



EXCERPT

2008 Online Advertising Handbook + Benchmarks

From big brand ideas to behavioral targeting, what you need to know to produce effective ads and buy media efficiently.

Note: This is an authorized excerpt from the full 213-page 2008 Online Advertising Handbook + Benchmarks. CLICK HERE To download the entire Guide, go to: <http://www.SherpaStore.com> or call 877-895-1717

Note From the Research Team

Welcome to MarketingSherpa's inaugural Online Advertising Handbook with 2008 Benchmarks.

It's a first edition, but we believe this handbook is the most comprehensive of its type out there. Our focus is to offer strategies and tactics that will help your advertising results improve. Our goal is to make your job easier. We will continue to widen our research efforts, so please let us know if there is some marketing stat or finding we can look to add next year. Advertising can be a passionate forum for ideas. It can be micro-targeted. It can be efficient. It can sway large populations from one way of thinking to another. But online, there's a great deal of bad advertising. Where there could be genuine stimulation through interaction, there are bland, static ads. In a medium that allows micro-targeting, there is still mass advertising.

Before we get too hard on online advertising, however, we need to remember what a young medium it still is. Online advertising works when done correctly. The proof lies in these pages. And publisher technology will improve. Ad serving will get smarter. Real-time optimization will remove failures from the network before they are even able to do any damage. So, it will eventually become difficult for advertisers to do badly.

You've probably heard this before. You may even have grown cynical, but be patient. After all, it was only 2005 when people were up in arms over this new-fangled Gmail technology that "reads your emails." Despite the day-to-day frustrations, change is happening – and rapidly.

Advertising is different and harder than it used to be. New targeting technology is out there but still in its infancy. Networked, dynamic data has the potential to make the online experience infinitely richer and more rewarding for those who choose to harness its power, but it won't fall into your lap. You'll need to search out the technology and implement your own analytical and data-based advertising strategies. Your competitors aren't about to let you in on their secrets.

In the following pages, we have provided you with a practical guide to planning, designing, executing, and measuring an online ad campaign that actually works. In addition to some of the essential benchmarks you would expect, such as brand impact and clickthrough, we also include a number of new pieces of research in this book:

#1. MarketingSherpa Online Advertising Survey

577 online advertisers from a range of companies answered our extensive survey. They revealed:

- Tests and tactics that get the best ROI
- Major challenges to effective online advertising
- Budget-allocation strategies and looking ahead

#2. MarketingSherpa Online Advertising Eyetracking Study

In cooperation with Eyetools, we see how ad placement is a key variable in brand awareness, with a series of heatmaps showing how attention is gained ... and lost.

#3. Special Reports on the Impact of Rich Media, Online Video and Online Advertising and Brand

- With Unicast, a look at how rich media increases key brand and interaction measures
- From InsightExpress, essential metrics around branding and online advertising
- From ManiaTV, an investigation of how online video and advertising within it creates powerful brand moments and increases the understanding of marketing messages in its viewers

While all this new technology that drives efficiency is exciting, without sound strategy and great design, you'll simply be wasting your money. The most efficient campaign on the planet will still fail if no one cares about the message. We advise you to proceed, but proceed cautiously.

Question every piece of conventional wisdom about the business of advertising, but never forget that people pretty much stay the same. You still need to combine intellectually interesting messaging, usable design, intelligently networked digital marketing elements, and data-driven efficient media reach. Anyone can enter this new era of advertising.

We'll see you there.



Stefan Tornquist, Research Director, MarketingSherpa Inc.

