

1. Analyse how the European on-line advertising landscape had evolved, pay particular attention to Broadband penetration and discuss who is advertising and what campaigns are increasing.

Introduction

The rate of growth in Internet usage, since its inception in early nineties has been nothing short of exponential. The current estimate (Source: internetworldstats.com) is that there are just under one Billion of Internet users in the world today. This is the biggest target audience imaginable. Through a couple of clicks or a single URL entry these users can get to any website on the planet. Virtually nothing is unreachable and (with the exception of China and North Korea) nothing is censored or forbidden. Everybody is connected to everybody else.

The Internet was soon recognised for its commercial application and as a viable sales channel. In 1995 over 50% of Internet traffic was commercial. But how was this achieved? In order to do business, your customers must know about you. So, while its safe to assume that company's like Sony will have an online presence with address like www.sony.com, new companies were appearing on the Internet that had not previously existed. So in order for both of these types of companies to operate effectively online, their online presence needed to be advertised, and online advertising was born.

Pioneers

In the early days, the Internet was quite a different beast to what it is today. It was mainly comprised of personal homepages, small communities with very little useful and informative content. Basically, it was full of Nerds expressing their own opinions. The Internet owes some (if not all) of its initial growth to the porn industry though. The first companies to charge for content online, to accept credit card payments online, to use highly compressed images and later highly compressed video were porn companies. Though you will not hear many people admit it, we would not be here today without porn. So, once there was money to be made online, money was to be made by providing links to that content, so banner advertisements started appearing on peoples webpages, then when you visited sites another window would popup linking to this content. Pretty quickly, the Internet became a dangerous place, where inappropriate content was everywhere and avoiding it was a skill.

As the Internet grew, however, the number of online companies grew at the same exponential rate. The usefulness of the Internet was recognised by more and more people and it quickly became the global marketplace that it is today. When Amazon.com launched in a small garage on Seattle in 1995, and really useful information sites like cnn.com and msn.com appeared it was the real beginning of e-business. The content on the Internet exploded and sites linked to eachother for information and offering content. Almost every page on the Internet had a Advertisement linking to another website

The Advertisers (Traditional) Tools

The advertisers used several tools to promote their sites:

1) *Banner Ads*

Images, often animated, 468 Pixels wide by 60 Pixels high that sits atop of a webpage. Usually linking to relevant sites.

- 2) *Image Links*
Similar to banner Ads, just elsewhere on the page
- 3) *Popup's*
Second windows that popup (usually smaller), with content from another site contained in them.
- 4) *Flash Animations*
Animated and colourful items in a webpage, more attention grabbing than standard images or banner ads.

Advertisers leverage these tools by placing them on websites and linking clicks on these items to the advertisers site. Webmasters are either paid for rental space on the site where the ad will be placed, this is for large sites with a lot of traffic, or the Webmaster will be paid per click-though that originated from their site.

Online Business

There are three main types of online Business, these are: Business-to-Business (B2B), Business-to-Consumer (B2C) and Consumer-to-Consumer (C2C).

B2B

When business started being conducted online, virtually all e-business was B2B. This was simply because businesses has the only Internet connections that were fast enough to enable it. The Internet was fuelling B2B commerce, even if the final sales were done over the telephone.

B2C

As broadband Internet access started rolling out, and people were getting faster connection speeds from their home PC's, it became possible to make use of the Internet for selling goods and services to individuals, so more businesses took advantage of this and began selling to individuals. The already running and pioneering Amazon.com, was copied as more sites appeared selling everything from Computer components to Clothes online.

C2C

With the continued expansion of Broadband technology, it has become possible for individuals to sell their own items online. Personal websites can be set up from home with virtually no initial cost, that can run just as any other site would. Also, with the global success of eBay.com, people are able to sell their items through a central site.

Broadband

Broadband is basically fast Internet access aimed at the home user market. Broadband availability and usage is one on the principal facilitators or modern e-business. People are conducting their own purchasing and selling, in their own time, at their own convenience from their own homes.

The OECD average broadband subscription is 12%, but this figure is expanding at a huge rate. It will become increasingly difficult to purchase any electronic device that is not Internet capable in a few years time. Houses are currently being built in Dublin that are pre-wired with network connection ports for Internet connections and Internet enabled devices such as Fridges are now available.

The Advertisers (modern) Tools

Modern advertisers have changed their methods, now they aim to find out more about the individual user, so as to directly advertise to them. Modern Internet browsing comes with features such as Popup blockers; Flash blockers and Image filtering to keep out Images from outside the site you are currently visiting (all these Features are built into Firefox). Therefore, new methodologies are required to advertise products and services to people. Here is a selection of their new tools that are used in this process:

1) *Cookies*

A Cookie is a small file that is placed onto your PC, that records when you last visited a site, where you went on that site, the frequency of your visits and any username that you entered while using the site. These can be quite handy.

