



## STAGES IN THE DEVELOPMENT OF ONLINE ADVERTISING

**Assoc. Prof. Dr Diana Popova**

*Burgas Free University*

**ABSTRACT:** The paper outlines the history of online advertising focusing on the major changes that have made a difference to the way advertisements reach audiences and the way audiences are impacted by marketers' messages.

**Key words:** *online advertising, Internet, social media, spam.*

### **What is it about?**

The recent developments in advertising have created a huge gap between traditional and contemporary ways of marketing products and services. The new media demand innovative strategies for reaching audiences, catching their attention and motivating them to make purchases. Yet marketing analysts still ask a reasonable and pertinent question: „Is memory for an advertisement related to the medium in which the ad was viewed?” A study reveals the following: „One-half of the subjects were exposed to a print newspaper front-page with two news stories and one advertisement whereas the other half was exposed to the online version of the same content. Results showed that print subjects remembered significantly more ad material than online subjects.” (Sundar, 1998: 822)

Online advertising should not just mirror traditional print advertising if it is expected to have a more significant impact on potential buyers. Contemporary people want quick returns. Memory for facts and figures is a good asset but it is not THE ASSET today as one can get information at the click of a button and save it for further referencing. The long-lasting and fairly inexpensive presence of ads online compensates for the shorter retention of advertising information when seen online than when read in a traditional hardcopy version of a newspaper. Online users have the advantage of going back to the same information with much less hassle than users of traditional print advertising.

From word-of-mouth „advertising” (recommendations from someone you know or from a stranger on the web) to offline advertising – buying decisions these days are more easily made based on information gathered through online and particularly through social media than through traditional media.

Internet, which has made online advertising possible, was created for military and educational purposes and originally was not meant to become what it is today – a huge networking, communications and money-making machine. The unlimited potential for immediate access to its users was quickly perceived by businesses, institutions and individuals who started making themselves visible for billions of people around the world.



Online advertising is also known as online advertisement, internet marketing, online marketing, e-marketing, and most recently – PR 2.0 advertising. All of these stand for marketing and promotion of goods and services over the Internet. Examples of online advertising are the text ads on search engine results pages, banner ads, blogs, social network advertising, online classified ads, e-mail marketing, e-mail spam, etc. The genesis of this large variety of advertisements is briefly outlined below.

### **Spamming – Earliest Form of Online Advertising**

Why are unsolicited emails nicknamed spam? The word „spam” is a trademark used for a canned meat product which consists mainly of chopped, pressed pork. Spam was used a lot in World War II and was a rationed type of food as there was not enough proper meat. It is usually associated with something not very tasty and, therefore, unwanted. The present meaning of the word comes from a 1970s British comedy by ‘Monty Python’. The sketch shows a man and his wife in a restaurant. They want to order something to eat but everything they ask for has spam on it. While trying to get something without spam, Vikings from the background sing: ‘Spam, spam, spam. Lovely, spam. Wonderful spam!’

This sketch served as an inspiration for Internet users to flood forums with the word ‘spam’. Online marketers liked and adopted the idea to bombard Usenet groups and emails with junk mail, which very much resembled the useless and unwanted presence of spam on all the meals in the Monty Python sketch.

The first spam email was ‘Arpanet’ in 1978 from Gary Thuerk of the Digital Equipment Corporation. The first commercial spam was sent by lawyers Laurence Canter & Martha Siegel who used Usenet postings to promote their immigration law practices. In the next few years marketers moved their spamming practices from Usenet forums to e-mails. They found a way to impose advertisement onto people with e-mail accounts resembling the way TV channels force commercials onto their viewers while watching a program. According to statistics over 90 million spam emails are sent every day. Spam accounts for 85% of our emails. The more widely spread it becomes, the more annoying it gets. Because of its notoriety, people generally delete spam without ever looking at it. Thus, even interesting and informative advertisements get dumped into the trash folder without ever being seen. Its readership is very small and the recall rate is rather low. Spam is very inefficient in promoting or selling products and services but there are marketers who still persist in using it.

### **The Years of the Banner Ads**

Just like television and radio much of the Web is run by advertising. Thus websites can offer free content by generating revenue from advertising. Even though we get tired of Web ads, most people would agree that having to tolerate online advertisements is better than having to pay a usage fee for each website.



