

## The History and Business of Digital Advertising

### History

1. The history of digital advertising began with the World Wide Web in 1991
2. The Web is a set of interconnected documents published on the internet, negotiated and navigated with a web browser.
3. At the heart of the web is Hypertexts Markup Language (HTML) - A fairly simple computer language that can be used to create webpages to include links, graphics, multimedia components and online digital advertising.

### Web

1. The web was originally designed to be for hypertext as a way to link and access information of various kinds as a web of nodes which users can browse at will.
2. The web was social from the beginning due to the ease of use.

### Information superhighway

1. The 1990s leading up to 2001 is known as the dotcom boom era
2. It involved economic opportunism, venture capitalism, high rates of return for small investments and start-up costs. There were numerous companies growing quickly and massive overvaluation of what e-companies were worth.
3. From this emerged Amazon, Ebay, Facebook and Google.
4. In 2000 the bubble burst and the dotcom industry collapsed.

### Digital advertising: a matter of scale

1. Early countercultural users of the internet were desperate to keep the online environments free from commerce.
2. Marketers and traditional businesses wanted to turn it into a global marketplace.
3. There were pop ups, floating screen-based advertising and banners.
4. The commonly accepted beginning of web advertising comes from AT&T and advertising on pages of HOTWired (1994) – a digital offshoot of Wired magazines which proved successful.

### Dot-com crash

1. The dotcom crash led advertisers to re-evaluate where they spend their money, wanting to ensure internet success.

2. As 2000s progressed, the online advertising marketplace matured into one where traditional advertisers were increasingly comfortable placing digital advertising as part of their communications programme.
3. Widespread adoption of social media was about the beginning of 2005.

### **Mobile**

1. The increases in mobile and smartphones, tablets, the use of video also displays have led to advertising on social media sites.
2. In the UK, the Internet Advertising Bureau, offers up to date statistics on advertising spend -Search IAB AD Spend.

### **The global picture of digital advertising practice**

1. As at 2015 the world's largest markets – (in \$ Billions) spent on advertising are countries that include the US, China, Japan, UK, Brazil, South Korea, Indonesia, Mexico.
2. The world's largest advertisers are: Procter and Gamble (US), Unilever (Rotterdam/London), 'L'Oreal (France), Toyota Motor Corp (Japan), General Motors (US), Volkswagen (Germany), and in the top 15 include Coca Cola, Sony, McDonalds, Nissan – often owned by conglomerates.
3. World's largest advertising agencies include –Interpublic, Omnicom, Publicis, WPP, Dentsu – that own many others (Ogilvy and Mather owned by WPP)

### **Digital context**

1. The size of the markets are still growing

### **Digital and interactive agencies**

1. Digital and interactive agencies operate in a similar fashion to traditional agencies. They offer general services such as strategy, consumer insight, creativity, design, management, media and tracking of consumer engagement with advertising (as do traditional agencies)
2. Leading digital agencies (2015) are 360i New York, OgilvyOne London, Proximity Toronto, Fred and Farid Paris, etc.

### **Leading digital media**

1. In the UK the most popular formats for digital advertising break down as
2. Search = 55%; display =30%; classifieds =14%, other=1%
3. Search advertising is the leading form of digital advertising

4. Google is the number one provider- the largest search engine and world's number one website in terms of global traffic
5. Barriers to entry is low in terms of cost and knowledge to use search advertising

### **Google**

1. Google offers two forms of advertising
2. The first is AdWords that works by placing advertising next to search results -The advertisers chooses a set of words or phrases that best relate to its business
3. Google also offers AdSense – a form of behavioural advertising that displays advertisers' advertising to people with relevant interests and profiles

### **Display advertising**

1. This is the second most popular format
2. This is a diverse medium but typically involves ads on the top and sides of webpages

### **Classified Advertising**

1. classified advertising is the third most popular format.
2. This is where people post their own ads – the most popular classifieds are for cars, property (renting and buying) and jobs
3. The key growth area is mobile advertising – dominated by consumer goods entertainment and the media

### **Key debates taking place in Adland**

1. The key debates are within publications such as Campaign and Advertising Age
2. These include the question of creativity versus data driven advertising, industry convergence, adblocking, the death of advertising.