Executive Summary

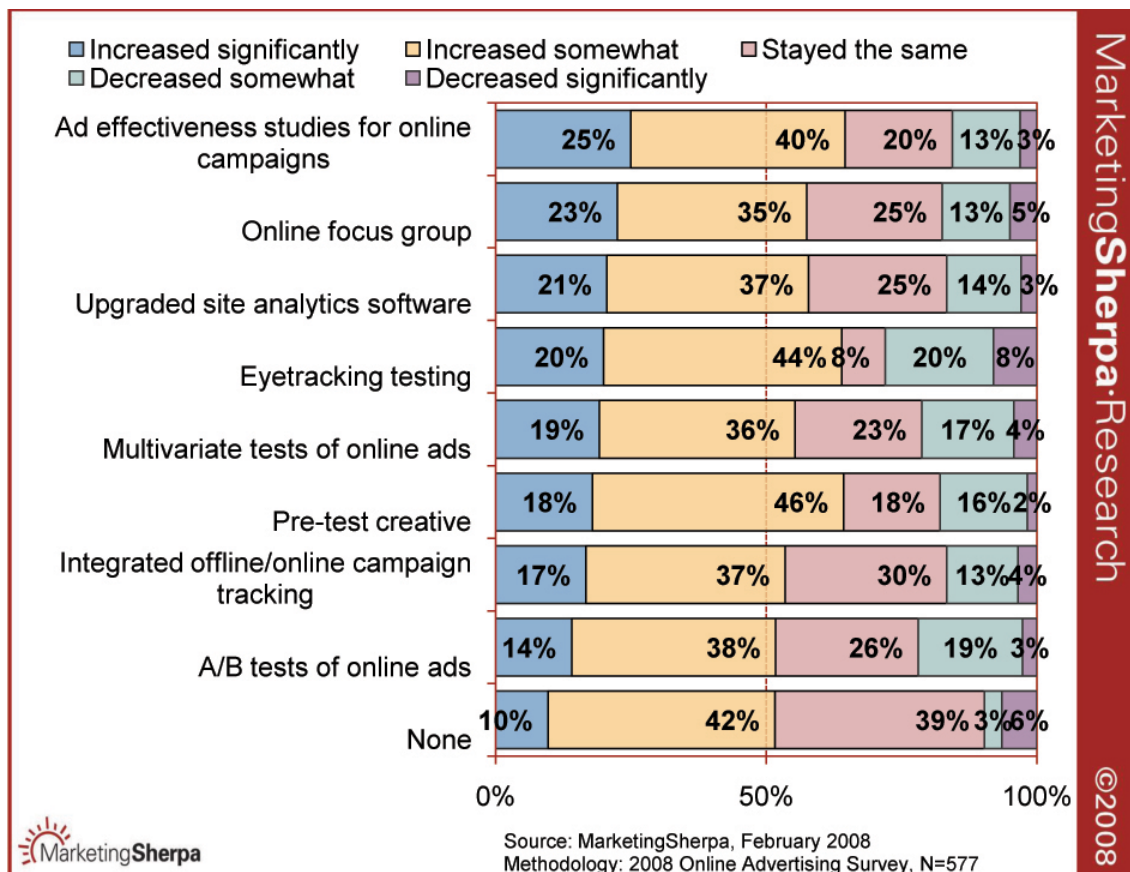
The majority of online advertisers are still misusing display ads by over-emphasizing clicks and de-emphasizing the power of branding.

Less than half of advertisers use online display ads for branding purposes, despite:

- Overall increase in branding effectiveness of online ads
- Low click rates and getting lower
- 80% of all clicks coming from the same 20% of all Internet users

Very tellingly, the marketers surveyed said the two tests they ran that were most likely to “significantly increase ROI” were online ad effectiveness studies and online focus groups. In other words, bad, unimaginative advertising doesn’t work! Advertisers need to get better in two primary areas: 1) Choosing an advertising strategy that will affect ROI, not clicks, and 2) Matching the right display ad designs to their strategic objectives.

