. It is important that companies know what their advertisement objectives are. The rationale is straightforward. A lack of objective evaluation about the Web may lead to problems of image and information overkill. Also, if what is expected from Web advertising cannot be articulated in broad

terms and systematically evaluated in terms of deliverability by the medium, there may

be no point is using the Web.

Once it has been determined that using the Web as an advertising vehicle could

indeed benefit a company in achieving its objectives, management's attention should

turn to learning about the Web. They need to understand what the Web is and how it

works, and they must realize the need for long-term commitment to the medium and

short-term dynamics in information display. Only then can they decide how much to

spend on Internet advertisement.

Transplanting television ad objectives into Web objectives does not seem to

suffice. Web ads are dictated by different dynamics. Television, radios, newspapers,

and magazines rely on in-your-face advertising and intrusions into a person's

consciousness. Web advertisement may impact people differently because of the

interactivity. Firms need to assess whether they have the commitment-manpower, time,

and financial resources-needed to stay on course once they have decided to adopt the

Web. Lack of commitment is likely to result in typical Web sites that disappointingly

lead nowhere or constantly inform the visitor that they are under construction. Web sites

are never truly finished; they require constant and dynamic changes to attract visitors.

For individuals and businesses, it may be wise to utilize the services of an

established ad agency knowledgeable in the specialized medium of Internet advertising.

Such an agency may have much more of an idea of what type of ads will actually

influence the viewers, thereby generating the desired traffic to your Web site.

2.8.2 Auditing and Analyzing Web Traffic

Before companies decide to advertise on someone's Web site, it is important that

they know that the number of hits, click-throughs, or other data you are working with

are legitimate because the potential for manipulation of data is large. An audit is critical;

it validates the number of ad views and hits claimed by the site, assuring advertisers that they are getting their money's worth. An impartial, external analysis and review is crucial to advertisers to verify the accuracy of the page impression counted by the site.

A longtime friend of advertisers is the Audit Bureau of Circulation (ABC), established in 1914 as a not-for-profit association by advertisers, advertising agencies, and publishers who came together to establish advertisement standards and rules.

They created ABC to verify circulation reports by auditing circulation figures and, as a result, to provide credible and objective information to the buyers and sellers of print advertising (Turban 1999).

ABC provides services such as:

(a)   A forum for buyers and publishers to come together to determine information critical to the buying and selling process.

(b)   Circulation audits. An ABC audit is an in-depth examination of a publisher's Web records to assure buyers that circulation claims are accurate.

(c)   Dissemination of circulation data, both in print and in electronic format, for ABC members' use.

(d)   Continual improvement of its products and services so they remain relevant to buyer and publisher members.

The ABC is now adapting to Web advertisement. Several other independent third-party Internet auditing companies are in operation, such as PCMeter, BPA, and Audit.

2.8.3 Self-Monitoring of Traffic

Several vendors sell software that allow Webmasters to monitor and implement advertisement on their own Web sites. Examples are NetGravity, NetIntellect and Webtrend s.

2.8.4 Internet Standards

With so many creative ways to advertise on the Web, it would seem that the last thing anyone would want to do is make it more standardized and regulated. But, paradoxically, that's the way much of the Web ad industry is heading.

One proposed standard that will affect advertising deals with cookies. A cookie is a mechanism that allows a Web site to record your comings and goings, usually without your knowledge or consent. This information can be used, for example, to automatically attach an ID number for a subscription-only site or to collect information about an online shopper's preferences so that electronic marketers can target their offerings to that individual.

2.8.5 The Major Web Ad Players (Meeker and Pearson 1997)

Meeker and Pearson have identified several unique Internet market subsegments, comprising five major categories (besides the companies that create and operate Internet sites that are funded, in whole or in part, by advertising dollars):

(1) Advertising agencies and Web site developers-Companies involved in the generation of Internet advertising campaigns, from campaign planning to media buying, as well as developers of sites that allow companies to promote their brands and develop an online consumer presence. Since advertising is essentially the promotion of the company and its products and services, on the Web this is achieved either through buying advertising space at other sites or simply designing a site that serves the same purpose.

(2) Finding market research providers-in such a new field, advertisers, publishers, investors, and other interested parties are all looking for real data about what is happening, how big it is, and where it is going. These are companies that are tracking the evolution of Internet technology with a focus on its impact on business and certain industries, including the Web advertising arena.

(3) Traffic measurement and analysis companies-to validate advertising media buys on the Internet, advertisers need to be able to justify and verify the investment they make. Traffic analysis companies fill that need by offering software and services to aid publishers in tracking and executing advertising delivery on their Web sites.

(4) Networks/rep firms-these companies provide value-added services for Web advertisers and publishers alike by brokering the distribution of advertisements and overseeing their delivery.

(5) Order processing and support-companies those provide outsourcing services to Internet publishers and service providers.

III. COMPARATIVE EVALUATION BETWEEN
INTERNET ADVERTISING AND TRADITIONAL ADVERTISING

3.1 Internet Advertising and Promotion Mix

Internet advertising requires promotional objectives. Promotional objectives provide means of communication and co-ordination between groups (e.g. client and agency). A shared understanding raises the performance and eliminate those strategies that have no chance of allowing the advertising firm to meet its objectives. It acts as guide for decision making. Furthermore objectives provide a benchmark so that the relative success or failure of the program can be determined.

Promotion Mix

Promotion is one of the four basic elements of the marketing mix. Promotion is responsible for the communication of the marketing offer to the target market. Product quality, price and place also communicate a variety of messages to the consumer which should be consistent with the promotion strategy. The promotion mix is traditionally perceived to consist of four elements: advertising, sales promotion, public relations and personal selling.

However, the traditional groupings of promotional tools are no longer assumed to be the most effective forms of communication. Due to changes in the marketplace a fifth element direct marketing has evolved.

