

DIGITAL ADS HIT THE MARK

Online advertising has come a long way from the days of the evil pop-up ad and is steadily on the rise. **Claire Weekes** looks at new products offering a more targeted reach in B2B

The amounts that advertisers are spending on online marketing strategies show no signs of slowing. In fact quite the opposite. A recent study carried out by the Internet Advertising Bureau (IAB) and Pricewaterhouse Coopers (PwC) found that in the first half of 2010, online ad spend in the UK totalled £1967 million – an increase of £209 million year-on-year.

The types of digital format we are spending money on has changed. Cast your memory back 10 years and innovative online advertising consisted of banner and button ads, or the now-considered Internet evil pop-up ad. Although all three formats still exist, the former two are considered too subtle for many marketing purposes, and the latter, too intrusive – many websites these days have issued a complete ban on pop-up ads.

These somewhat static forms of Internet advertising have given way to much more intuitive ways of reaching audiences through the net. The spread of more lead-focussed financing models from search engines means that brands and media buyers are becoming increasingly reluctant to pay for simple exposure – driving the market for much more sophisticated online advertising.

The only way is up

The increase in ad inventory (space on the web dedicated to advertising) has also led to an increased drive to monetise the online advertising industry. Step into the ring – ad networks. These have been helping B2C marketers target audiences for a number of years now, but as is often the case, the B2B model has been slower to materialise. This is changing. In the second half of 2010, two significant US players launched their ad networks in the UK. BBN and Bizo join a

growing number that seek to serve B2B marketers.

The two are based on quite different principles. BBN, which launched in the UK with a number of business publishers on board, including Haymarket, Incisive Media and UBM, uses data from its aggregation of websites to help advertisers target those most relevant to them. Bizo, on the other hand, is designed to target unique users, rather than the content on a website, by collecting 'Bizographic' data (data obtained via behavioural targeting) on individuals. What both have in common is their ability to promise highly targeted advertising opportunities to B2B audiences.

"There are other ad networks out there – there is little barrier to entry and anyone can set one up," explains Michael Toedman, managing director, International, BBN. "But very few can give a vertical offering.



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Russell Glass
CEO
Bizo

The Asda model of buy cheap, stack high might work for more consumer facing ad networks, but B2B ones certainly have to offer more of an incentive than to be cheap.

"Some networks might say they offer business verticals but are actually talking about generic business sites – like forums where people might go to rant about office software products. What we offer is precise verticals – so we have sites targeted to business and travel, education, industrial manufacturing and so on within our network."

Russell Glass, CEO of Bizo, adds that now is a time of "tremendous growth opportunity" for the B2B ad network industry. "In our case, back in 2007 we saw that there was a huge opportunity in online advertising. Ad networks are still growing quickly and it's a competitive field. But I think we are starting to see players emerge with really high quality audiences that are of interest to B2B advertisers and that are now rising above those that have poor quality data."

Online consumption habits also point to an increase in opportunity for ad networks.

According to Glass, roughly 12 per cent of a person's media consumption time is assigned to reading print titles, with 26 per cent of overall ad spend assigned to the medium. "However, a [person] spends 28 per cent of their media consumption time online, yet at present only 13 per cent of ad budgets are spent on digital," he says, pointing out, "There is a huge gap and dollars will have to – and are – shifting."

Putting things into context

Bizo talks about the 'Bizographic' data it collects on business professionals – as mentioned a form of behavioural targeting. Behavioural targeting, says John Snyder,



We need to be looking at anything we can measure, at different forms of interaction, at whether people have the sound on or sound off when they play a video ad, at content within banners



Chris Bagnall
managing director
DWA

CEO at Grapeshot, can generally be used to describe three types of measurement; retargeting through cookies, contextual targeting and the monitoring of somebody's web browsing history to be used as evidence of intent.

Snyder remembers a campaign by White Spider Media for Scottish Widows in 2008 – White Spider claims it was the first media agency to use targeting and retargeting software in the UK. It placed retargeting cookies on its advertiser's sites, such as Scottish Widows Investment Partnership, so that any time a user had been to the website they were retargeted in online versions of national press sites when they visited them.

"The benefit to the client was positive branding in the national press at the fraction of the cost of a normal online press campaign. It was also the prestige of being a B2B advertiser in a B2C space, with full knowledge of little wastage, and the fact they could launch new products to an audience that was already warm," says Snyder.