Chart 1: Tests That Improve Creative Are Most Likely to Improve ROI

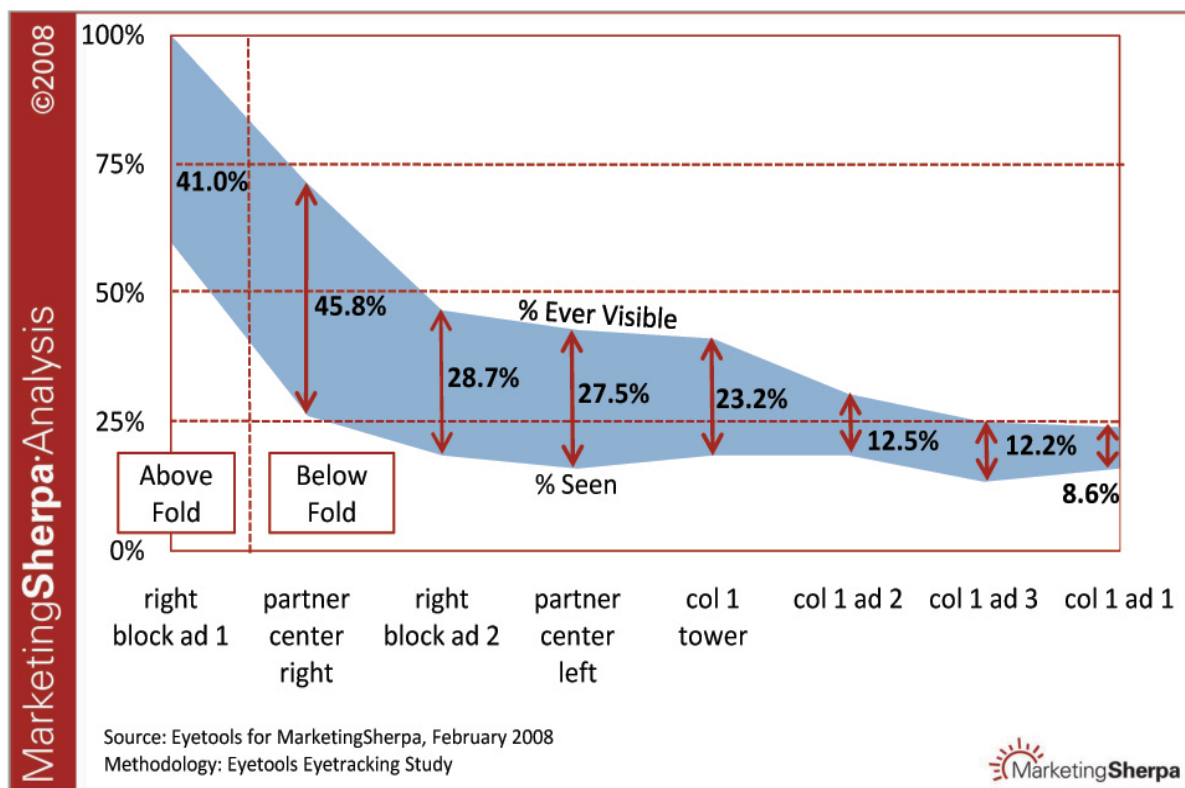


Placement on the page is an important and often missed metric.

This year's eyetracking study, conducted with Eyetools, shows that most individuals don't see most ads served to them – especially ads served below the fold. Despite this result, media delivery reports rarely include information on whether, or what percentage of, a media buy was served above or below the fold.

On the chart below, the bottom of the blue area represents the percent of total viewers who see an ad; the top represents the percent of total viewers who scroll to a point where the ad is visible on their screen. Clearly, just being above the fold makes a huge difference.

Chart 2: Eyetracking Shows Importance of Ad Placement



Tighter targeting is by far the best way to increase media efficiency.

