Chapter Twelve

Digital Interactive Media

Chapter Seven
How did Hyundai make sure Super Bowl viewers would remember the Sonata by spoofing an accent?

Chapter Twelve
How did Tim Sweeney use social media principles to make billions... by giving a game away for free?

Chapter Thirteen
How did ocean garbage help Corona create one of the best billboards in the world?

M start here.

ADVERTISING
ARENS | WEIGOLD
4e

HOW DID **MARS** MAKE FICTIONAL CANDY FIGURES SOME OF THE WORLD'S BEST KNOWN CELEBRITIES?
Chapter Eleven

M is Motivation.   M is Momentum.   M is Moving Forward.   M is McGraw-Hill.

Learning Objectives

12-1   Discuss the evolution of digital interactive media.

12-2   Discuss the types of digital interactive advertising.

12-3   Explain how time and space in digital media advertising is bought.

12-4   Identify the opportunities and challenges of social media advertising.

The Evolution of Digital Interactive Media [1]

Evolving Technologies

Challenges advertisers to best leverage opportunities.

Online ad spending accounts for more than half of all ad spending in 2020.

- $135 billion, up from $40 billion in 2012.

Interactivity enables businesses to develop and nurture relationships with customers and other stakeholders.

Digital media continue to surge in importance as a platform for advertising.

Exhibit 12-1 U.S. Digital Ad Spending By Format 2015 to 2019 ($ billions)
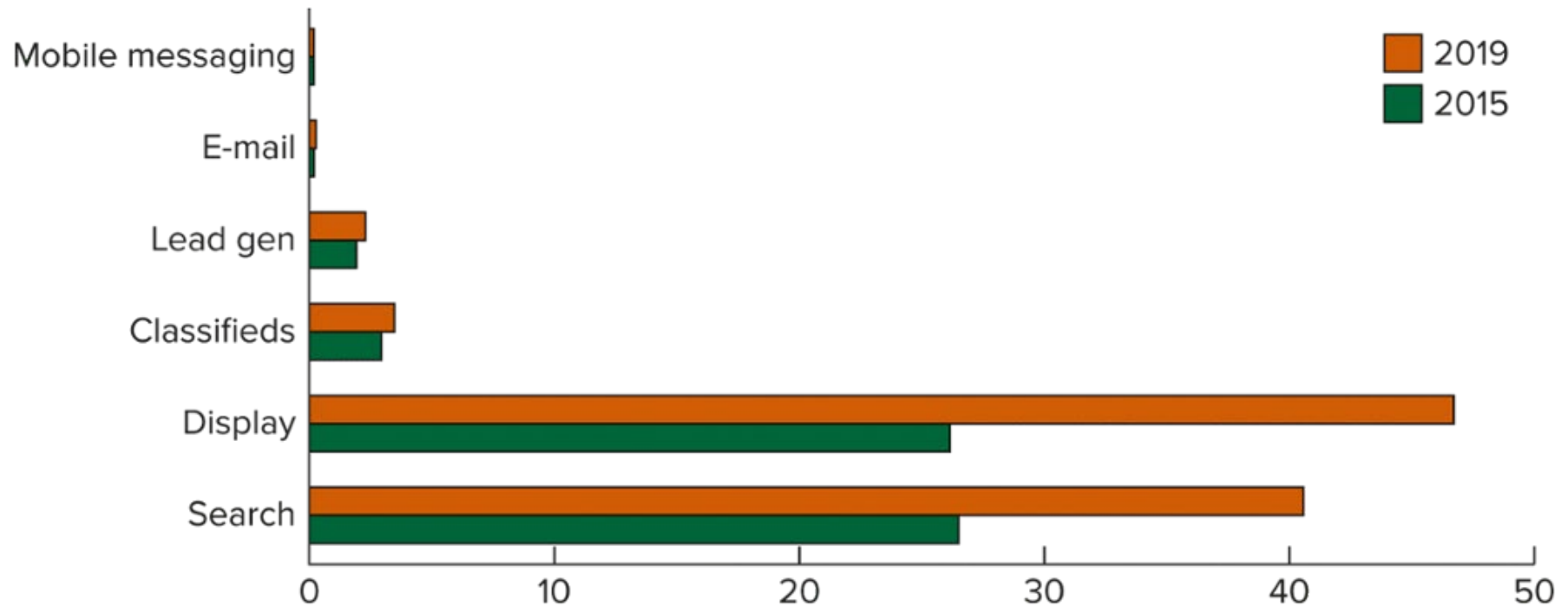
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Social Networks