The Internet advertising provides great chance for direct marketing, which is an important way of developing personal relationships with customers. Direct marketing offers the opportunity to cover all the promotional objectives in one step compared to traditional promotion mix which normally only covers one or two stages.

The relationship between promotion mix and Internet promotion can be described as follows:

(1)   Advertising

A banner advert on popular websites can create awareness and interest to attract and reach the mass market like traditional advertising at fairly low rate.

(2)   Sales Promotion

Competitions, club memberships, money-off vouchers, quotations, sampling of digital goods like downloading free software are ways advertisers can generate visitors, obtain visitor data and increase desire for the brand.

(3)   Personal Selling

Internet advertising returns to the oldest form of commerce: buying and selling in the context of inter-personal relationships. The interaction process enables the advertiser to give a personalized service. Customers can e-mail questions to support their informational search in the desired stage or even take action by placing the order.

(4)   Public Relations

The advertiser can publish third source press releases on the website. It has a high credibility effect on the target audience. This can increase awareness and interest for the product or reinforce the persons "post purchase decision". Own press releases can add to customers knowledge of the company and its new product. Many journalists use the Internet for new stories. They may then cover the companies press release in traditional media. Stakeholders including shareholders, employees, suppliers, public organizations also have a general interest in how a company is performing, e.g. Coca Cola's website contains their annual report, financial figures and

new product realizes. However, PR can also have a negative impact on the Internet. Intel was forced into a product recall of its new released Pentium chip because of consumer agitation on the Internet, generating negative PR. It soon spread to conventional media.

(5) Direct Marketing

Internet advertising offers a great opportunity to build a relationship with the customer being a continuous process which goes beyond the post purchase stage. The advertiser can maintain contact through E-mail, mailing lists or up-date websites. It has a high level of effectiveness throughout the whole purchase decision process from awareness, interest, desire to action. Actual sales are usually separated in time and space from traditional advertising exposures. However, with the Internet it has become easy to place the order immediately after exposure and makes it easier to measure advertising success.

3.2 Traditional Advertising versus Internet Advertising

The Internet is still not mature enough to offer a wide reach within certain geographic areas compared to traditional media. The Internet is not suited for certain segments such as less educated people. Nevertheless, the Internet has high reach with in certain demographic segments and might reach new segments e.g. foreign segments which advertiser would normally find difficult to reach. Internet is not suited (yet) as primary advertising media.

It is probably more likely to be part of a integrated media selection. If the advertiser communicates to a mass market, Internet solution alone will probably be insufficient. If the company operates on a global scale it becomes difficult for the advertiser to reach them effectively through traditional advertising. Internet advertising

can be an effective way of communicating with a global audience. Any company that establishes a site on the Internet automatically becomes an international company. Intercultural complications such as language barriers, legal systems may require intercultural adjusted advertising strategies.

International consistency becomes difficult, possibly confusing the audience and diluting the brand. This also applies to general global advertising, but with the Internet it is even more difficult. In this case the message is carried through the same medium so a viewer in Japan will see the same Internet advert as an American viewer. Where as in traditional media it is possible to have adjusted adverts in e.g. two different national newspaper.

Reaching a global audience raised the problem of price discrimination. Companies with overseas distributors charging different prices in different countries face high hurdles. Customers will not tolerate a huge price gap or might shop in foreign countries. This might lead to more standardized pricing across borders or at least narrower price spread across country markets.

Companies targeting a local audience might find other media more effective due to higher reach. Companies like take-out services such as fast food and grocery stores benefit mainly from a local audience reach as their distribution is restricted to a certain distance.

The Internet offer higher selectivity than any other media. The individual actively exposes himself to the advertisement. The user customizes the advertisement to his own needs by choosing hyperlinks to navigate him around. the most popular sites are those that allow the customer to customize the site himself. No other media gives this user control. However, the advertiser must make the site easy to navigate and provide a content which attracts the user to spend as much time as possible on the site.

Traditional media offer low feedback possibilities. A consumer has to make an effort to provide the feedback since it has to be channeled through media other than the advertising medium. e.g. phone or mail back. The Internet makes it easy for the consumers to e-mail questions or order with the same medium in real time.

Traditional media has limited information capacity due to either limited space, very high costs, limited duration (30 second Television spot) etc. The Internet has unlimited space. The costs of adding an extra site is very low. This provides the opportunity to give breadth and depth of information. The current users are information seekers so this will add value to their perception of the advert.

Compared to traditional media, costs on the Internet are very low. Anyone can set up a homepage almost free. It is the cost of strategic planning, creative work, production, installing and especially maintaining the homepage which requires capital and time. The costs of putting up a site on the World Wide Web ranges from several hundred to several million dollars. The expenses of creating and maintaining a website vary enormous depending on requirements. Prices are rising sharply as demand increases. Novelty is very important in attracting visitors and repeat visitors. Finding new ways of tempting the customer to interact is a continual challenge. Innovation is advancing the quality of sites, but also increasing costs.

Furthermore Internet offers savings on productivity, marketing and sales plus incremental or new revenue streams. Productivity savings arise from reduction in order and processing costs as web users place their own orders, maybe without any customer service except the webpage site. Marketing and sales expenses decrease by reduced brochure printing and distribution costs. Incremental revenues may be achieved for those firms who use the web to expand into new channels of distribution and new market segments.

Table 3.1. Traditional Advertising versus Internet Advertising.

Traditional Advertising	Internet
Commercial activity	Developed from scientific research
One-Way communication	Two-way Interactive communication
Consumers have no control over content	Consumers have control over content
Usually low selectivity	High selectivity
Get the copy across is of key importance	Giving back to the Internet is the norm

3.3 Push and Pull Strategy

Traditionally, there are mainly two types of promotional strategies: the push strategy and the pull strategy.