Perhaps the most prolific (and most hated) form of Web advertising is the banner ad which is a long, rectangular image that can appear just about anywhere on a Web page. Banner ads may contain text, images, or sometimes those annoying animations which make it hard to focus on the content that interests the user. Irrespective of the type of banner ad, when people click the advertisement they are redirected to the advertiser's website.

The first online advertisement was launched in 1994. It was then that Hot Wire sold the first banner ads to several advertisers. It started as experimentation by advertisers and publishers who were trying to find new working formats and to develop the right technology. In 1995 DoubleClick, one of the first ad-serving technologies was launched.

It took advertisers many years to understand the full potential and effectiveness of the online medium. The first online ads were static and continued to be static until 1996. Some types of old school online ads are banner ads, pop-up ads, pop-under ads, hover ads, takeover ads, etc. In the late 1990s online advertising reached its peak. The most common format then was the banner format. Around that time online advertising had already become a very profitable business for both designers and sellers of online space. Later on it was realized that banner ads were very expensive and brought low returns. Comparisons of ads from different media showed that the 30-second TV commercial or full-page print ads were more effective than the banner ads.

With the advances in JavaScript and Macromedia's Flash animation software designers started adding movement to ads. Today, web advertising includes sound and animation and is interactive. There are often small games, called advergams, inside online ads. An advergame is a video game which in some way contains an advertisement for a product, service, or company. Some advergams are created by a company with the only purpose to promote the company or its products, and the game may be distributed freely as a marketing tool. These games have now become very popular on YouTube, Facebook, MySpace and other social media.

### **How the Dot Com Enthusiasm Ended**

In the mid-2000 world economy changed significantly. The stock market collapsed and this led to a recession. The huge amounts of money that went into online advertising started to dry up. The 5-year (1995-2000) tremendous interest in this type of advertising saw a dramatic decline. The businesses, as a whole, lost interest in online banner advertising.

After the bubble of banner advertising burst, advertising on the Internet went into decline except for search advertising, because search engine technology was highly efficient, dependable, and used by a lot of people. It should be mentioned that at the beginning Google was just a search engine. There was a lot of traffic on Google but no sales. Then it all changed. In 2000, Google AdWords came into being. This proved to be a revolution in online advertising. The banner ad format was left aside and text ads came into being. They are based on search engines, kept separate and appear on top or on the side of the main search results. Thus they are less annoying than banner



ads. „The lucrative Web 2.0 economy has been bolstered largely on Google’s success in turning website traffic into money economy” (Holter, 2007).

Google’s text ads owe their success to several factors:

- Relevance – the click-through rate that Google introduced created a ranking algorithm to measure the advertisement’s relevance;
- Google only requires payment from the advertisers when people click on the ad;
- Page Rank (named after Larry Page who created a link analysis algorithm) used by the Google web search engine – assigns a numerical weighting to each element of a hyperlinked set of documents in order to measure its relative importance within the set;
- Google focused on perfecting the pay-per-click advertising;
- The focus is on creating relevant content for web users.

There are two different advertising models used by Google – the Pay-per-click and the Pay-per-impression model. While the pay-per-click requires advertisers to pay the host for every time the ad is clicked, the pay-per-impression is used to measure the cost and worth of the whole online marketing campaign. The first model is best for bringing the targeted market into the website efficiently. The second one is best for building brand recognition. These models can be manipulated through click fraud but Google and others have developed automated systems against corrupt advertisers and competitors.

### **Advent of Google Ads**

The changes in the new media landscape, marked by user participation and active involvement, transparency, and networking, required unconventional ways of delivering online advertisements. Around 2002 keyword-based text ads started appearing along the right column of search results. It turned out that lots of traffic was becoming lots of revenue. Soon the Google AdWords programme made it possible for advertisers to run almost instant campaigns using Google’s self-serve system. (See: <https://accounts.google.com>)

Today, Google is still an excellent search engine but it is also more like a media giant. The amazing thing is that, as big as Google is, anyone with the smallest advertising budget can easily participate in the big advertising business. It is enough to fill out one or two online forms in order to start posting ads alongside search results in less than a few minutes.