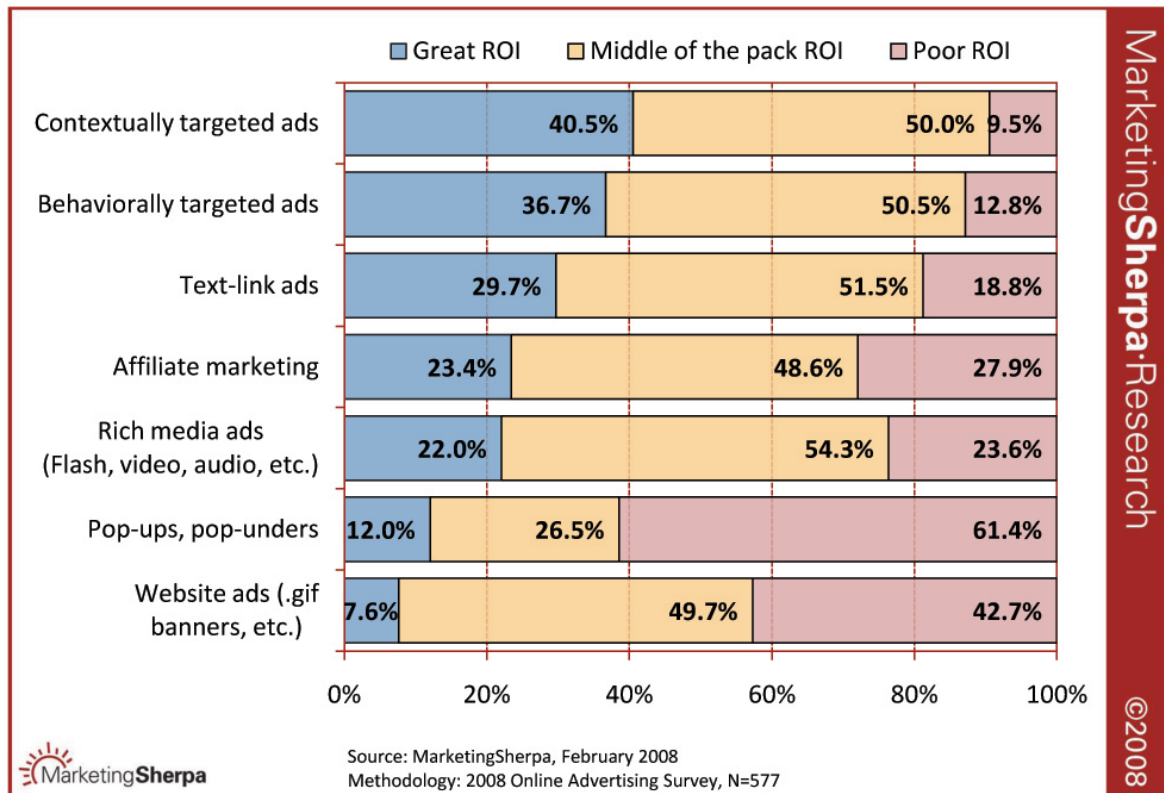
Advertisers rate the ability to use behavioral and contextual targeting as key ROI drivers. InsightExpress also cites targeting as a key driver of effectiveness and shows that ads are getting more effective in 2007 than they were previously.

The nature of targeting itself is rapidly changing as technology enables real-time logic when deciding which ad to serve when. The reach of large ad serving and publisher networks also allows for niche audiences to be pulled from the crowd and treated differently. For advertisers seeking tiny vertical niche sites, services from comScore, Nielsen, or Quantcast allow marketers to quickly and easily find obscure targets.

The key takeaway for advertisers is that the context in which an ad is served is just as important as the ad itself. Think about direct marketing in the traditional world; the list is the most important variable in success. If the consumer is not in the proper state of mind, or simply does not fall into the group of people who would ever have reason to consider a product, the impression is wasted.

From an ROI perspective, eliminating wasted impressions, then making a good impression by serving up great advertising, is consistently the best option for advertisers.

Chart 3. Online Advertising Is Improving – Thanks to Targeting



Frequency is a major factor in achieving effectiveness.

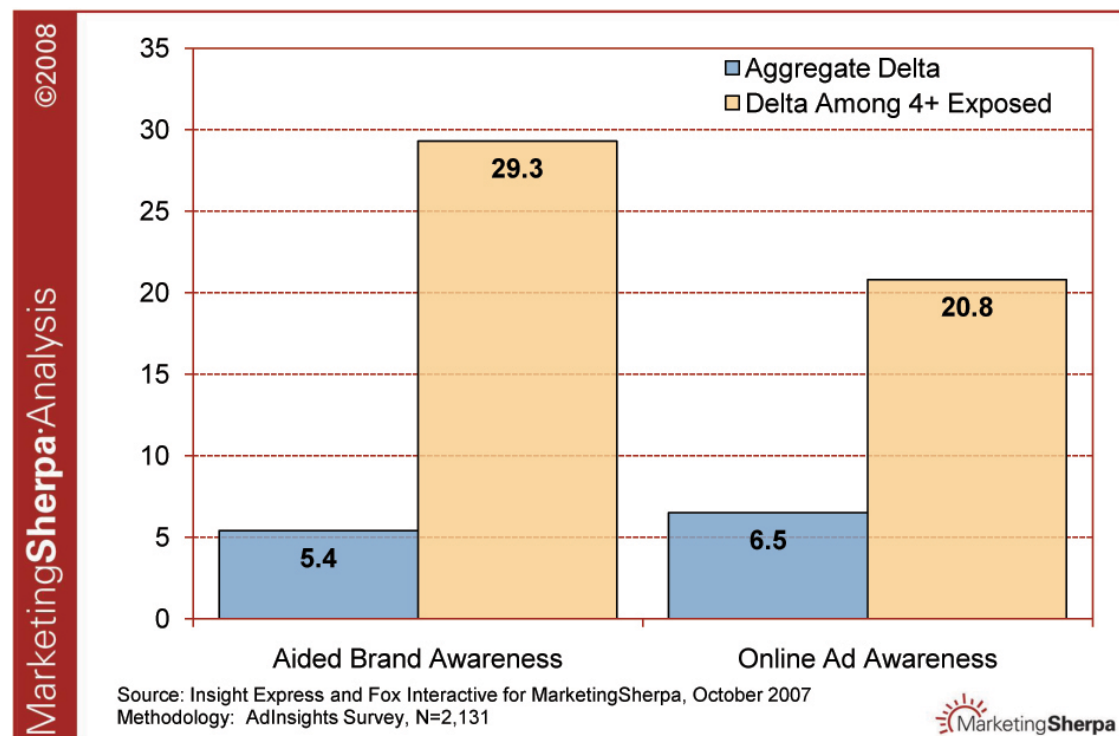
Too much frequency and the advertising burns out quickly; too little frequency and the advertising never gets noticed. We explore the multitude of factors that go into getting frequency right, including actual results from an InsightExpress ad effectiveness case study.