In a push strategy, the bulk of promotional effort is directed at the members of the marketing channel to get them to push the products forward. Intermediaries are encouraged to promote the product to the next channel institution. In principle, a push strategy involves pushing a product through the marketing channel.

In a pull strategy, the majority of the promotional effort is toward the ultimate consumer in an attempt to get them to pull the products through the marketing Channel.

In actuality, successful promotion programs have elements of both the strategies because this increases the effectiveness of the campaign.

The Internet is a perfect medium that integrates both strategies and gives birth to the interactive strategy which goes beyond traditional strategies. At present, pull advertisements are generally consumed passively by the audience. The audience has to do something actively to avoid being exposed e.g. change channel when adverts are shown. With Internet advertisement the user has to actively select the site. The

consumer pull the advertisement on demand. This means advertisers are having to alter the way they reach customers, how they catch their attention and what they offer.

Internet advertising is an interactive strategy. The advertiser makes the advert available on the net (push), the user select the advert (pull) and if he is further interested he can for instance E-mail the advertiser (interact). No matter what objective the advertiser has chosen for Internet advertising he must add value to the user. Because the Internet is a medium with high selectivity, without added value, the website cannot retain visitors. So the main challenge in designing advertising for the Internet is to determine how to capture and retain attention of the user.

Advertiser's Net Presence

Push   Pull   Interactive Strategy

User Searching Net
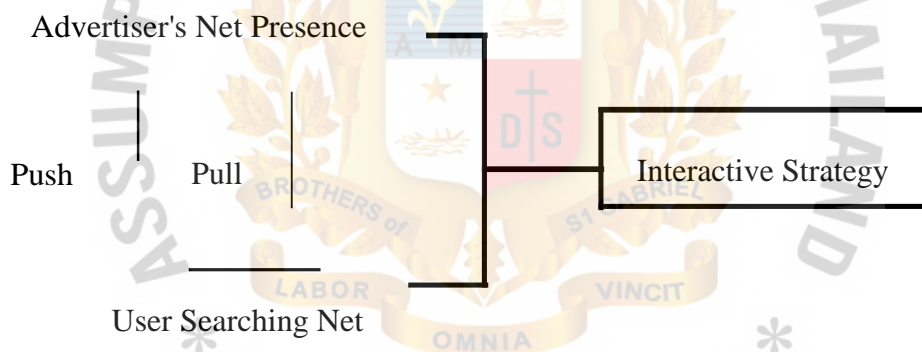
Figure 3.1. Interactive Strategy.

3.4 Generating Traffic to the Site

The advertiser must make the user aware of the web site's existence to generate and attract visitors. However, the enormous amount of web sites available makes navigation sometimes difficult and confusing. There are 4 options to attract visitors which can be combined.

(a)   Banners

Banners are small pictures measured in pixels (generally 468 wide by 60 high, limited 7.5 K) placed on popular sites for a fee. The fee depends on the actual site and placement. If the banner ad is on the first page of e.g. Yahoo millions of people will see it, however the advertiser can only expect a low click rate. Hyperlinks make it easy to access the advertisers website and can generate a large amount of traffic. However, its small size limit the advertisers creativity and text opportunity. It must therefore be eye-catching and interesting, perhaps with moving pictures. Price drawing, competitions or free information/gifts can increase the appeal.

(b)   Malls

Malls like Internet Mall contain several on-line storefronts, which attract high traffic due to the diversity of offers. Customers can choose to shop for several products and services at the same time. However, they might be frustrated by the clutter offers and therefore not choose to actually view the advertisers products.

(c)   Conventional Media

To make people aware of the website traditional media should be utilized. The URL address should be integrated in all above-and below-the-line activities from business cards to TV adverts etc. It reinforces the appearance and makes it easier to recall the URL address. The URL address should be short and easy to remember, because the user types it manually.

(d)   Word of Mouth

The open community, high self involvement combined with interest in sharing information, make the Internet a great place for word-of-mouth

communication. Users even set up their own hotlists and ratings with hyperlinks to e.g. interesting and valuable advert sites. The more hyperlinks the larger expose. Users are often opinion formers and early adopters of new products and services. To target these segments will speed word-of-mouth recommendation.   Its impact should not be underestimated. However, it is outside the advertiser's control.

3.5 Retaining the Visitor

Sites will only be successful in the long run if they generate repeat traffic, which is even more difficult to achieve than trial. To build on-line customer relationships the advertiser must provide them with a reason to revisit. This requires the advertiser to have in-depth knowledge of target users needs and wants. The first positive impression is not enough, the site must add value on a continuous basis. The site should therefore be constantly up-dated. Forgetting to up-date the website can cause problems. Even product companies should up-date the product information and general content such as tips, press releases or offer on-line chatrooms. Customers can be encouraged to subscribe to electronic mailing lists, so every time the webpage is updated, the user will be informed. Mailing lists are an effective low cost way of generating customer retention. The advertiser for example lets people fill out a questionnaire about themselves and thereby obtain valuable information for future purpose. In exchange the customer subscribes to a mailing list, where they receive E-mail containing information about their interest on for instance a monthly basis. It could contain new promotions, price discounts, new content on the website etc.

3.6 Campaign Strategies on the Internet

Three main approaches have been identified to create value to the user which depends on the campaign strategy, which can be integrated with one another.

59

Informative Advertising

This suits especially high involvement products which requires a great deal of information: Provide quality content. This cannot be stressed enough. Once the target audience is identified, the web site should be designed with several icon options to look up relevant information. The Internet offers unlimited space, which the customer can customize to his own needs and wants.

(a) Corporate home page: Creative use of hypertext icons, with a clear structure. Balance speed versus graphic complexity by placing small graphics.