"Contextual technologies have the ability to match up the relevant content on the B2B advertiser's site – for example videos or whitepapers – and place them in ads next to the actual B2B news. In short, contextual means relevant in the market in real time," he said.

Too much volume

While no one can argue that technology is allowing for increasingly sophisticated online B2B advertising, some marketers believe that there remains an over-reliance on consumer models and that attitudes in the industry need to shift. Not least of all John Barnes, managing director of digital strategy and development for the UK and Asia at Incisive Media.

Barnes admits that over the past three or four years, most B2B publishers – including Incisive Media – have been too heavily reliant on advertising revenue, forcing them to focus on volume rather than the niche targeting required by B2B advertisers.

"For some reason we are very good at controlled circulation and understanding audiences offline, but in the online space we've chased the dollar and behaved more like consumer publishers. Partly though, that's been because a lot of clients and agencies think that's what they want," he says.

But, adds Barnes, this is beginning to change – not least because of the introduction of paywalled sites – a trend that if online users are willing to pay for in the long run, has obvious huge benefits for the B2B marketer.

"In the old days there would be audit certificates to explain the value of the audience. The move towards paywalls means we can start to talk more around the quality of users than around volume," says Barnes, who adds that around 50 per cent of Incisive's sites are currently paywalled.

"Our clients across the board, whether in IT or finance or marketing, are starting to take a lot more interest in who is actually seeing their ads and how long these people are spending looking at them. We're seeing engagement metrics besides cost-per-thousand really come to the fore now."

Accountability and measurability

What does Barnes predict will be some of the major trends in the digital space in 2011?

"A move towards lower volume and higher lead value, and accountability, will be massively important. CPM is definitely coming under increasing pressure – some of the big CPM lead campaigns are starting to burn themselves out now because you may get a cheap rate with them, but if you don't fully understand your users and bombard them with irrelevant ads, then you're not spending your money wisely," he says.

That word measurability, which is often heard in the same breath as accountability, needs close scrutiny too, according to Chris Bagnall, managing director at global media agency, DWA.

"The metrics that we use to measure digital campaigns are becoming less effective and need revisiting," says Bagnall.

"Everyone still bangs on about the importance of click-through rates. Well, people don't generally click on ads. We need to be looking more at things like interaction rates, on anything we can measure after any initial click depending on what the calls-to-action are.

"We need to look at whether people

Online ad spend: The stats

In October 2010, the IAB and PwC published figures that reveal the most up-to-date picture of the value of the online ad landscape, taking figures from the first half of 2010. Among the findings:

- A total of **£1967 million** was spent on online advertising, an increase of **£209 million** year-on-year.
- The Internet accounted for **24 per cent** of overall advertising spend – second only to TV ad spend at **26 per cent**.
- Banners and embedded ads were the most used display ads, followed by display affiliate, pre-post roll and sponsorship ads
- While the majority of brands using digital formats are in the entertainment and media sectors (**14.4 per cent**), technology brands accounted for **9.4 per cent** of overall share and business and industrial brands accounted for **8.2 per cent**.

have the sound on or sound off when they play a video ad, at content within banners.

"Clever advertisers are also starting to embed interactive and entertaining content into their online advertising now," he says. Pre and post-roll ads assigned to online news-related video content is becoming increasingly popular, for example.

According to Suranga Chandratillake, founder of online video advertising agency Blinkx, the popularity of online video advertising is being boosted by the ability to link activity to behavioural targeting techniques. "Instead of broad brush campaigns, we work closely with media planners to identify the viewing habits of a brand's target market, so that tailored advertising appears at the right time to the right audience," he says.

Social media opportunities

There are also the opportunities that social media may offer up in the future. The jury may, in general, appear to remain out as to how B2B advertisers might leverage the rich data pool that Facebook provides, but a recent survey of B2B marketers by LinkShare at AdTech revealed that 28 per cent believe ads on social networks will be the most important form of B2B advertising in 2011. Then there are opportunities such as those offered up by augmented reality and mobile commerce.

"Perhaps the biggest challenge for B2B marketers in the online space going forward is the fact that they now have to look at so many revenue streams. Before, it was fairly simple – you had advertising, subscriptions and, if you were lucky, events," says Toedman. He adds, "I think the digital space just offers up so many new ways to add value to your brand that it becomes so much more complex. But ultimately, more exciting too."