As you can see in the chart below, more exposures meant much greater lifts in awareness metrics. All four numbers represent the difference between an exposed audience and an otherwise identical unexposed control audience. Obviously, these are huge jumps.

Because of the power of frequency, frequency capping is an extremely important consideration for any advertiser. If a campaign is served without frequency capping, it will be distributed according to natural web page consumption patterns. What this means for frequency is that heavy consumers will eat up the majority of the impressions and get too many ads. This group will be the first to experience creative burnout. The rest of the site's audience will be underserved and often see too few ads, spawning the anemic results we see below among the aggregate audience.

This is an easy problem to correct with frequency capping, enabled by ad server technology. What the magic frequency number is will vary for each advertiser. But by exploring which frequencies work best against each strategy and tactic, it's possible to get close to the right number and then perfect it through testing.

Chart 4: Frequency Plays a Key Role in Advancing Brand and Ad Awareness



Video advertising isn't simply hype for the 'next big thing'.

By offering greater communicative power, the addition of video is having a real impact on the overall effectiveness of online ads. InsightExpress ad effectiveness studies show that in-stream ads that force exposure have a significant impact. ManiaTV's audience survey shows that consumers are open to this sort of advertising; they understand that ads are a necessary prerequisite to getting high-quality free video content.

This bodes well for the trend of full-length ad-supported TV shows moving from broadcast to online delivery.

