Successful Online Display Advertising

Small businesses that are considering online marketing strategies will find this booklet useful. This booklet focuses on using online display advertising techniques (e.g. banner advertisements) to advertise your own business. You may want to read this booklet in conjunction with other booklets in this series that such as "Increasing Traffic to Your Website Through Search Engine Optimization Techniques" and "Social Media Marketing" to gain a broader understanding of the various online marketing strategies.

What is Display Advertising?

Online display advertising is the use of the **Internet as an advertising medium where promotional messages appear on other websites and/or search engine results pages.** These messages frequently contain information such as text, logos, photographs or other pictures. The images displayed may be static or animated. Two common ways to purchase display ads are Pay per Click (PPC) or Cost per Impression (CPM).

"Indeed, many in the industry regard display advertising that can reach specific audiences as the next big online opportunity – the post-search wave, the Internet ad market 2.0."

- Source: Steve Lohr. Internet Marketing. Your Ad Goes Here. The New York Times. May 16, 2007.

Display Advertising is One of Many Internet Marketing Strategies

Internet marketing refers to strategies to promote your business online. Display advertising is one of many types of Internet marketing strategies. Your offline and online marketing approaches should be part of your overall marketing strategy.

Your Internet marketing strategy should be part of your overall marketing strategy that may include more traditional (offline) forms of marketing. Traditional low-cost marketing (e.g. print advertisements, business cards) can include your website address, which can effectively encourage people to visit your website.

innovationpei

Formats for Online Display Advertising

Display Advertisements can be posted in a variety of formats. Some of these formats are described below:

Formats for Display Advertising

- **Banner Ads**. A graphic image that announces the name and identity of a website, along with a brief description. Banner Ads may also include audio/video content. An ad that is displayed on websites usually contains a graphic image and some text. Banners are the most common format used for display advertising. These ads are most effective when targeted to the right audience. The ads can be used to generate leads, sales and build brand awareness.

   - Visit the website http://electronics.howstuffworks.com/dvd.htm for examples of banner ads located at the bottom and right hand side of the page. Also note that these ads relate to the content of the website.

- **Pop-up Ads**. An advertisement that loads between two content pages. These types of ads can create resentment in users and lead to low click-through-rates (i.e. very few users will click on these ads).

- **Text Ads**. Sometimes text ads may be more appropriate than the other ad formats. An example of text ads is a commercial message sent to mobile device users. This type of ad downloads quickly and is not affected by ad blocking software. You can also find text ads on Search Engine Results Pages.

What are the Benefits of Online Display Advertising?

Internet advertising doesn't have to be expensive. While display advertising can be expensive, keep in mind that you can set a ceiling on how much you are willing to spend on online advertising. Start small and test out different types of online advertising to see if they increase your web traffic.

Benefits of Online Display Advertising

- You can reach a wide audience with a small advertising budget.

- Pay per click advertising campaigns only require that you pay for advertising when someone clicks on the link in the ad. Pay per click also allows you to set a ceiling on your advertising budget. You can increase or decrease the amount you spend once you review whether the advertising has resulted in more traffic to your website.

- Effective display advertising can produce immediate results.

- You can target your advertising campaign to the right audiences by placing your ad on relevant websites and by choosing the right keywords (for ads on search engines).

- Even if users do not click on your ads, the advertisements can create and increase brand awareness.

- Online advertisements are usually easily tracked and monitored (e.g. you can monitor how many users clicked on the ad). You can adjust your campaign accordingly, based on the results.

Limitations of Display Advertising

Banner ads have experienced declining click through rates (typically about .05% or less). This means that people are unlikely to click on these ads. Used appropriately, however, this type of advertising can still be beneficial, particularly in terms of helping to brand your business or product. Negotiate to decrease the costs on your ad-buy and carefully monitor the results of your advertising campaign.

There is a risk associated with doing Pay Per Click advertising as your competitors can click on your advertisement without purchasing anything and thus drive up your advertising costs.

Keep in mind that click through rates can increase based on the relevance, placement and design of the ad on the website.

What is an Internet Advertising Network?

Before discussing advertising options, let's take this opportunity to define advertising networks. An ad network is a company that connects people who want to host ads on their websites known as publishers with advertisers who want to run advertisements on those sites.