(b) Foreign language versions: If the audience is global

(c) Help wanted bulletins: Educate the customers how to use the website optimal.

(d) Corporate History and Identity: Customers of the 90's are increasing valuing nonfunctional information, where company identity becomes a main discriminator. That is, consumers choice of what they buy will depend rather less on an evaluation of the functional benefits to them of a product or service, rather more on their assessment of the whole company culture. The Internet provides great possibility to provide detailed company information.

Furthermore customers want to know who they are dealing with in order to build up trust. Low entry barriers and anonymity can make the advertiser difficult to identify. Customers might think twice before giving the advertiser their money. Branded products and strong identity companies will therefore have a competitive advantage.

(e) Frequently asked Questions enable the consumer to find the information they need without drawing on the company's personal resources. This is a great way of delivering customer service at low expense.

Interaction with user could include answering specific individual questions which are not answered in "FAQ". If customers goes through the trouble of filling out a form and E-mail it, customers expect to get feedback If not, customers get a negative perception of the company. The company should even encourage customers to complain if they are dissatisfied with the product or service. If the company handles the complaint well, it is likely to get even higher customer retention. If not, he might have lost a customer for life.

Marketing function should contain relevant product information and perhaps a on-line catalogue or database. The customer can view the products of his interest through easy search navigation.

Image Advertising

Image sites appeal more to customers emotional than rational senses. Informative advertising can be combined with image advertising. An Internet presence will to some extend effect the brand image, as the media is part of the message. Internet presence indicates that the company is dynamic, innovative and moving with the times. Advertisers with low audience choose mainly an image strategy. As users have low interest in the product as such advertisers have to attract visitors by adding value to the consumer through a innovative novel website. This is done through "advertainment" (ad+entertainment).

These web sites contain hardly any product related information. Visitors are more exposed to entertainment offers such as games, competitions, quizzes, sponsoring of quality content like the Olympic games etc.

This attracts especially the male dominated users, who like to participate and interact with the medium. Word-of-mouth, links and general curiosity seem to be the way, customers find their way to these sites at first.

Direct Selling

Consumers invite advertiser in. It is a just- in -time marketing situation. The consumer says "This is what I want, do you have it?" They are ready to buy, However, web advertising is soft selling! Soft sell, where the advertiser must give the potential customer something of value before he can capture them. The original hard selling approach does not work in this medium.

The on-line direct purchase method adds value to the customer and has several advantages over shopping in person. On-line shopping is quick and easy. Customers can order directly from the comfort of their homes or office, 24 hours a day from anywhere in the world. There are no traffic jams, no parking fights and no waste of time. Not all products are suitable for direct purchase and not all advertisers and consumers are yet prepared for on-line shopping.

Low priced products sell better. People were still concerned of the transaction security and would therefore not place high volume orders. Consumer should be encouraged to order in other convenient but related ways. They can phone, e-mail, print out the order form and fax it. Make it as easy as possible.

All three strategies can to some extend be combined, but as they require different approaches it is wise to choose one main strategy to follow. The following sums up how advertisers can add value to the customers through three campaign strategies.

Table 3.2. Three Internet Campaign Strategies to Create Value for the Customer,

	Informative Advertising	**Image Advertising**	**Direct Selling**
How is the value created?	Providing product-related information	Through original/ innovative entertainment or non product related information.	Facilitating transactions/ order processing, and, distribution.
Product constraints	Products must be high involvement products and preferably information intensive.	Can be used for all products, including low-involvement products.	Especially low involvement products, but if well executed also high involvement products. Products suited for on-line sales and distribution.
Which user will visit?	Mainly Searchers, especially users who already have category need.	Mainly Surfers.	Mainly Searchers, especially users who already have a category need.

Table 3.2.   Three Internet Campaign Strategies to Create Value for the Customer.
(Continued)

	Informative Advertising	**Image Advertising**	**Direct Selling**
Main success factors	Providing useful information. Detailed, updated, customized and easily accessible information.	Providing high entertainment value for example through competitions, quizzes, games, or interesting non product related information.	Facilitating the purchase, for Example through increased choice and variety, lower prices, speedy delivery.
Benefits to the company	Providing positive information about the company's products. Creating customer loyalty.	Improving the company's image and knowledge about the company's products.	Increasing sales. Reducing transaction and distribution Costs.

3.7 Advertising Media Characteristics

Studying media characteristics provides a structured context for comparing different media types, including traditional media and new media. Traditional media include television, radio, newspaper, and magazines etc. New media is online media like e-mail, voice mail, World Wide Web, and chat room etc.

Table 3.3 characterizes 14 traditional and new media with respect to five characteristics. Person interactivity characteristic means person interactive through a medium. In this view of interactivity, media are important only as a conduit, as a means

64

of connecting sender and receiver. The characteristics of the medium allow only limited aspects of the content to be communicated. Machine interactivity characteristic means person can interact with medium (e.g., "surf the web" using browsing software). Content is self explanatory, and simply identifies whether static (i.e. text or image) or dynamic (i.e. audio or video) content can be delivered by the medium.

Table 3.3. Characteristics of Advertising Media.

