THINK DIFFERENT: MAYBE THE WEB'S NOT A PLACE TO STICK YOUR ADS

Matthew Creamer Asks Whether We're All Missing the Point When It Comes to the Internet

By Matthew Creamer and mcreamer@adage.com . Published on March 17, 2008.

Jakob Nielsen: 'The basic point about the web is that it is not an advertising medium. The web is not a selling medium;it is a buying medium. It is user controlled, so the user controls, the user experiences.'
Credit:

"Steve Jobs hates the internet." So jokes a contact of mine whenever he laments what he regards as Apple's relatively paltry investment in web advertising. The point that person -- who once had a stake in that investment -- is trying to make is not that Mr. Jobs is actually a closet Luddite but that Apple, one of the world's strongest brands, isn't as experimental as it should be and, as such, isn't contributing enough to the gold rush that is the digital-advertising business.

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That's one way to look at it. Another is that regardless of what it lays out on ads, Apple has a greater online presence than most brands that spend many times what it does. Consider that in December, Apple sites had the 10th-best traffic figures on the web. Those sites, which grabbed more unique visitors than many of the most popular sites where Apple would place its own ads -- including The New York Times, NBC Universal and ESPN -- are destinations. Plus, there's the endless gusher of Apple-obsessed jabbering on any number of blogs and social networks. Oh, and Apple did manage to lay out $32 million in measured media online in 2007, more than double the amount it spent the year before and four times its 2005 outlay.

Look closely at the disappointment that an advanced marketer in 2008 wouldn't be willing to spend more than that to spray its brand all over an Internet already saturated by it and you'll see very clearly some misperceptions plaguing the marketing business today. First, there's the basic mistake that marketing is synonymous with advertising. Then, there's the underexamined assumption so popular in marketing circles of all kinds that when it comes to helping companies create brands or move product the Internet's greatest use is as an ad medium.

Are we having the right conversation?
What you're about to read is not an argument for making over web marketing as a factory for destination websites or for making every brand a content player. Not every brand has as much natural pull as Apple and, anyway, there have already been high-profile flubs in the if-you-build-a-content-channel-they-will-come department (Bud.TV, anyone?). This, however, is a call to give some thought to a question that's not asked enough about the Internet: Should it even be viewed as an ad medium? After all, in some quarters of the broader marketing world, the habit of looking at advertising as the most important tool in the marketers' toolbox is undergoing intense interrogation. Consider the growth of the word-of-mouth marketing business, premised on the notion that people not corporations who help other people make consumer decisions. Or look at the growing importance put on public relations and customer-relationship management both in marketing circles and even in the c-suite.

and sold -- you have to worry that the history of mass media is just trying to repeat itself. Rarely a fortnight goes by without some new bullish forecast for ad growth that works to stoke digital exuberance within media owners that often drowns out critical thinking about the medium itself.

Here's the issue: The internet is too often viewed as inventory, as a place where brands pay for the privilege of being adjacent to content, like prime-time TV and glossy magazines relics of the pre-blog days when getting into the media game actually required infrastructure and distribution. The presumed power of that adjacency has provided the groundwork for the media industry for decades and long ago calcified into an auspicious economic reality the big media companies are trying to take with it to the digital future. For the media seller, ads and ad revenue might be all that's left.

Marketers are media owners

But for the marketer, it's a whole different story. First off, there's reason to be skeptical about online's effectiveness, long its point of differentiation. To be sure, any web ad is more addressable, more measurable than its equivalents in broadcast and print, but, at the same time, there are big questions about how to measure them. One old way, the click-through rate, has recently come under fire in studies suggesting that a large percentage of clicking is done by a small segment of less-than-desirable consumers, i.e., the kind of people who spend a lot of time doing online gambling and sweepstakes and who don't boast big incomes. Bad credit is about the only thing missing from this portrait of the heavy clicker as rabble, a portrait, by the way, that answers the question we've all asked ourselves with equal parts wonderment and pity: Who clicks on these things anyway?

Second, and much more important, is that the marketer, once at the mercy of a locked-up media landscape, can now be a player in it.

"The big difference is that marketers are in the same competitive set as media owners," said Matt Freeman, CEO of Tribal DDB. He cites Pepsi, one of Tribal's clients, as an example of a company that could be a giant media player if it wanted. It doesn't want to because the big traffic it gets at its corporate websites has nothing to do with how it's valued. But the twist on media and marketing convention is clear: "Before there was an investor and a recipient of that investment. I think today you have much more of a triangulation where marketers can invest directly in going to consumers, obviating the need for media owners. They are not necessarily the client of owners and, in some cases, they are their competitors."