Social networking site Facebook allows web users to join networks organized by their school, city, or shared interest. Founded in 2004, the site has surged in popularity, attracting more than 2 billion unique users in 2020.
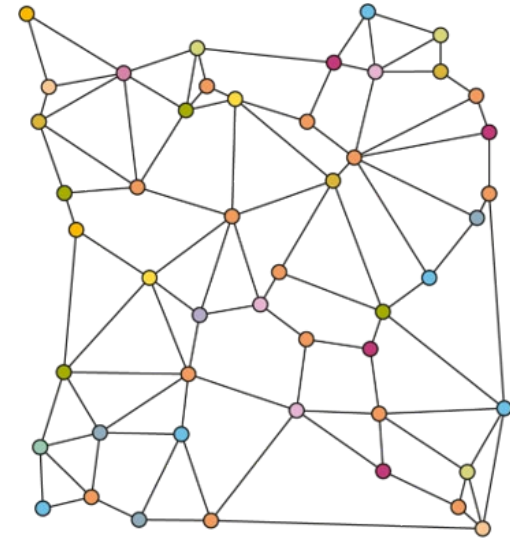
The Evolution of Digital Interactive Media

The **Internet**

- Worldwide network of computer systems that facilitates global electronic communications via e-mail, the web, ftp, and other data protocols.

- **Protocols:** common rules for linking and sharing information.

- **Distributed network:** characterized by many different hubs and links, which allows continuous communication even if some connections stop working.

- **Centralized networks**: traditional method of delivering media content, in which a hub distributes content to many receivers.

Exhibit 12-2 Centralized versus Distributed Network
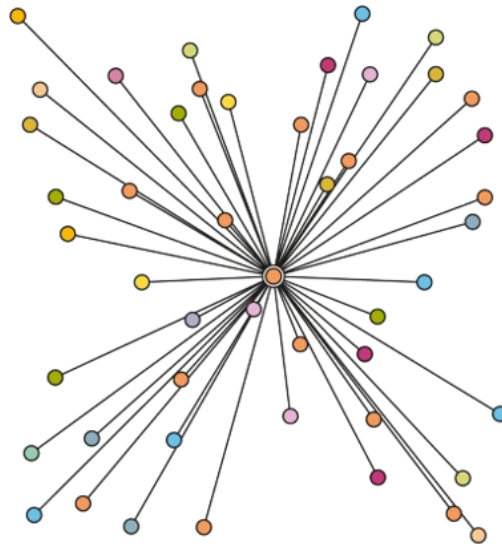
Centralized Network

Distributed Network

In a centralized network, a hub distributes content to many receivers. A distributed network has many different hubs and links.

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The Evolution of Digital Interactive Media 3

The Internet continued

- The cost of time and/or space for ads is much lower online than in traditional media.

- Blurs the traditional line between content providers and content consumers by fostering interactivity.

- Digital media users leave a clear, trackable, and identifiable footprint.

The Web [1]

The **Web**

A distributed network of content providers that communicate through the HTML protocol.

- **HTML (HyperText Markup Language)** allows for creation of web pages that can be linked to other content, including other web pages or sites.

- **Web pages:** documents or files, written in HTML, stored on a web server, and viewed over the Internet using a web browser.

Web browsers: provide computer users with a graphical interface to the Internet.

The Web [2]

Web Portals and Popular Websites

Portal: a website that provides a broad array of content and services.

- Portal revenue model for ads flawed due to similarities to traditional advertising model.