Google started using the pay-per-click auction whereby advertisers bid on how much they would pay per click and they could buy their way to the top of the listings – the highest bid got the most exposure on the web. But it was soon realized that there was a problem with the system of ranking – if the ad was irrelevant, nobody would click on it and nobody would make any money. So Google introduced click-through



rate as a measure of the ad's relevance. So if an ad with a lower bid per click got clicked more often, it would rank higher. This turned out to be the „carpe diem” moment for Google. The two moments of brilliance that Google had, regarding advertising, were PageRank and the introduction of relevance into the pay-per-click auction model.

### **Social Media Advertising**

Social media is a social tool for communication and networking. Social media sites are interactive and allow users to comment, rate and share information. One of the biggest advantages of social media advertising is proper targeting of market through the use of the users' demographic information which has been provided while creating social media accounts. Social media is the best media for online advertising because it is free, it is far and wide reaching (500 million users) and it is viral. It has brought about a new „file sharing culture” whereby a good ad can be circulated around the world an unlimited number of times in no time. A major disadvantage is in measuring the effectiveness of social media advertising – whether or not the number of ‘likes’, ‘friends’ or ‘follows’ could convert to actual sales.

There has been a rise in online advertising since 2004. Because of the constant increase in the time consumers spend on the Internet, advertisers have reconsidered their attitude toward online advertising and have come to realize its importance. Online advertising is now more sophisticated, diversified, attractive and efficient than it used to be. There are now online blogs, social media, SEO (search engine optimization) marketing and more. Viral marketing, which uses video ads to market a product or brand, is very popular and common now.

However, online advertising is not yet perfect. There are still annoying pop up and pop under ads which distract our attention and waste our time. YouTube now uses one of the most annoying and interruptive ad formats – the pre-roll ads. From a free site for uploading and viewing videos, because of financial problems, YouTube added pre-roll ads, or commercials that run before a video and you cannot skip them. Watching a one-minute video means you have to watch a 30-second ad first. There are also ads on top, on the bottom and on the background of the webpage.

The share of online advertising has been increasing and will continue to do so over time as more mobile devices are connected to the Internet, as the number of always-on broadband connections rises, and as Internet users' skills in navigating the Web 2.0 improve.

### **What is next?**

Susan Wojcicki, a senior vice president of product management and engineering at Google, calls advertising „the lifeblood of the Internet”. She is determined that it needs to be reinvented as the audiences have changed. Her five main ideas for the future of online advertising focus on choice, control, charm, connectedness, and calibration. Google intends to adopt a model whereby users „can choose to view an ad



or not". (Like TrueView ads on YouTube). Control will be performed by inviting users to express their opinion about ads on a much larger scale than now. Charm relates to the attractiveness of advertisements. They will become more interactive and eye-catching. Google is currently working towards improving connectedness by „making it possible for users to get ads that are relevant". These ads „can be accessed where people are". It is all about targeting people, not devices. In the future calibration or measurement will be improved to meet the customers' expectations for feedback about the reach and impact of advertisements. (Wojcicki, 2013)

Online advertising has gone through a growth cycle similar to that of advertising in other media. Print advertising, radio advertising and then TV advertising each had their initial boom, stable growth and later on decline. The same goes for online advertising which will probably follow in the steps of its predecessors. It is with particular curiosity that people interested in advertising are awaiting the next step forward of advertising in a highly digitalized and mobilized world. However, we should never lose sight of the bigger picture – that online advertising can be a blessing in disguise. Because of its incredible scope, accessibility, ability to go viral without much censorship, this new type of advertising can backfire and impact society in a negative way.

#### **Литература:**

1. Holter, E. (2007) [www.newfangled.com/history\\_of\\_online\\_advertising](http://www.newfangled.com/history_of_online_advertising)
2. Sundar, S. (1998) „Does Web Advertising Work? Memory for Print vs. Online Media", *Journalism and Mass Communication Quarterly*, vol. 75 no. 4, pp. 822-835
3. <https://accounts.google.com>
4. Wojcicki, S. (2013) <http://www.forbes.com/sites/roberthof/2013/04/10/heres-the-future-of-advertising-according-to-google/>