An ad network's value proposition to publishers is that it can sell inventory that the publisher can't sell itself – either because the publisher is small (and so doesn't have its own sales force), or, in the case of larger publishers, the inventory is of too low-value to merit direct selling. This kind of inventory is called *remnant inventory*. "[Ad] Networks come in all shapes and sizes. There are 'premium' networks which work with remnant inventory for large publishers; there are vertical networks which focus on a particular industry or technology (such as video); and, at the bottom end, there are contextual networks which provide an auction-based marketplace for selling keyword-based ads on small sites. You may have heard of the #1 network in this space - it's called Google AdSense".

Source: Online Advertising Business 101, Part I - The Online Advertising Value Chain. June 2, 2008.

What Are My Options Regarding Online Display Advertising?

As illustrated below, there are three main display advertising options. Please note that there are also different costing models with respect to paid advertisements. These are discussed later in the booklet.

1. Ad Exchange	2. Purchase Ad Space Directly on Specific Web Sites	3. Bid on Specific Key Words and Phrases that Describe Your Product
You can opt to exchange ads (typically banner ads) with another website. Try to ensure that the website where you want to place your ad has sufficient web traffic. The other website should be complementary to your business (i.e. not a competitor).	This option is referred to as direct advertising. Ad space on specific websites is purchased directly. To increase the effectiveness of these ads you can purchase ads on high traffic sites and/or on sites that relate to the content of your website.	This is referred to as contextual advertising. With this option, you bid on specific keywords and phrases that describe your product. When users enter those keywords these ads will appear on either the **search engine results pages** or **other web pages** that relate to your selected keywords.

Considerations

- Less costly option.

- Works best if website is complementary to your business.

- Consider if you want to design the ad yourself or outsource design.

Considerations

- Cost will vary. Ad placement on high traffic sites will likely cost more.

- You control on which websites you would like your ads to be placed.

- Consider ad networks.

Considerations

- Cost will vary depending on the popularity of the keywords you select.

- You can place a ceiling on your budget.

- Little control over which websites your advertisement will appear on.

1. Ad Exchange – Finding Businesses That Will Exchange Ads

Some suggestions for finding businesses to exchange display ads include:

- Contact local businesses that have complementary websites and offer to exchange ads.

- Search for businesses on the Internet. For example, if you type in the keywords - **banner exchange Atlantic Canada** - you will find examples of Atlantic Canada businesses that will exchange banner ads.

Legal Issues

Regardless of the option you might choose, advertising laws require that advertising be truthful, honest, fair and accurate.

2. Purchasing Direct Ad Placement – Finding Websites to Place Your Ads

Some suggestions for finding websites to place your ads include:

- Look at websites that are directed to people who might be interested in your products or services. Check with the website to see if you can purchase ad space.

- Check out some of the self-serve options that are part of larger ad networks.

Self-Serve Options

An increasing number of advertising companies/networks are offering self-service ad choices. Examples of companies/advertising networks that are offering self-service ad options include:

- Facebook (http://www.facebook.com/ads).
- AdReady (www.adready.com).
- AdBrite (www.adbrite.com).
- AdItAll (www.aditall.com).

Source: Shira Ovide. Do-It-Yourself Display Ads May Reshape Online Marketing. The Wall Street Journal

3. More About Contextual Advertising

If you enter key words into a search engine such as Google or Yahoo you will typically see a number of "sponsored links" at the top or side of the search engine results page. Many of the search engine companies also place the ads on other relevant websites (using a network of partner websites) based on the key words selected by the user.

These ads are believed to be effective (as compared to banner ads) in establishing sales leads because the ads are more targeted to what users are looking for.

There are companies/ad networks that offer to place your ads in search results pages and other relevant websites (using a network of partner sites). These companies typically allow you to bid on a set of keywords, and set a limit on how much you want to spend. Your ad is displayed until that limit is reached.

According to www.wikipedia.org, examples of companies that offer contextual advertising services include:

- Google Adwords (www.adwords.google.com).
- Yahoo Search Marketing http://sem.smallbusiness.yahoo.com/searchenginemarketing.
- Microsoft adCenter (www.adcenter. microsoft.com).
- Ask.com (http://sponsoredlistings.ask.com).
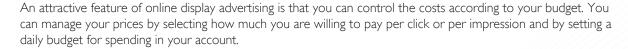- Looksmart (www.looksmart.com).