### **The automation in advertising: What about creativity?**

1. There is a split between analysis and creativity
2. Scientific methods have encompassed statistical, psychoanalytical and motivational approaches to understand consumer and audience behaviour.
3. And of course big data - which involves using a large amounts of information about people to target them with the right advertising at the right time, in the right place.
4. It is predictive – offering suggestions of what people will want.

### **Adblocking**

1. The use of software to remove ads is increasingly popular
2. Adblockers do not remove all advertising but often it is limited to third party advertising.
3. Resentment focuses on ads that contain animations, sounds, non-skippable video content which takes over screens

### **Privacy**

1. The digital advertising industry is aware of privacy issues.
2. it is faced by four situations
3. 1. Information about people is valuable and can better create and target ads based on this
4. 2. Its own surveys point out that people are not happy with being targeted by means of their online behaviour
5. 3. Regulators around the world pay close attention to privacy-invasive behaviour
6. 4. Regulators are willing to exercise powers and therefore the ad industry is keen not to generate stringent regulations

### **Promotional culture**

1. Advertising sits within the broader context of the marketing mix
2. And within promotional culture – the idea that it is not just the promotional industries (marketing, advertising, PR and media) that promote -But we all do – self-promotion on Twitter etc.
3. New media forms – that involve sharing, linking, posting, recommending content – continue to evolve
4. The distinction between advertising, marketing, public relations and personal promotion are not clear

### **Convergence**

mentation, advertisers are working harder to earn our attention.

le of earned media belongs to public relations – because PR practitioners typically do not buy media space (on time).

to generate positive conversation, writing and buzz around their clients.

### **Diversity**

1. This involves greater diversity of target stakeholders than advertising – decision makers, politicians, business leaders and employees – as well as everyday potential customers.
2. The Chartered Institute of Public Relations (2015) defines publics as ‘audiences that are important to the organisation. These include customers - existing and potential; employees and management; investors; media; government; suppliers; opinion-formers.’

### **Attention**

1. The need to earn attention now applies to advertising – social media has changed the nature of PR

2. Advertising has largely been linear and one way – or at people.
3. As media has developed – the blurring of advertising and PR – has happened, using media to communicate and engage target stakeholders. This could involve short online videos, photos, websites, other online content to position a client.

### **Skills**

1. Designing and managing a social media campaign is different from traditional media.
2. They are conversational and often run live and in real time.
3. It is content that is frequently shared or forwarded – so makes use of non-linear distribution channels.
4. Responding to events in a timely manner – engaging in conversations, counting shares, retweets, reblogs, likes, posts etc.

### **Advertising changes**

1. Advertising is also changing – few agencies actually call themselves advertising agencies.
2. Some call themselves communications agencies.
3. They are more expansive in what they do and don't want to be pigeonholed and lose work to marketing communication companies.

### **Being social**

1. Media culture is in a large part generated by us.
2. Media culture is participatory – we create our own profile pages, create and manage reputations and promote ourselves on platforms such as Facebook, Twitter, LinkedIn, Instagram, Periscope etc.
3. We self-generate information about where we live, how much money we have, what we like, what our views are, what brands we like/dislike, what we do, and who with, what we feel about topical matters, where we go on holiday, what we buy, who are friends are etc.

### **The digital backlash.**

1. The world's largest spenders are looking to build brands, reputations, perceptions and values, they need media that can deliver scale.
2. Digital media companies promise enhanced targeting and lack of waste in reaching people who are not interested.
3. Targeting works well in theory – but in practice many digital ads are not reaching their target audience or create annoyance at the actual advertisements.