Media	Person Interactive	Machine Interactive	Communication Model	Type	Content
Billboard	No	No	One-Many	Offline	Image, Text
Newspapers	No	No	One-Many	Offline	Image, Text
Magazines	No	No	One-Many	Offline	Image, Text
Direct mail	No	No	One-Many	Offline	Image, Text
Radio	No	No	One-Many	Offline	Audio
Broadcast Television	No	No	One-Many	Offline	Audio, Video, Text
Satellite Television	No	No	One-Many	Offline	Audio, Video, Text
Cable Television	No	No	One-Many	Offline	Audio, Video, Text
Email	Yes	Yes	One-One	Online	Text
Voice Mail	Yes	Yes	One-One	Online	Audio
Email (CC:list)	Yes	Yes	One-Few	Online	Text

Table 3.3. Characteristics of Advertising Media. (Continued)

Media	Person Interactive	Machine Interactive	Communication Model	Type	Content
Mailing List	Yes	Yes	Many-Many	Online	Text
Chat(IRC)	Yes	Yes	Many-Many	Online	Text
World Wide Web	No	Yes	Many-Many	Online	Text, Image, Audio, Video

3.8 Advertising Objectives of Various Media

Advertisers should define objectives for their campaigns and then overlay the particular strengths and weaknesses of each medium in deciding which, and how much of each, medium to choose (Figure 3.2).
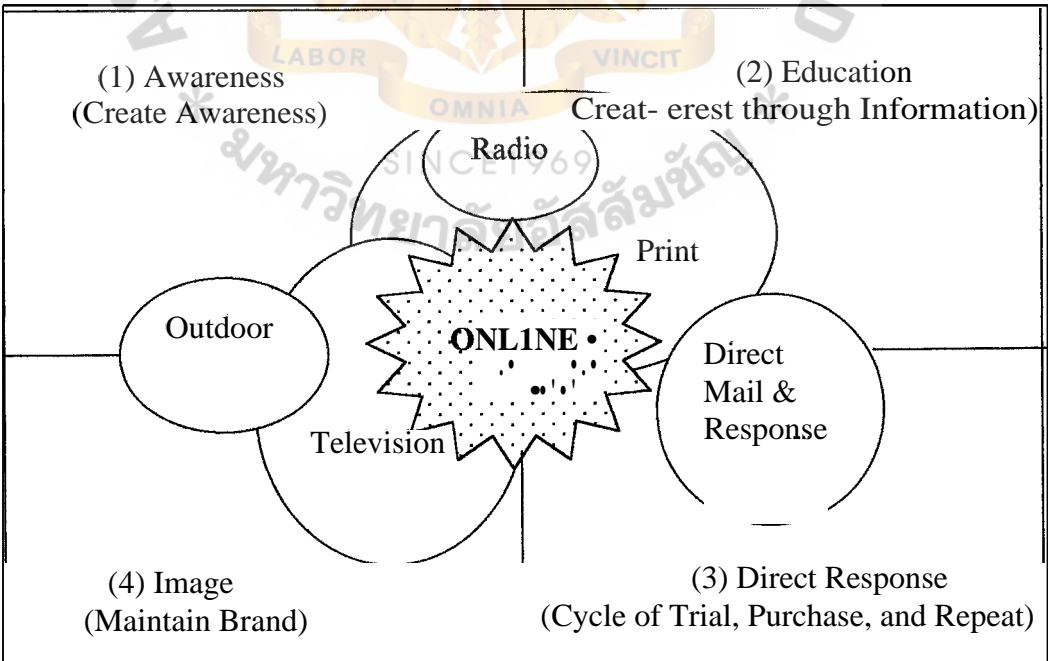
Figure 3.2. Advertising Objectives of Various Media.

Television, for example, offers strong image advertising (through its ability to deliver life-like audio and video) and brand awareness (through its extensive reach). However, other media are more effective in educating and disseminating information about a new product (such as print) or generating direct user response (direct mail).

Thus, when introducing a major product, an advertiser might choose TV to build awareness and a series of newspaper ads to provide additional product information, details on where and how to purchase the product, any promotions or discounts, and the like. Other media can be used to supplement and reinforce these messages, such as outdoor billboard ads or radio.

Although Internet advertising is still new, the medium has several qualities that make it an attractive vehicle for advertisers in achieving their objectives (Figure 3.2). It integrates many of the positive advertising elements of major media: visual impact (like TV), with a higher degree of attention from the active (versus passive) viewer with each impression; selectivity and segmentation (like radio and magazines, and it enhances these features with interactive capabilities); quick and accurate measurement; and users can be captured at the most opportune moments (when they are ready to purchase goods or services).

Other advantages for advertisers include: parallel delivery of an ad with the content a user is searching for, like a bill-board for a restaurant along a highway (in TV, advertisements are delivered serially with content); continuous and global user access (at no extra cost); the ability to change creative almost immediately; and the opportunity to leverage continuous improvement in Web technology and tools to create compelling, interactive, and tailored ads to increasingly well-defined demographics.

The downside for Internet advertisers relates primarily to the unproven nature of the medium. Everything is in a state of flux. Additionally, the tools, measurements, and

standards for the medium have not evolved enough to give advertisers the type of feedback they need to judge the return on their investments. The size of the market is subject to debate, and the means of understanding the reach and frequency of ad delivery are not yet available.

As these tools, methods, and standards mature, and as major advertisers start making sizable commitments to interactive campaigns, the role of advertising agencies, net-works, and auditors as intermediaries should also grow. We believe these interactive agencies must begin to develop and drive real business models for pricing and delivery.

As the Internet grows, there should be ample room for many companies to grow. However, if, and when, we hit a soft patch in either spending or traffic (or both), companies in this young medium may get crunched. Pricing and total dollars spent may be squeezed, significantly affecting companies with business plans that depend on a continued steep ramp in ad spending. This sector is also vulnerable to a downturn in the economy, as such a cycle would cause advertisers to cut back first in secondary media in their ad budgets, including "experiments," such as Web campaigns.

For now though, all signs look extremely positive for a continued growth in spending. Increasingly, advertisers are coming to realize that Web advertising offers higher awareness of their company, easy methods of information distribution (including speech and video presentations), improved ability to craft company image and brand, an immediate direct line between customers and staff, and reduced costs of performing all of these marketing tasks.