Chart 5: Video Messages Are More Likely to Be Understood

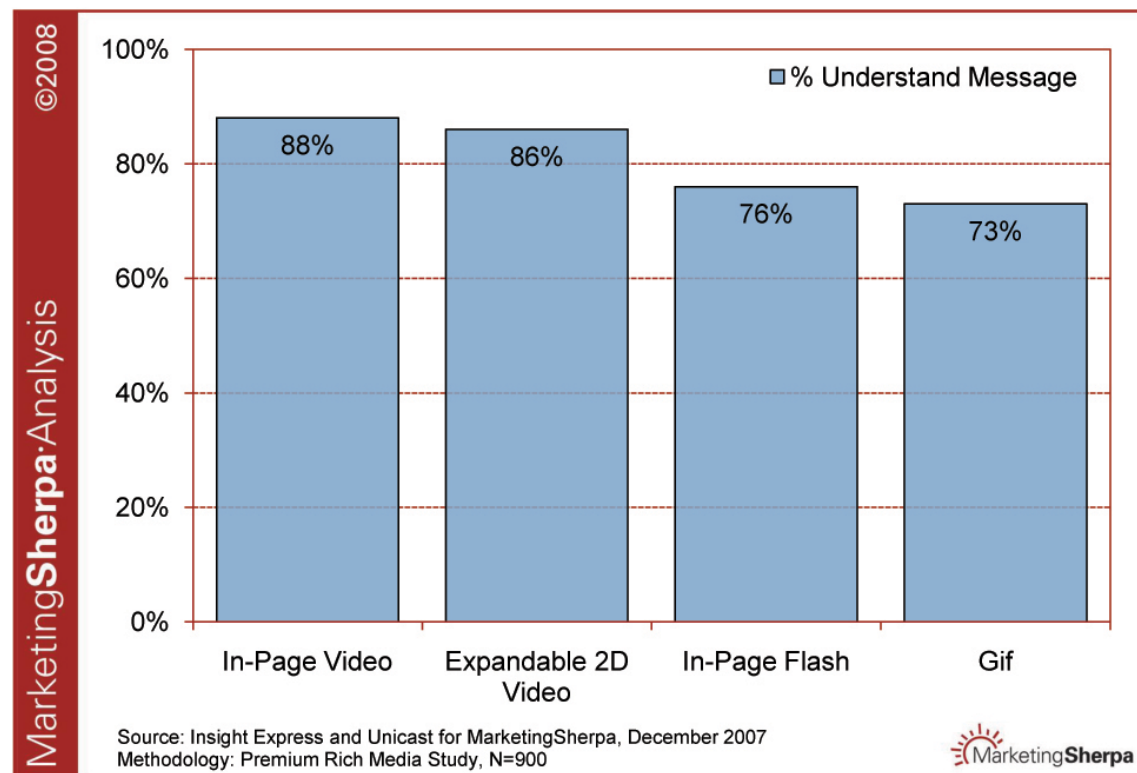


Table of Contents

Table of Contents	1
Note From the Research Team	7
Executive Summary	9
Chart 1: Tests That Improve Creative Are Most Likely to Improve ROI	9
Chart 2: Eyetracking Shows Importance of Ad Placement.....	10
Chart 3: Online Advertising Is Improving – Thanks to Targeting	11
Chart 4: Frequency Plays a Key Role in Advancing Brand and Ad Awareness	12
Chart 5: Video Messages Are More Likely to Be Understood	13
 Chapter 1: Online Advertising Business and Budgets 15	
<i>Online Marketing Ecosystem</i>	15
1.01 Illustration: The Online Marketing Ecosystem	15
1.02 Chart: Marketers Rate Online Advertising Concerns	16
<i>New Rules of Reach</i>	17
1.03 Chart: Ad Reach & Exposure Frequency of Top 20 Sites/Networks	17
1.04 Illustration: Overview of Ownership Among Publisher/Ad Server/Ad Buying Networks	18
Integrating Ad-Serving as Offline Media Go Digital	19
1.05 Illustration: Ad Serving Separates Advertising From Media.....	20
<i>Internet Usage and Ad Consumption Stats</i>	21
1.06 Table: Number of US Online Audience Exposed to Advertising	21
1.07 Table: Global Media Consumption Patterns Among At-Home Internet Users	21
1.08 Table: US Internet Adoption by Location and Speed.	22
1.09 Table: Differences in Broadband Adoption Among Demographic Groups	23
1.10 Chart: US Broadband Adoption Trend by Location	24
<i>Budgets – How Much Is Enough</i>	25
1.11 Chart: Online Marketing – Spending Amounts	25
1.12 Chart: Percent of Budget Spent on Online Marketing	26
1.13 Chart: Percent of Online Marketing Budget Spent on Display Ads	27
1.14 Chart: Display Ad Budget vs. Online Budget.....	28
1.15 Chart: Ad Revenue by Ad Format, Half-Year 2006 vs. 2007	29
1.16 Chart: Amount Spent on Online Marketing vs. Percent of Budget.....	30
1.17 Chart: Amount Spent on Online Marketing vs. Target Segment	31
Industry Spending	32
1.18 Chart: Ad Spend by Half-Year, 2002-2007	32
1.19 Chart: Estimated Ad Spending by Industry, October 2007	33
1.20 Chart: Ad Revenue by Pricing Model, H1 2006 vs. 2007	34
1.21 Chart: Agencies Advise Shifting Dollars to Landing Pages, Analytics, and Search	35
1.22 Chart: Predicted Changes in Spending on Online Tactics	36
Budgets and Burnout: Planning for Optimum Campaign Length.....	37
1.23 Illustration: Burnout and the Sales Cycle.....	38
<i>Outsourcing</i>	39
1.24 Table: Top 10 Companies for Outsourcing Online Advertising	40
1.25 Chart: Incidence of Marketing Outsourcing by Online Marketing Budget Level	41
1.26 Chart: Clients Evaluate Their Outsourcing Partners..	42
1.27 Chart: Plans to Change Outsourcing in 2008	43
1.28 Chart: What Are Agencies Outsourcing?	44
 Chapter 2: Planning for Success – Analytics, Pre-tests, and Post-Tests	45
<i>Effectiveness vs. Analytics</i>	45
2.01 Illustration: Purchase Funnel vs. Metrics.....	45
<i>Purchase Funnel Success Metrics Explained</i>	46
2.02 Chart: Most Popular Strategic Objectives.....	47
2.03 Chart: Debunking the Myth of Clickthroughs (Clickers Follow 80/20 Rule)	48
Matching the Right Metrics to the Tactics and Strategy Used	49
2.04 Chart: Target vs. Primary Objective.....	49
Tests: Determining a Test Budget and Measuring Test Campaign Results	49
2.05 Table: Testing Timeline	50
ROI-Based Test Budget Calculation	50
Pre-testing, Market/Ad Research & Online Advertising ...	51
2.06 Chart: Sample Creative Pre-Test Output	52
2.07 Chart: Measurements/Tests Run in 2007	53
2.08 Chart: Types of Measurements & Tests Firmly in the 2008 Budget	54
2.09 Chart: Who Isn't Testing?	55
2.10 Chart: Most Successful Tests.....	56
2.11 Chart: Tests Recommended by Analytics	57
Methods of Understanding Effectiveness	58
2.12 Chart: Overall Effectiveness of Display Ads in 2007	58
<i>Analytic Designs</i>	59
2.13 Example: Metrics Trickle Down Example Focused on Reach & Direct Response	59