- Display ads not effective on portals.

New advertising and revenue models from companies such as Google and Facebook would emerge.

Today, digital advertising generally flourishes.

Types of Digital Interactive Advertising [1]

Website

A collection of web pages on the web that are linked together and maintained by a company, organization, or individual.

- Corporate site gives background information about an organization, product, or service.

- Commerce site used primarily to sell a product or service.

A **microsite** is used as a supplement to a website.

- Singular in focus and delivers on the current advertising message.

Landing page: the web page that a person reaches when clicking on a search engine listing or ad.

Types of Digital Interactive Advertising 2

Google and Internet Search

Most people looking to find information on the web or their phone use a **search engine**.

- Sites that allow people to type a word or phrase into a text box and then find information.

- Google, Bing, Yahoo, and Ask.

Solutions in Google search results are often found in sponsored links, and people who click on the sponsored links create Google's revenue.

Types of Digital Interactive Advertising [3]

Social Media

Social media represent a different opportunity than traditional web pages.

- Advertisers use social media to engage with consumers.

- Information collected from social media helps marketers understand the general attitude toward their brands in the market.

- Social media fosters interactions that go beyond promotion or advertising.

Exhibit 12-3 Comparing Google, Facebook, and Amazon in Digital Leadership

Rank	Google	Facebook	Amazon
Percent e-commerce sales	-	-	38 percent
Percent digital ad spending	37 percent	22 percent	9 percent
Percent social ad spending	-	83 percent	-
Percent mobile ad spending	33 percent	31 percent	5 percent

Types of Digital Interactive Advertising [4]

Mobile Advertising

Apple's iPhone transformed digital advertising.

- Turned a phone into a screen, as attractive and popular as other screens—TV and computers.

- Beginning of apps and widespread collection of data.

Location-based advertising (LBA): serving a user an ad message based on the user's physical location as identified by the user's smartphone.

Spending on mobile in 2020 ($113 billion) will exceed TV, radio, print, out-of-home, and directory advertising combined.

Types of Digital Interactive Advertising [5]

Mobile Advertising continued

Variety of ads appear on mobile phones, including some specifically developed for phones.

- Video ads run within apps.

- Interstitial ads are ads placed during transition points, such as between levels of a game.

- Native app-based ads are shown within the content of news sites, feeds, and apps.

Social platforms have unique ads types suited to their offerings.

Text messages are still a popular way to advertise.

Types of Digital Interactive Advertising

Behavioral Tracking

- Most websites can track your visits through **cookies:** small files written to a computer's hard drive that let the browser, content provider, and advertisers know what sites you visit.

- **Third-party ad servers:** method of delivering ads from one central source, or server, across multiple web domains, allowing advertisers to manage the rotation and distribution of their advertisements.

Types of Digital Interactive Advertising

Programmatic Advertising

- Procedure for marketers to buy digital audiences via a computer.

- Content providers and buyers agree on the value of an audience via an auction.

- Ads can be precisely targeted to only those persons who fit the target market profile.

Types of Digital Interactive Advertising

E-Mail Advertising

A fast growing and effective way to provide direct mail advertising.

- Used by 74 percent of marketers.

Different from **spam:** electronic junk mail.

- Spammers face litigation under the CAN-SPAM Act (Controlling the Assault of Non-Solicited Pornography and Marketing).

Marketers focus e-mail efforts on **customer retention and relationship management (CRM)**, not prospecting.

Drip campaigns: strategic e-mails are sent to prospects at specific times and dates.

Types of Digital Interactive Advertising [9]

Viral Marketing

- The Internet version of word-of-mouth advertising.

- Seeks to induce satisfied customers to recommend product or service to others.

- Advertisers try to present an offer with real perceived value.

Viral Marketing

Following the viral "Ice Bucket Challenge," donations to the ALS Association increased from an annual figure of $5 million to $115 million in the United States alone, and the organization estimates that global contributions surged to more than $200 million. In this image, a participant successfully completes the ALS Challenge and shows the strength of the web as an advertising platform.