IV. CURRENT INTERNET ADVERTISING PRACTICE

4.1 Strategies for Advertising Companies

In the year 2001, computer and communication technologies are growing rapidly especially Internet. The Internet is a great marketing and advertising resource. By creating a corporate presence on the Internet, businesses can gain the benefits of on-line marketing and advertising, and get more trade opportunities. Advertising Companies should take advantage of this opportunity to become a part of the Internet so that they can provide information about their products and services to the rest of the world.

Internet is by far the cheapest publishing medium in history. By using the Internet, it is easier and more economically efficient for customers to contact and obtain company information. Reports, brochures and financial data can be distributed with an unprecedented ease, with no cost for printing and mailing. This new marketing strategy may be the key to the future success for companies.

The difference we found between Internet advertising and traditional advertising is that in the local, traditional advertising, clients will come to advertising companies with most things in the marketing mix already in place. Clients only want them to do the advertising.

While with the Internet, they have more opportunities to get involved in the 4P's. They help clients' companies develop their products ready for the Internet, they give clients advice on whether the product is of interest on the Internet. They advice on the price structure, they help clients collect the money for the products. For placement, they host websites, which get them involved in distribution.

And finally, they go out to promote it, making sure clients products or services are well-known on the Internet. So, for them, the Internet advertising is a more complete and interesting job. They have more opportunities to get involved. Besides, they can

have their own Internet product—the Web—based anonymous E-mail service—the PIN Mail, which allows them fully implement their creative thinking.

Once they have their products in hand, they must go out and promote their products, mainly through:

(a)   Search engines, like Yahoo, Infoseek, Lycos, etc.

(b)   E-mail

(c)   Banners on (or links to) other popular web sites

(d)   Newspapers and magazines

(e)   Public relations

Among these methods, the most effective way is to put their website on the Search engines. While using E-mail and Usenet to disseminate business messages, they must be very cautious in avoidance of the violation of the Netettiques. They should have an electronic form in their homepage for the interested people to fill up so that they build their own mailing list to send out related information. The most obvious advantage of Internet advertising is its worldwide access at a fraction cost of traditional media.

The effectiveness of Internet advertising depends on the nature of the products. For selling physical product (like this nice watch, etc.) is more difficult. What the "Netters" want from the Internet are the products that can satisfy their needs immediately, like pictures, sound, videos, software, service like the PIN Mail, etc. Later, when the Internet is more widespread and reach more consumers, there may be more chance to sell physical products on the Internet.

Advertising companies need to design fantastic homepages to help clients' companies market their products and services globally on the Internet. According to client's needs, they can incorporate graphic designs, audio files and video clips with its

homepage. By using a variety of mediums such as video and audio clips, the homepage will not only look attractive and professional, it will also serve to present products and services to the public in the most informative way possible.

This is an unmatched advantage of the Internet than traditional media. Companies can also provide bilingual versions (Thai and English) of client's homepage to meet the needs of the wide array of potential customers from countries all around the world.

Advertising Companies should connect to Internet Service Providers (ISP) which provide more reliable and faster access for users worldwide. The access speed has great influence on the effectiveness of on-line promotion. Regarding the promotion of their web presence, the most important is to list their website in the major search engines, which provide clues for the potential customers to reach them.

Besides, they also expose themselves through various traditional media exhibitions, press, magazines, and leaflet. To improve the effectiveness of Internet advertising, they should provide feedback services to their clients.

They should offer the fastest and most convenient way to update the latest on-line information of their client. Clients may simply send their requirements by a fax or an Email. Advertising companies should promise to keep clients' advertising as updated as possible with a reasonable maintenance fee. They can also provide a unique service to ensure the reliability of their service: backups of their clients' valuable company data and live videos on CD-ROM so that they could avoid any potential loss of these information.

For Internet Service Provider (ISP), they need to design service to meet the needs of individuals, small businesses and large corporations desiring low cost means of accessing the Internet. They should have different connection packages for their customers to choose from and each connection package is designed to meet different

needs ranging from very low cost dialup services to very high speed dedicated connections.

One of major attractiveness to advertise on the Internet is its global accessibility at a low cost. The WWW allows you to promote your business and products to overseas buyers at a very low cost compared with other traditional advertising media. It is now possible to reach more people for less money than ever before. Potential buyers can access to the information and photos of your company and your product interactively at various times and from various places around the world. Companies can advertise products, create cataloguers that can be browsed on-line and build a virtual office to get trade inquiries and orders from overseas buyers on the WWW. In the on-line catalogue, company logo can be shown, and full-color photos of products can be featured.

Another important advantage of Internet advertising is its interactivity. This gives companies the opportunity to receive instant feedback from customers, which is invaluable information to improve the services and build closer relationship with customers.

The biggest problem hindering Internet business is security. The current encryption technology is not secure enough for safe transaction. Customers are worried to be hacked in the on-line purchasing activities. Once this is resolved, we will see a great boom in the Internet business.

4.2 The Effectiveness of Internet Advertising

The effectiveness of Internet advertising lies on the exposure of companies' website to users. The measure of the exposure of a website is the hit-rate. To generate more hits to their corporate site, they should consider the following guidelines:

(1) Be interactive. Interactivity is a unique feature of the Internet, which enables users to respond instantly. This feature not only increases the users' interest

browsing the Web, but also provides the company the opportunity to gather information and feedback from the customers more efficiently and accurately. This, in turn, will help the company to improve its strategy and services in the first time and ensure the company to stay abreast of its industry.

(2) Continuing adding information and updating. Adding new information, hyperlinks and updating old information should be carried out on a continuous basis. Only by doing so, you wil attract and retain your customers. Out-of-date information not only will harm your corporate image, but also keep the users away form your homepage.