2.14 Chart: Best Options for Attributing Online Ad Exposure to Site Visitors	60	3.12 Image: Logo in Every Frame Increases Effectiveness	95
2.15 Chart: Length of Cookie Window for Tracking Ad Exposure	61	<i>Effective Direct Response Ads & Benchmarks</i>	96
<i>Analytics Integration</i>	62	Design Best Practices for ROI	96
2.16 Chart: When Does Analytics Come Into the Picture?	62	3.13 Chart: DR Display Advertisers Rank Ad Unit ROI	97
<i>Analytics Automation</i>	63	3.14 Chart: Large Ads Index High for Clickthrough and Conversion	98
2.17 Chart: Many Still Struggle With Analytics Integration	64	Response Benchmarks — Click Rates	99
2.18 Table: Analytics Software Specializing in Ad Integration	65	3.15 Chart: Banner Ad Average Click Rates by Month	99
<i>Digital Dashboards and Client Scorecards</i>	66	3.16 Chart: Banner Ad Average Click Rates by Size	100
2.19 Illustration: Sample Advertising Dashboard	66	3.17 Chart: Banner Ad Average Click Rates – Arranged by Volume	101
Methods of Optimization	67	Rich Media Direct Response and Click Rates	102
2.20 Table: Clickthrough Does Not Correlate to Ad Effectiveness	67	3.18 Table: Rich Media Direct Response Metrics, Q4 2007	102
<i>Special Report: Eyetracking Maps the Importance of Placement in Analytics</i>	68	Using Analytics to Inform DR Ad Design	103
2.21 Chart: SFGate.com Most Seen Ad Placements	70	Versioning to Enable Testing	103
2.22 Image: SFGate.com Heat Map	71	Landing Pages, Telescoping and Continuity	104
2.23 Image: WSJ.com Heat Map	72	<i>The Importance of Hybrid Strategies</i>	105
2.24 Chart: WSJ.com Most Seen Ad Placements	73	3.19 Graphic: Hybrid Ad vs. Hybrid Ad Placements	105
2.25 Chart: SFGate.com Ads on Screen vs. Ads That Are Seen	74	Ecoupns as a Hybrid Ad Tactic	106
2.26 Chart: WSJ.com Ads That Are On Screen vs. Ads That Are Seen	75	3.20 Image: Ecoupon Ad Examples	106
Chapter 3: Strategic Advertising Design	77	3.21 Table: Network Relationships	107
<i>Reverse Engineering the Perfect Ad</i>	77	<i>Ad Design Basics</i>	108
3.01 Chart: Does Use of Best Practices Pay Off?	77	3.22 Chart: Incidence of Marketing Best Practices	108
3.02 Chart: Which Ad Tactics Pay Off?	78	<i>Context, Timing, and Usability</i>	109
Matching Tactics to Strategy	79	Animation Best Practices	109
3.03 Chart: Strategies Employed by Ad Type	79	Text Best Practices	109
3.04 Chart: Display Ad Strategies Are Mixed	80	Definitions – Types of Ads	110
3.05 Image: Netflix Ad Example	80	3.23 Chart: Estimated IAB Standard Ad Size Usage, Week of 1/14/2008	110
<i>Special Report: How to Match Rich Media Design Tactics to Strategic Goals</i>	81	Standard Ad Sizes	111
<i>Effective Online Branding & Benchmarks</i>	86	3.24 Table: IAB Standard Ad Sizes for Rectangles and Pop-Ups	111
Branding Benchmarks	86	3.25 Table: IAB Standard Ad Sizes for Banners and Buttons	112
3.06 Chart: Ad Effectiveness Benchmarks	87	3.26 Table: IAB Standard Ad Sizes for Skyscrapers	113
3.07 Chart: 2007 Ad Effectiveness Benchmarks vs. Overall Norms	88	File Size	113
3.08 Chart: Average Branding Effectiveness by Ad Type/Size	89	Graphic: Ad Sizes in Context (728 x 90, 120 x 600, 120 x 60)	114
Design Best Practices	90	Graphic: Ad Sizes in Context (300 x 250, 88 x 31)	114
3.09 Chart: Design Tactics Most Likely to Increase Ad Effectiveness	91	Graphic: Ad Sizes in Context (160 x 600, 125 x 125)	115
<i>Special Report: Research-Based Design Tips</i>	92	Graphic: Ad Sizes in Context (240 x 400)	115
3.10 Chart: Average Ad Benchmarks vs. Top Performers	93	Graphic: Ad Sizes in Context (120 x 90, 120 x 30, 300 x 100)	116
3.11 Image: Frequent Exposure of Simple Message Increases Recall	94	Graphic: Ad Sizes in Context (728 x 90, 336 x 280)	116
		Sponsorships and Non-Standard Ads	117
		3.27 Chart: Agencies Advise on Emerging Advertising Tactics	117
		<i>Multimedia Ads</i>	118