Advertising Through Product/Service Search Engines

There are also special product search engines that can be used to find specific products or services. The products are usually ranked according to how much the advertiser pays. However, the user can also sort the search results by price.

According to www.wikipedia.org, noteworthy product/service search engines include:
• www.shopzilla.com
• www.nextag.com
• www.shopping.com
• www.tripadvisor.com

Costs and Cost Considerations

An attractive feature of online display advertising is that you can control the costs according to your budget. You can manage your prices by selecting how much you are willing to pay per click or per impression and by setting a daily budget for spending in your account.

Two main costing approaches with respect to online advertising
1. **Pay per Click – PPC** (or cost per click). The price is based on the number of clicks your ad receives. In other words, you pay for this ad only if a person clicks on the ad. A typical price range is 5 cents to $1 per click. Costs for advertisements via search engines are pay per click (i.e. contextual advertising). The amount you pay per click will depend on how targeted the keyword is and the competition for that keyword. The ads are ranked based on how much you pay to advertise on each search phrase. However, more targeted ads usually result in more sales.
2. **Cost per Impression (CPM).** Costs are based on the number of times the advertisements are viewed. The M in the acronym is the Roman numeral for a thousand, and as such it is also referred to as Cost per Mille. Banner ads are generally sold by CPM, but they can also be sold by pay per clicks. A $50 CPM means you pay $50 for every 1000 times your ad appears.

Note that pricing can also be based on number of sales, number of new leads and number of orders received. Pay per Call and Cost per Action means that the business only pays when the ad delivers a solid lead. Click fraud is minimized with this option.

Tips for Successful Online Display Advertising

Review the following table for tips for effective online advertising.

Tips for Successful Online Advertising
• Integrate your online and offline marketing strategies.
• Pay attention to the quality of content contained in your advertisement. It should be informative, clear, concise and interesting. Questions or statements that create curiosity can be effective. **Keep the message and wording simple.** The user needs to quickly understand what the ad is saying.
• Assess how you can best reach your target audience. What websites would your audience likely visit? What keywords would they likely use?

Tips for Successful Online Advertising

- Pay attention to the design of the banner ad. A good design can increase click through rates. Keep in mind that good design should highlight the content in a visually appealing way. Complex design involving animation will not be effective if the content is not highlighted. Font sizes and colours should optimize your ad's readability.

- Pay attention to the placement of the ad on the website. Consider that home pages get the most traffic. However, ad placement on other web pages may provide a more targeted audience.

- Avoid intrusive types of display ads (e.g. pop-ups). Limit the use of banner ads to web pages that are relevant to the ad's content.

- For advertisements placed on other websites, ensure that the websites have high traffic and contain content relevant to your advertisement.

- Carefully review "free" online advertising offers. For example a "free" banner ad developer may want reciprocal links or ad placement on low quality websites (e.g. a website that contains a lot of intrusive advertising, such as pop-up ads, a website that is not appropriate for your product).

- Where appropriate, the ad should clearly identify how the targeted market will benefit from your product or service. If your product is geared to a specific audience, identify how they will benefit.

- For advertising via search engines, select a large number of relevant search words or phrases. Advertise on the terms used to describe your business, products, services, the product names, product codes, and questions a user might type into a search engine. Use keyword search tools such as http://freekeywords.wordtracker.com to help you find search terms that result in a high number of searches, but are low in competition (less competitive words will be less costly). If you specify search words that you don't want included, this will help users who are searching for a similar product (but one that you don't offer) avoid your website.

- Ensure that the ad takes the user to the most appropriate page of your website (e.g. the page with the specific product rather than the homepage).

- Monitor the results of your advertising strategy and refine your strategy to better reach your target audience.

Using Your Website to Generate Advertising Revenue

You can earn extra revenue by using your website to advertise other businesses. You need to ensure that these ads are professional, fit with the design of your own website, do not distract from the marketing of your own business, and are complementary to your business.