Buying Time and Space in Digital Interactive Media [1]

Interactive Media

Media planners cannot think of the Internet in mass media terms.

- Personal audience venues.

- Building relationships, one customer at a time.

Digital advertising now accounts for more ad dollars than all other media combined.

- Estimated to be $517 billion by 2023.

Buying Time and Space in Digital Interactive Media 2

Pricing Methods

Priced in terms of exposure to target market.

Click-throughs: web user clicking on an ad banner to visit the advertiser's site.
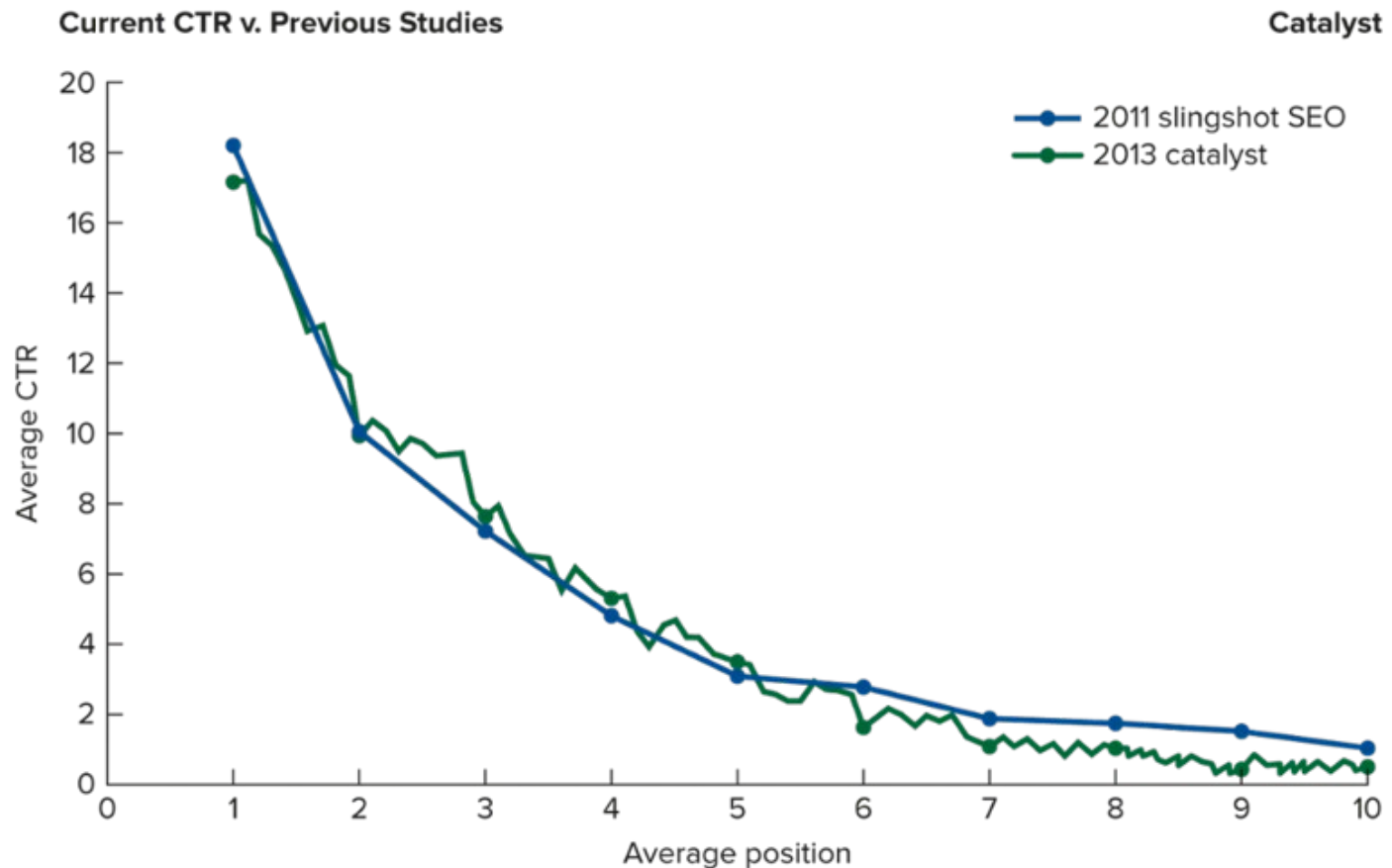
- Also known as **cost-per-click (CPC)**.

