

The Future Of Advertising

Contributed by Millward Brown
Thursday, 20 January 2011

Advertising is a medium that constantly evolves. It changes with the times. It adapts to new technologies. It is unrelenting in its desire to find new and better ways to reach an ever-growing consumer marketplace.

But its not simply advertising that evolves. Consumers and consumer behavior are changing too. As we look at the future of advertising, it's important to look at how the two interact and change together over time.

Without a doubt, the Internet has revolutionized the industry. It has taken the world - and the advertising world by storm. And it has only just begun to make an impact. The Internet has become a global medium with massive potential.

Forty years ago, television was considered new media. Fifteen years ago, it was cable. Today, people spend increasing amounts of time online at the expense of other media. The first evidence of this audience migration appeared in 1998 in a Forrester Research report.

The researchers asked PC users which activities they were giving up to spend more time on their computers. 75% of the respondents said they gave up television.

Interactive. That is the real key behind the power of the Internet in advertising. The Internet is really the only medium where we see true interactivity.

In addition:

'It means greater viewer involvement. 'It means users can access services according to their interests and their tastes. 'They can request and receive specialized product information, make an instant purchase, all the while saving time and expense. 'The effectiveness of Web advertising appears to relate to the fact that surfing the web is an actively engaging experience, similar to reading magazines.

Consumers also have the choice to 'opt-in' to receiving additional information on a particular product or service.

In Seth Godin's groundbreaking book, Permission Marketing, he said, 'By reaching out only to those individuals who have signaled an interest in learning more about a product, Permission Marketing enables companies to develop long-term relationships with customers, create trust, build brand awareness- and greatly improve the chances of making a sale.'

All the Rage: Pay Per Click and Natural Search Using SEO

It's no secret what has taken over the business world, in industry after industry. Pay Per Click and Natural Search Using Search Engine Optimization (SEO). Today, being on the first page for your most popular keyword phrase is like having the most memorable prime time television commercial in 1973.

Pay per click advertising on search engines allows you to choose keywords you would like your site to appear under when a potential customer engages in a search. You decide how much you are willing to pay each time a person clicks on the search results.

But it can be competitive ' and expensive if you are trying to use keywords that are very popular. Natural Search or Organic Search is the non-biased, non-paid results that come up when you do a search. This can be influenced heavily by what's called 'Search Engine Optimization' ' the complex and time consuming practice of ensuring that your website is doing all the right things in order to rank high for certain search terms.

In this arena, smaller companies can out maneuver large corporations, so there's a lot of excitement generated because of this.

Essentially, that's where the power of advertising is going. It's all about Search. And Search is only going to become more important over the next ten years. If you can get on that coveted first page organically, well then, more power to you!

Web Sites, Banner Ads, etc..

The other forms of on-line advertising vehicles are of course, web sites, banner advertising placed on others sites, newsletters, ezines, and email. They are used in many different combinations, for different purposes at different times. But most savvy companies are using all of them.

The value of banner ads has been hotly debated for a number of years. Opponents argue that the click-through rates

have gone down so much, that banner ads are nothing but wasted money.

But research clearly shows that banners are very effective in building brand awareness. On-line users may not click on a banner, but if they see it enough times, the company's name is drilled into their head.

When its time to shop, that product or service is first in their mind. Simply being exposed to the brand as one surf's the web is enough to make a big impression.

The impact of banners on brand awareness was tested for the first time in fall 1996 by Millward Brown International. Three brands were tested including a men's apparel brand, a telecommunications brand and a technology company. The findings were significant and conclusive for each brand.

Awareness was significantly greater among the banner-exposed (test) group than the non-exposed (control) group. Specifically, exposure to the ad banners alone increased brand awareness from 12% to 200% in a banner-exposed group.

The study also compared the impact of the banner ads in this test to television and magazine norms from prior Millward Brown studies. The findings were remarkable: Single exposure to a Web banner generated greater awareness than a single exposure to a television or print ad.

Rather, the effectiveness of Web advertising seems to stem from the fact that Web usage is an actively engaging exercise.

Newsletters and Ezines

Most smart marketers out there have either a newsletter or ezine nowadays. These types of customer communication and advertising tools will only continue to grow in use and importance. It goes back to the whole 'what's in it for me?' issue.

The customer wants to be part of the process. They want to learn something. Or keep themselves updated on the latest news. Most of all, they want to get something out of the relationship. They want to do more than buy something, they want to improve their lives in some small way ' and they want you to help them do that.

Email Advertising

Email is another of the big three Internet advertising mediums. Companies like Got Marketing, OptinBig.com, and N5R are providing new and exciting email marketing solutions for thousands of progressive firms. Their results are impressive. Consider response rates that average 10 to 20 times those of traditional direct mail.

Or campaign Network marketing referral rates as high as 40%. The bottom line is that programs they put together have produced millions of leads for clients. And it's surprisingly affordable. This means that almost anyone can now utilize this advertising medium.

But it has to be done smartly, because you don't want your emails to end up in spam filters. That is one inherent problem with email advertising, especially in the past two years.