2) *Spyware*

Spyware takes Cookies one-step further. Not only does it record your visits to a particular site, but also it records your visits to other sites and the pattern of your Internet usage, and then “Phones home” to a central location where this information about you is stored and then often sold. Luckily this Spyware can be removed from your PC with a range of tools.

3) *SPAM*

SPAM is unwanted e-mail. E-Mail addresses are often sold to advertisers, who send out thousands upon thousands of e-mails to the addresses. This costs virtually nothing and a spammer’s (Advertiser responsible for sending SPAM) is that if one in a thousand people that receive their e-mail make a purchase, then it is a success.

4) *JavaScript Popup’s*

These are slightly different to traditional Popup’s because they are inside the page that you are trying to view, not separate windows.

5) *Root Kits*

Root kits are the worst thing to hit the Internet ever. They are piece of software, similar to Spyware that report your Internet usage to a central location (e.g. Sony’s Market department). However, they burrow themselves into the Kernel of your Operating System and cannot be removed, as they then form part of the core of the PC.

6) *Rewards*

Sites like Pigsback.com offer rewards (points) for looking at advertisements, signing up to affiliates newsletters and completing online surveys, these points can be redeemed for gifts or vouchers when desired.

7) *Google*

Google is the biggest Internet search engine in the world, so when people want to find something they use Google to query. However, the results provided by Google have an advertising area on the right hand side of the

screen, and the results will be provided with “sponsored links” (i.e. Advertised links) at the top of the search results.

8) *Google Adwords*

With modern web browsers, and experienced Internet users, people are just filtering out all the flashing and spinning advertisements. Google Adwords is an advertising program that reads the current page content then provides appropriate links to that from its list of registered advertisers in a non-offensive manner. This will come up against competition for MSN Advertising Centre for Microsoft shortly.

Who is now Advertising?

The short answer is that everybody is advertising. There are currently approximately 19,000 online advertisers in Europe alone, with billions of online Ad impressions. The total is immeasurable, because nobody can accurately guess the size of the Internet. However, as a guide, Germany with a population of 82 and a half million people, has over 14 billion ad impressions.

All advertising on the Internet is directed. From pages deciding what Ad to present to me because of Spyware on my machine reporting my habits, to advertisers carefully selecting the sites that they will advertise on.

For example, the football new site Football365.com, is an extremely popular tabloid sports website and its absolutely covered in advertising. The advertising contained here is mainly for gambling and betting websites as well as links to online shops where sporting goods can be purchased

Other sites such as MTV.com, which has a different target audience, will carry advertising campaigns for the latest trainers or the newest computer game, as well as the obvious links to new Music and Movies.

Increasing advertising Campaigns

There are currently approximately 35,000 online advertising campaigns in Europe alone. eBay, online betting and Gambling and travel are the main big advertisers, with eBay by far the largest online advertiser in Europe. Some of these campaigns are spilling over into TV advertising, so as to drive people back into the online environment. There has been a noticeable increase in the advertising of online dating and personal finance products in recent months also.

Conclusion

Online advertising is growing at a huge rate. It has much larger potential audience than any other advertising methodology. The advertisements presented can be more content-rich than through any other media. Advertising is funding the web, and it's the only way that Google, for example, make their money. Online advertising is an essential part of modern business. Currently 3.9% of European advertising spending is in online advertising, expect this figure to rise sharply in the near future.

2. Discuss why advertisers are turning to Mobile Marketing and some of the future trends in this sector.

Introduction

The explosive growth rate of the usage of mobile phones in recent years has been remarkable. The total number of mobile phone connexions globally has gone past 2 billion, according to *Wireless Intelligence*. It took 20 years to reach the first billion but a mere three years to add the second billion. Nokia are of the opinion that it will take 5 years to add a further billion to this figure. So its safe to say that the mobile market is the fastest growing worldwide market.

So if 2 billion of us are walking around with communication devices in our pockets, there must be a multitude of ways to leverage this technology and capability to deliver products and services. Then naturally these products or services should be marketed in the same way as they will be delivered, which leads to mobile marketing. Traditional advertising is branching out into mobile marketing campaigns now also because of the benefits that mobile can deliver.

The benefits of Mobile

The capabilities of the Mobile platform are the core benefits to advertisers that are utilising mobile marketing. These are: Penetration, Ubiquity, Instant and Direct, Customer Profiling, Convenience and Instant Connectivity, Customisation, Localisation and Difficulty to ignore.

1) *Penetration*

The 2003 global average in first world country's for mobile phone penetration was 71%. This figure rose to 79% in 2004. This figure is still rising.

2) *Ubiquity*

You can get a mobile signal virtually anywhere. Ireland, for example, has over 98% geographic coverage. Modern mobile phones are Tri-Band and Quad-Band, thus allowing them to work in multiple overseas environments.

3) *Instant and Direct*

When you send somebody a message, he or she and only him or her will get that message almost instantly.