Keyword: single word that a user inputs into a search engine to request information similar in subject matter to that word.

- Advertisers can pay search engines to display their ads when users search for specific keywords.

Consumers click based on relevance of ad and ad's relative position.

Exhibit 12-5 Average CTR From Two Studies Based on Ad Position

Current CTR v. Previous Studies

Catalyst

- 2011 slingshot SEO
- 2013 catalyst

Y-axis: Average CTR (0 to 20)
X-axis: Average position (0 to 10)

*Catalyst CTR data set for this chart is comprised of 16,312 unique keywords.

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Buying Time and Space in Digital Interactive Media [3]

Pricing Methods continued

- **Cost-per-action (CPA):** a digital advertiser pays for an audience member to take a specific action, typically making a purchase.

- **Affiliate marketing program:** a contractual advertising program, often used in e-commerce, under which a seller pays a manufacturer, marketer, or other business a percentage of the sale price of an item sold.

- **Cost-per-lead model** pays sites for converting visitors to a website into leads.

- **Cost per thousand (CPM):** common term describing the cost of reaching 1,000 people in a medium's audience.

Buying Time and Space in Digital Interactive Media [4]

The Cost of Targeting

- Consumer targeting on the web is very cost intensive.

- Difficult to find and reach specific consumers.

Buying Time and Space in Digital Interactive Media [5]

Stretching Out the Dollars

Ad networks: the Internet equivalent of a media rep firm, ad networks act as brokers for advertisers and websites.

- Pool hundreds or even thousands of web pages together and facilitate advertising across these pages, allowing advertisers to gain maximum exposure by covering even the small sites.

- Allow for behavioral tracking and retargeting.

Social Media [1]

Social Media

One definition: "Internet-based disentrained, and persistent channels of masspersonal communication facilitating perceptions of interactions among users, deriving value primarily from user-generated content."

Social media allows advertisers to cultivate relationships with customers and prospects.

- Most major brands and many smaller marketers have an active presence in social media.

- Brands are the subject of social media exchanges even when these take place outside of brand pages and sites.

Lack of direct control in social media messaging for companies and brands.

Social Media [2]

The Major Platforms

A few large companies dominate.

- Facebook is largest, with 2.5 billion monthly users.

- Instagram is second, with 1 billion monthly visitors.

Exhibit 12-6 Biggest Social Platforms (excluding China)

Company	Headquarters	Monthly Users (millions)	Ad Revenues (billions)
Facebook	Menlo Park, CA	2,450	$49.7
Instagram	Menlo Park, CA	1,000	20
Snapchat	Los Angeles, CA	360	1.7
Twitter	San Francisco, CA	330	3.0
Pinterest	San Francisco, CA	322	1.0

Social Media [3]

Influencer Marketing

"Celebrities" attract sponsors willing to pay for a recommendation or positive review.

- Marketers finding ways to have products appear in influencer videos, photos and blogs.