In other words, marketers can build website that do cool, useful stuff. There are any number of marketers, from Amazon to Papa John's, working to monetize their corporate websites traffic by selling ads there, but that, of course, is only the most mundane way. Better examples include Johnson & Johnson and its BabyCenter, a deep repository of information about raising a newborn that's a clear competitor to Bonnier or Meredith, the publishers of Parenting and Parents magazines respectively. Nike Plus, whose sharp interface connects runners all over the world, is a real threat to any traditional media owners who wants to engage with that running population.

"I keep talking about there being paid media and earned media," Mr. Freeman said. "In television there's really no such thing as earned media. Sure, there are press mentions, but you're not on even footing. It's not a fair fight with the media owner. On the internet, it is a fair fight."

Free will, nearly free

This is a significant statement when you consider how Mr. Freeman's bread is buttered. Tribal has benefited greatly from the flood of online ad dollars that have, to be sure, footed the bill for countless banners and pre-rolls -- the digital version of TV's 30-second spot. But that's not what he's most interested in. Although Mr. Freeman often sounds like he's borrowing from the lexicon of PR, his idea of "earned media" or "earned engagement" isn't the same as landing a client brand in the New York Times. It's a more varied concept that encompasses everything from branded applications and services like the Nike-Plus program to videos passed along through sharing sites. These programs, now exceptions, could actually work to redefine advertising.

Spend a little time with any of the above sites and you have to wonder: Why pay for reach with the array of distribution channels already available? That's a question no media player wants to hear, whether it's old-school or new. Even discussions of still-shiny new phenomena such as social networks, which allow marketers to get up-close-and-personal with consumers, inevitably drift toward relatively hoary notions of advertising simply because the business model that undergirds social media is -- you guessed it -- advertising.

Answer: create advertising that has value

"People have to think about advertising differently," said Trevor Kaufman, CEO of Schematic, the interactive agency recently purchased by WPP Group. "Advertising is becoming not just about messaging but providing value to customers. Functionality has often not been the role of advertising."

Functionality, utility -- whatever you want to call it -- brings a different level of engagement from consumers. Because people click on these things freely and voluntarily, because it helps them to get something done, they come to them with a different mindset than they do marketing communications that interrupts, whether a TV commercial or a pop-up ad online. Put simply, they want to be there. There's one other thing about them: Unlike that TV spot, the cost of distribution is very small if not free.

For marketers and agencies it's a sea-change in how you do your business. "It's easy for clients and agencies to think about banners and email because buying banners is like buying outdoor and email is like direct," said Mr. Kaufman. "That is very different than nurturing the community of your customers, providing great content or executing transactions."

There are already tons of reasons to be skeptical about hopes for mingling the intense sociality of the web with an interloper like an advertisement. In its fourth-quarter results, Google noted the difficulty MySpace, with whom it has an ad arrangement, has in monetizing its immense traffic. Before that, Facebook, the fast-growing No. 2 player, lost momentum when its plan to turn user recommendations of products and services into ad inventory ran smack into a wall of privacy complaints. While users might be eager to talk about brands and products, as Facebook has maintained, they don't necessarily want to do so with some drooling corporation looking over their shoulders and broadcasting their recommendations to the world in sponsored boxes. The difficulty begs several important questions, among them whether all this is just an attempt to make money off the unmonetizable?

All that murkiness, of course, doesn't show up in all those gleeful spending forecasts. The study Mr. Freeman said he wants to see looks at all the impressions on the web and discerns what percentage come at properties owned by professional media sites -- from Yahoo to News Corp. -- and what come from amateur, peer-to-peer, or sites owned by marketers. "My bet," he said, "is that it's only a small percentage of engagement that's monetized."

'Banner blindness'

That statement, which foreshadows any number of current marketing platitudes, was uttered a decade ago as the dot-com bubble was still being inflated, in part by massive gusts of web-advertising investments. Recently I asked Mr. Nielsen whether his take had changed at all over the intervening years. He said it'd only been reinforced. His skepticism about ads is based on eye-tracking studies demonstrating "banner blindness," which describes the tendency of the eyes to ignore content -- whether ads or noncommercial information -- contained in banners on websites. He submits that search-engine and classified advertising work because people who come in contact with those ad forms generally are looking to buy something, which is why they searched in the first place. The same isn't true of display ads, which Mr. Nielsen concludes "aren't very well-suited for the web" and are holdovers from a way of thinking best applicable to other, older media.

"People don't recognize the distinction between modes of engagement," he said. "Most of the times I use the web, I go to get something done, and I don't want to be distracted. With television, I might want a more relaxing, absorbing experience."

That may change as the consumer experience of video on the internet continues to improve and becomes more like TV. But even if it doesn't, you can be sure advertisers will continue to pour more and more money in there, almost regardless of whether there's better way to spend it.

"There's huge financial incentive to say advertising works," Mr. Nielsen said. "To say that it doesn't work -- I don't get anything out of that."

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