(3) Register your site. Internet is an huge International system. You must register your site with the big search engines such as Yahoo, Alta Vista, etc. to provide the clues for users to reach you by searching key words. Otherwise, even if you have wonderful contents in your homepage, you will be buried under the deep sea of the Internet information.

(4) On-line promotion. It is important to create and maintain an excellent homepage, however, to increase the effectiveness of on-line advertising, you need to find a well-known popular site to promote your website.

(5) Take advantage of traditional media. Print your website and e-mail address on your name card and letter papers. You could also add your corporate website when you advertise on traditional media.

The Internet is a revolutionary new advertising medium. Traditional advertising media work on a "shotgun" approach, relying on massive exposure to a wide audience to attract attention from the few who might be interested. The obvious drawback to this is that whatever the exposure of an advertising campaign, it can only be temporary. The

immense costs of the channels of delivery make a sustained campaign prohibitive to all but the biggest corporations.

The nature of the Internet however makes it far more deliberate in the way it reaches people. Web advertising pages are interactive and information rich, unlike the compressed messages that are canned and pumped out over traditional media. And the bottom line is that web advertising is more cost effective.

The Internet represents a vast potential customer base with a large proportion who are highly educated executives and professionals with buying power, connected to yet more millions of people. You reach top decision makers on their desktops without knocking on any door. What is important is that you need to offer good content in your web site, backed up by quality products and services.

Besides, you also need to expose your website as widely known as possible so that people will know where to find you on the web. In doing so, you commit your organization to a position of leadership in your industry's use of the Internet, and open the door to powerful new opportunities in an on-line world.

4.3 Future Trends and Their Impact on the Internet

Consumer Trends

Demographic, social and technological changes influence consumers lifestyle, value and beliefs. By paying close attention to today's signs in consumer moods an advertiser can predict coming trends.

The dramatic changes in technology have altered the way customers live, shop and interact with each other. The computer screen will become a window to the outside world. This will have a major impact on the potential of the Internet as a distribution channel.

On-line shopping

When on-line shopping was introduced in 1984 customers were suspicious about this new purchasing opportunity. However, technology has become more user-friendly and customers have become accustomed to its opportunities. The more customers realize the benefit of on-line shopping the better for Internet advertisers. Advertisers get an additional distribution channel, while getting closer to knowing their customers.

V. CONCLUSIONS

This study was aimed at comparison between Internet Advertising and Traditional Advertising. We hope this should provide the marketers a clear picture with what is going on and some basic strategies, comparisons and tactics to successfully implement Internet advertising.

5.1 What Are the Differences between Internet Advertising Compared to Traditional Mass Advertising Strategies?

The performance levels of existing standardized mass communication are insufficient in fulfilling today's advertiser's high requirements of efficient and accurate targeting which encourage a dialogue with the customers. The interactive Internet could be the solution to advertisers' requirements. But new advertising strategies are needed in this medium. The Internet is a two-way interpersonal communication flow. The key distinguishing features are the interpersonal feedback and interaction process in real time, which traditional advertising cannot provide.

This interaction process provides relevant customer information in order to serve them more effectively in the future. Users can also interact with the Internet medium itself through machine interactivity. Compared to traditional media, the user is fully in charge of the information pull.

Internet is a hybrid medium, which can combine all three identified communication strategies including mass communication, interpersonal communication and machine interactivity communication.

5.2 How Is Internet Advertising Linked to the Promotion Mix?

Internet is recommended to be integrated into the overall promotion mix. This will ensure consistency while leveraging the company's marketing knowledge. Internet allows advertisers to utilize all elements in the promotion mix: Advertising, Sales

promotion, Personal selling, Public Relations, and Direct Marketing. It therefore provides the means of covering all promotional objectives from awareness to interest, to desire and, action. No other media can utilize the promotion mix as such.

5.3 What Are the Pros and Cons of Internet Advertising Compared to General Media?

The Internet has great potential as media carrier compared to traditional media. It offers higher selectivity with tailored adverts to the users profile. The customer can also customize the advert as he is in charge of his own navigation. Through the Internet the advertiser can get easy, quick and inexpensive feedback in real time, which no other media offers, providing a higher feedback rate.

The Internet offers unlimited low cost space compared to the expense and limited capacity found in traditional media. Breath and depth of customized product information assist customer purchased decisions. Nevertheless, the original company brochure is unlikely to generate success if it has not been adjusted for interactive purpose. However, many companies have not recognized this.

Compared to traditional media, costs on the Internet are fairly low. The costs of setting up a web site ranges from several hundred dollars to as much as several million dollars depending on the companies objectives and resources. This means that even a small company can take advantage of the Internet. Novel WebPages are very important in attracting new or repeat visitors.

5.4 What Are the Critical Success Factors for Advertising on the Internet?

The advertiser must assess what he wants to achieve through an Internet presence. Initially this calls for an evaluation of how well the advertisers' target audience and product portfolios suit the Internet. Companies targeting well educated, innovative, affluent males or students have great potential for success as their segments were found

highly represented on the Internet. Products and services with high information
intensity, high buyer involvement were also suitable for Internet promotion due to its
ability to carry large customized information. Low audience companies can also take
advantage of Internet purchase facilitation. Low audience companies can still take
advantage of building or reinforcing a brand image with interactive media.

Traditional advertising is consumed passively. On the Internet, users have to do
something actively to select an advert. This alters the way advertisers generate and
retrain customers. Banner ads, malls, search engines, word-of-mouth combined with use
of convention media can generate visitors to website.

Since users are in charge of the navigation, advertisers must persuade users to
revisit and spend time on the website by fulfilling real customer needs. This requires
clear objectives and targeting to add value.on a continuos basis while retaining the user.
Informative quality content, innovative "advertainment" (ad+entertainment) or direct
sales possibilities can add value to the user's site visit.