- Fans find influencer recommendations to be highly credible.
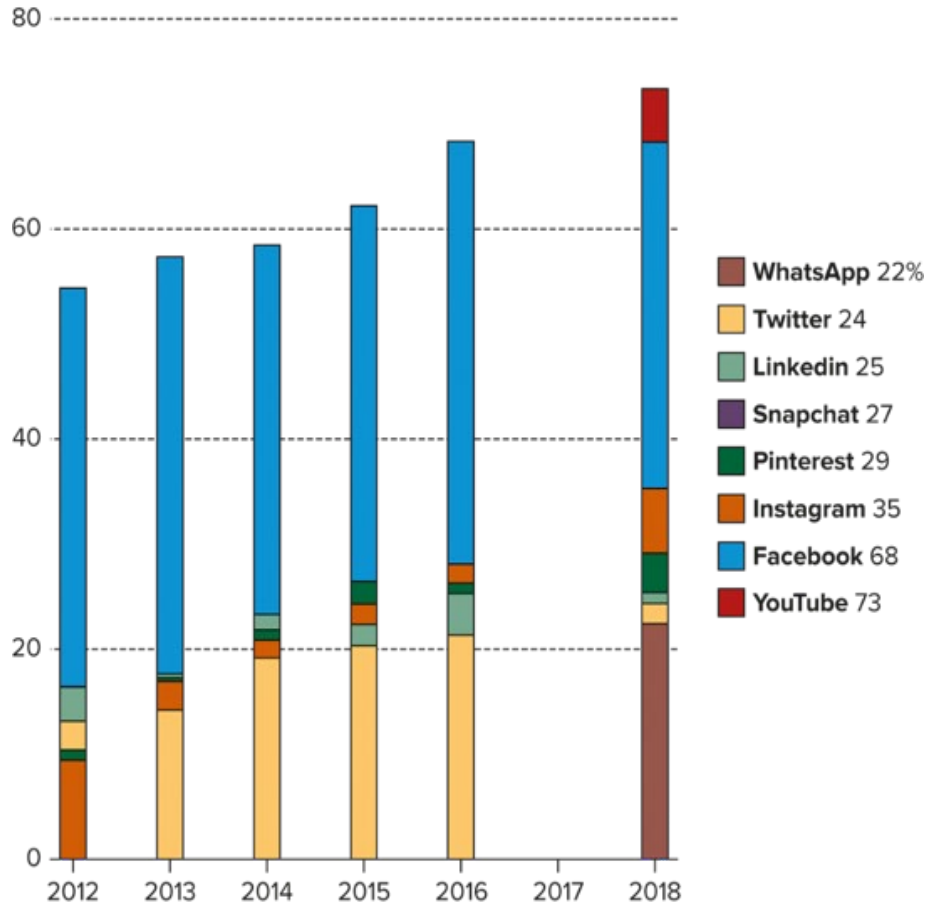
Building **Social Authority**

- Measure of social media source's impact and influence on others.

Brands in Social Media

- Engagement created by social media is not useful for branding alone—it has real consequences for revenues from e-commerce.

Exhibit 12-7 U.S. Use of Social Media, 2018

Majority of Americans now use Facebook, YouTube

% of U.S. adults who say they use the following social media sites online or on their cellphone

Legend:
- WhatsApp 22%
- Twitter 24
- Linkedin 25
- Snapchat 27
- Pinterest 29
- Instagram 35
- Facebook 68
- YouTube 73

Note: Pre-2018 telephone poll data is not available for YouTube, Snapchat or WhatsApp.

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Social Media [4]

Common Uses of Social Media

Blogs are simple, reverse-chronological-order web pages that are typically opinionated.

- Can allow customers to hear the voice of a brand and learn more about it.

User-generated content is usually credible and interesting.

Social listening tools allow brands to aggregate all commentary into a user-friendly dashboard with robust analytics and trend analysis.

Every major social media platform accepts sponsored content and ads.

- Many platforms provide tools for ad design, testing, and evaluation.

Consumers 10 times more likely to respond to a retargeted ad.

User-Generated Excitement

Companies use social media to generate excitement about new brand extensions, flavors, and varieties. M&M's asked their followers to propose new flavors and produced the winning one, shown here.

Using Digital Interactive Media in IMC

Offers Great Potential

Allows for greater interactivity between company and its stakeholders.

- Stakeholders can respond to communications in real-time.

- Establishes immediate relationships between customer and brand.

- Gives the company the opportunity to act on complaints.

But requires increased effort and spending.

Digital media have helped to make effective use of IMC more important than ever.

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