N5R in particular is now one of the leading direct marketing agencies in North America. They develop innovative one-to-one marketing campaigns that drive a measurable, positive ROI on behalf of their clients by driving acquisition and conversion to trial and purchase for their clients.

They have developed award-winning strategies in five major industry sectors. These include Internet Marketing and Online Contests/Promotions, Permission Based Email Marketing, Text Messaging, Success Based Email.

In Internet Marketing and Online Contests/Promotions, marketers can gather and compile behavior and preference data from prospects and customers and use this information to send targeted and relevant information.

Developing ongoing programs of one-to-one communication is cost effective and measurable. Contests are the quickest and most effective way to gather this data and build relationships with customers.

It's very possible to build a permission-based database of over 50,000 prospects in only 6 weeks, increase web site traffic by 900%, improved online sales revenue by 1,000%, and achieve \$40 million in sales from leads generated by an online promotion.

With Permission Based Email Marketing, loyal clients are just an e-mail away. Where traditional marketing campaigns fail, e-mail can shine through. E-mail marketing allows companies to speak one-to-one with their audience in a respectful, intelligent and creative way. It is extremely cost-effective, provides the foundation for future marketing initiatives, and delivers measurable results.

Text Messaging or SMS (Short Message Service) is a technology that allows people to send and receive short (up to 160 characters) written messages on cellular phones. It is already hugely popular in Europe and Asia and is growing rapidly in North America. SMS marketing offers the following benefits:

One-to-one communication with your target group, anywhere, anytime reach, low campaign cost, and very measurable data. Imagine if your mobile phone received an email message, 'You're only a block from a Starbuck's; stop in for a 20% discount on your latte.' The data is available and marketers are starting to tap into these resources.

Success Based Email is free email deployment where companies only pay for results. This "pay-per-click" approach is based on the premise that companies will only pay for each email that receives a "click-through" from the recipient. Not only does the new approach enhance the value of marketing dollars spent on such campaigns, the move will likely trim total dollars spent.

For example if 100,000 emails are sent, 70% are opened and 15% of the recipients actually click on a link in the email then clients will only be charged for the 15,000 people that clicked on the link, not for the other 85,000 that didn't.

The return on investment (ROI) or cost savings inherent in this new approach will be very appealing to permission-based marketers. The bottom line is that marketers will now pay for real, measurable results.

The Next Step

Compared with other media, the Web is still limited in its bandwidth offerings. But it's getting better every day. With the continued improvement of bandwidth development, we will soon be positioned well to create full-featured multimedia advertising on the Internet.

Once a majority of consumers have DSL capability and the computer power to access it, there will be some incredible things happening. Sites like tvtonic.com are already offering some very compelling visual and audio imagery in the form of movie trailers and music videos.

Market researchers, futurists and industry experts predict that interactivity through multiple technologies and devices will change how consumers interact with marketers. Interactive advertising will soon be everywhere. So, in effect, it could be considered the age of mass customization in advertising.

Advertisers will have the tools to narrow their targets and address Web ads to individuals and not to a demographic or psychographic group. Why market a commercial to 1 million people, most of who aren't in the target audience, when the same ad could be shown to 10,000 people who are very interested in the product or service? Most of those will even give their name and address.

Interactivity will also be a part of television. Interactive TV will be the norm in the near future, and this too is another exciting opportunity. There will be total integration between TV channels and advertisers web sites.

While we are watching TV, we will be able to interact with what we are seeing, ordering hamburgers from the McDonalds down the street or communicating with the local car dealer that we are interested in buying a car. Clicking on products we see in TV shows and ordering them will be easy. Your TV will keep track of what you are watching.

Your TV will even know what kind of car you own because you'll tell for the free oil change you're offered in exchange. The oil change will be compliments of DirecTV, and it is only good at Jiffy Lube, which has paid to be the official oil-change provider for DirecTV.' That's the way it will work.

Service Initiative Advertising

Another major trend is what I call 'Service Initiative Advertising'. Let's face it; consumers are tired of advertising as usual. Many people say they hate commercials. The success of Tivo and satellite radio can attest to this. They want more from their advertising.

And who could blame them? People are inundated with advertising today- every where they go. Service Initiative Advertising takes the whole process one step further. Essentially how it works is that it requires advertising to offer some value to the consumer.

For example: Kraft Foods creates a website that offers busy mothers a source for quick recipes for the family evening meal. The idea isn't to push Kraft products, but to promote Kraft as a brand that offers a service to customers.

There have been companies who positioned their entire marketing strategy on this tenant. Now, it will become a key part of advertising for almost everyone. The consumer wants to know you care.

It's important to realize that advertising mediums of the past will still be here. But, they may look a little different in the

future. Direct mail will always be around as long as people like to receive mail.

And despite external challenges, the U.S. Postal service will still be around. TV and radio will be here too.

But the future is here. And advertising will never be the same.

One thing that is certain is that it will continue to be as exciting and dynamic as it has been in the past. But now, the consumer is a part of the process.

6 January 2011