4) *Customer Profiling*

Information on customers' habits is available from the mobile operators and this information can be used to act as market research into the initial information gathering process of a marketing process. Recommendations for items of interest or directed advertising campaigns can then be put in place.

5) *Convenience and Instant Connectivity*

Phones in customers pockets are usually always on and connected to the mobile network, with other networks (e.g. GPRS) available at the press of a few buttons.

6) *Customisation*

Its possible to customise the information that is sent to a customer, even something as simple as addressing them by their name can easily be achieved. Once the customer has been profile enough, they can receive more relevant content. For example, “[Ronan, download today’s 5 Arsenal goals from O2 Direct](#)”.

7) *Localisation*

Mobile phones always report where they are, so the mobile operators always know who is connected to which hub. Mobile marketing campaigns can be localised. For example, a local restaurant sending out a discount voucher.

8) *Difficulty to ignore*

When people receive a message, they will nearly always read it. In actual fact, some new handsets do not allow messages to be deleted before they are read.

SMS Marketing

SMS really was the “Killer App” of first generation (2G) mobile phones. Last year 33 billion SMS messages were sent in the UK alone. With SMS mobile marketing campaigns ([BrainStorm.co.uk](#)), response rates were over 10% and recollection rates were over 75%. They are simple and cheap to set up and deliver better margins than traditional advertising. The success of the mobile marketing campaign can almost be seen instantly. Depending on the content or humorous nature of the message, the messages could be sent virally to others.

Examples of this kind of marketing campaigns, would be interactive TV voting or timed vouchers to a local restaurant.

MMS Marketing

The MMS capable (2.5G) mobiles phones that are almost the standard nowadays makes mobile marketing more attractive to conventional advertisers that have not yet used this medium. Plain SMS text messages were not too attractive, but rich multimedia content and especially the capability to put a logo with a message gives MMS marketing huge potential and is a serious challenger to TV and radio advertising.

Examples of this kind of marking campaigns would be interactive puzzles (e.g. Slide Puzzles) often followed with a voucher reward for completing or quizzes using multimedia content. All in all this leads to better advertising campaigns that are more connected to the target audience.

Mobile Campaigns

Mobile campaigns are not very popular in Ireland at present, but have taken off in other European countries and especially in the Asian market. In Asia, Japan in particular, mobile advertising is in practice on the streets. If you walk past certain coffee shops or Music stores, you will receive a message (presumably through Bluetooth, not SMS or MMS, although this may not be technically feasible), containing a discount Voucher for money off a Coffee or CD.

In the UK, Supermarkets are moving into Mobile Marketing, by using the phone numbers supplied by their customers (to get loyalty discount cards), and

informing the shoppers of current or new discounts on items. Some Mobile Marketing campaigns have begun in Ireland also, with Guinness using Mobile's to send out drinks vouchers, redeemable in certain Dublin pubs, to people for completing surveys. People are sent a few (4 or 5) MMS messages containing pictures of Barcodes, the relevant pubs have barcode readers mounted on the walls, in front of which the phones are placed, the barcode read and a voucher for a free pint of Guinness is printed.

Future Trends

The future trends in Mobile marketing will be completely technology driven. The capabilities of mobile phones is advancing every day and as new technologies emerge these provide marketing opportunities to advertisers.

3G

3G enabled Phones are now an everyday reality, and the increased capability that they bring, creates new opportunities for advertisers.

Mobile Internet

With 3G phones capable of extremely fast Internet browsing, mobile messages can contain URL's that link to rich media content and encourage the customer to browse through the content.

MP3

May mobile devices are now MP3 compatible and coming with increased amounts of memory, on which Video, Pictures and Audio can be stored.

Live Video streams / Talking avatars

3G phones are capable of taking live video streams and talking Avatars. This has great advertising potential, with sales people/celebrities selling products directly to you.

Conclusion

Advertisers are slowly turning to Mobile marketing for a more connected and personal interaction with their target audience. However, this area is very new and a little uncertain. The Irish telecomm regulator has put into law that for every unauthorised mobile advert sent to an individual (i.e. Mobile SPAM), that there will be a €3,000 fine (per Message sent) imposed on the sender. So, the potential is there right now and huge potential it is too, but the uptake has so far been slow. Some analysts believe that Mobile Market is the next big step in modern advertising, only time will tell, but with the current rate of mobile expansion, we should not be waiting too long to see if this becomes a reality.

Resources

Lecture Notes

Net Growth

<http://www.internetworldstats.com/emarketing.htm>

<http://www.caslon.com.au/metricsguide.htm>

<http://www.nielsen-netratings.com/>

<http://www.beyond101.net/>

<http://www.Football365.com>

<http://www.wirelessintelligence.com/>

<http://www.theinquirer.net/?article=26253>

http://www.brainstorm.co.uk/mob_marketing.htm