78

VI. RECOMMENDATIONS

Internet advertising demands management understanding and commitment for success. Advertiser cannot expect any success when they treat the Internet like any other media. Management must determine Internet objectives and strategies to allocated efficient resources such as capital, equipment and people.

Some suggestions are given below as guidelines to successfully implement the Internet advertising:

(a) Operating within the rules of the Internet --- acceptable use policies

   Most of the networks connected to the Internet have "Acceptable Use Policies" (AUP). These policies are the rules of engagement for working on the Internet. Users must abide by these policies, whether they are a provider or become a part of the Internet with their own site. Virtually all of the mid-level network AUPs prohibit unsolicited advertising. This means never sending bulk e-mail to people who are not expecting it. This is why Web pages are ideal for advertising --- each visit to your business page is "solicited" by the visitor. Avoid intrusive practices ; While the Internet has great power for marketing and spreading the good word about your business, it also has the power to damage your business's reputation. Sending unsolicited e-mail or posting inappropriate ads to newsgroups or mailing lists can result in swift, angry responses form those on the Net. Negative postings about your company to key discussion lists and newsgroups can reach millions within hours.

(b) Add value

   Making a Web site look cool is no longer good enough. The Web sites have to be rich in content and informative with frequent updates of the latest

79

information. To attract visitors to your site, you have to ad tangible value to the Internet community, to the user. Beyond what they can get in a brochure. Beyond what they can get in a newspaper. Beyond what they can get by picking up the phone. Without added value, visitors will immediately switch off from yours sites. Determining the core added value that your site will have is the first logical step in building site that is intended to build business --- because the core added value is the reason someone will visit and stay at your site. "Giving back to the Internet" is not only a useful business practice, it also has become the accepted norm on the Internet. Most of the millions of files available via the Internet were offered voluntarily to the public. A business that only provides information about their company and products will be perceived very negatively and bad PR spreads very quickly and widely on the Internet.

(c) Register your site with search engines and link to popular sites

Internet is a huge information system. To avoid being lost in this sea of information, you must register your site with the big search engines such as Yahoo, Alta Vista, etc., and link to some popular sites or putting your banners on these sites in order to provide the clues for users to reach you by searching key words or browsing through popular sites. Up to now, the search engines and on-line promotion are still the most effective ways to expose to Internet users.

(d) Be interactive

Take advantage of Internet's unique characteristics --- the interactivity, to communicate with customers both efficiently and effectively. Web marketing needs to be active and interactive (vs. passive only).

Pages/site need to move from reactive to proactive quickly, getting the potential customer engaged in an activity, and better, interactivity. Provide the visitors the means to leave feedback comments. The prize will go to the pages/sites that engage people. The static page will be ignored.

(e) Be integrated

The Internet advertising should be integrated in the companies overall marketing / advertising strategy. As businesses tap the marketing potential of the Internet, they must carefully consider how an Internet-based program meshes with existing marketing efforts. Not only is consistency of corporate image essential, new and creative techniques are needed to effectively reach and retain on-line target audience. A compressive of the organization. The marketing department should work together with the IT department to develop an attractive while technically better performed site.

(f) Don't forget the security of sites, pages and transactions

Security is still one of the most key issues in Internet activities. On-line security measures like the firewall and encryption should be adopted along with clearly defined security policies and procedures as part of the corporate general security strategy.

Advertising on the Internet is not an option, only what type to employ. Understanding the Internet, following the guidelines and recommendations should ensure that Internet advertising works effectively in the future.

APPENDIX A

EXAMPLES OF WEBSITE

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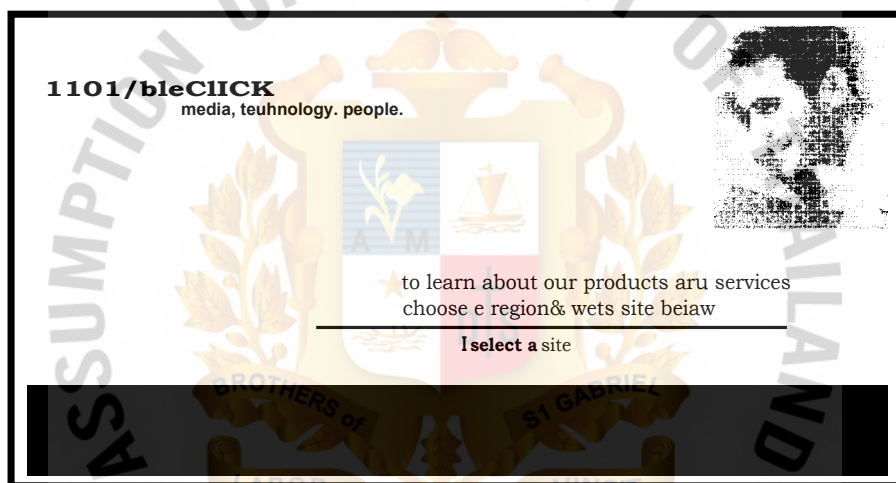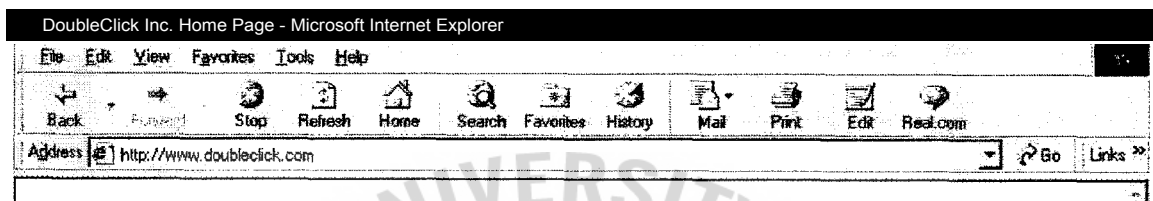
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