You can opt to become part of an advertising network to host other businesses' advertisements. Make sure you carefully review the Terms and Conditions for using these networks. Some examples include:

- www.adsense.com Google AdSense matches ads to your website's content, and you earn money whenever visitors click on the ads.

- www.adbrite.com Allows you to approve and reject ads that will be shown on your website.

- http://advertisingcentral.yahoo.com/publisher Yahoo Publisher also matches ads to your website's content and allows you to earn money on qualified pay per clicks.

Tracking Online Advertising

It's important to keep track of your online advertising campaign to help you assess whether or not you should continue with online advertising, or whether you should increase your investment. Online advertising is easy to track. You can measure success such as click-through rates, page impressions, cost per sale and so on. Some search engine companies have free or low cost tracking tools available (e.g. Google Adwords).

Conversion tracking helps you track the number of sales you receive from your advertising campaign. Reviewing your sales and the value of the sales can help you decide if you should increase your budget or further adjust your advertising campaign to better target customers.

You may also want to know what the **Click-through rate** or CTR is for your advertisement. The CTR is obtained by dividing the number of users who clicked on an ad on a web page by the number of times the ad was delivered. This means that your CTR would be 1% if your banner ad was delivered 100 times and one person clicked on it.

There are also statistics packages that can help you measure your website traffic (e.g. number of visitors, where visitors are coming from, where they are going, what pages they are visiting on your website, how long they are staying).

Popular web site analytics and statistics packages include:

Web Trends – www.webtrends.com
Google Analytics – www.google.com/analytics
Microsoft adCenter –
    www.adcenter.microsoft.com
AWStats – http://awstats.sourceforge.net
Yahoo Site Explorer –
    http://siteexplorer.search.yahoo.com

Sources:
www.e-future.ca/alberta/ebusiness/pwt_internet_marketing.asp,
www.wikipedia.org

Online Display Advertising Action Plan

Before you invest in online display advertising, consider the following steps. They are presented as an action plan to help you document and explore the approach that is best suited for you.

Action Items	Status
1. Explore different online advertising options.	
2. Define your target market/audience.	
3. Set a budget for your online advertising.	
4. Select best option(s).	
5. Track your success using online tools such as Google Analytics, Yahoo Site Explorer or other analytics programs.	
6. Decide whether to adjust your ad campaign.	

Overview of Internet Marketing Strategies

While online display advertising is the focus of this booklet, it is important to consider a range of other Internet marketing strategies as described below:

Type of Internet Marketing Strategy	Description
Search Engine Optimization	Search engine optimization (SEO) involves designing, writing, and coding a website in a way that helps to improve the volume and quality of traffic to your website from search engines via a high page rank in the **natural** search results (in contrast to paid advertisements posted with the search engine results). Generally, the earlier a website shows up in the search results, the more users will visit that site. Search Engine Optimization can involve a number of techniques to increase website traffic (e.g. Article Submissions to other websites that contain your business's website address, link swaps, etc.). For more information see the booklet entitled: "Increasing Traffic to Your Website Through Search Engine Optimization Techniques."
Affiliate Marketing	A business contracts with other individuals or companies ("affiliates") who market the company's products for a commission (on sales or leads). Affiliate marketing overlaps with other Internet marketing methods because affiliates can use a variety of marketing strategies. Those methods include SEO, paid search engine marketing, email marketing and display advertising. A common type of affiliate marketing occurs where a Web advertiser or merchant recruits webmasters to place the merchant's banner ads or buttons on their own Web site. Webmasters will receive a referral fee or commission from sales when the customer has clicked the affiliate link.
Social Media Marketing	Social media marketing (SMM) is essentially a strategy that promotes your business through word of mouth via online networking. It involves methods for generating publicity through social media and online communities. Examples of social networking sites include www.facebook.com and www.myspace.com and www.nexopia.com (a popular Canadian social networking website). Examples of SMM methods include: Joining relevant online communities or social networking sites to help promote your business; adding RSS feeds to your website (RSS stands for Really Simple Syndication and is a simple format that can be used to regularly update content); and blogging (where you add content to blogs); or creating a business blog. For more information about this type of marketing strategy see the booklet entitled: "Social Media Marketing."

Acknowledgement