<i>Online Video</i>	118	3.53 Chart: In-Page Videos Best at Communicating the Message	147
3.28 Chart: Online Video Interaction Rate by Ad Size	119	Consumers Looking for a Richer Experience on the Web	148
3.29 Chart: Online Video Ad Control Panel Interaction Rates.....	120	3.54 Chart: Consumers Think Advanced Rich Media Tactics Improve Ads	148
3.30 Chart: Online Video View Time by Format.....	121	Consumers Appreciate More Interaction and User Control	149
3.31 Chart: Online Video CTR by Format	122	3.55 Chart: Majority of Respondents Like Replay and 'Send to Friend' Options	149
3.32 Chart: Streaming Activities by Age Group	123	<i>Legal Considerations for Designers</i>	150
3.33 Chart: Type of Video Streamed by Age Group	124		
<i>Special Report: Video Ad Effectiveness Survey</i>	125	Chapter 4: Targeting, Delivery, Buying, and Optimization	151
3.34 Chart: Percent of OnlineTV Watchers Who Notice the Sponsor	125	<i>Media Mix</i>	151
<i>Online TV Ad Examples</i>	126	4.01 Table: Best Buy Media Breakdown.....	152
3.35 Chart: Viewer Attitudes Toward Video Ads	128	4.02 Chart: Sample Cost per Branding Effect	153
3.36 Chart: Viewer Attitudes Toward Banner Ads.....	129	4.03 Table: Media Mix 2008 vs. 2013.....	154
3.37 Chart: Viewer Attitudes Toward Sponsorship Tactics	130	<i>Targeting Strategy & Tactics</i>	155
3.38 Chart: Length of Video Session Among ManiaTV Viewers.....	131	Media Waste and the Importance of Efficiency	155
3.39 Chart: Advertising Attitudes Among OnlineTV Viewers	132	4.04 Table: Example of Point of Diminishing Returns Chart	155
3.40 Chart: Response to Ads Among Online Viewers....	133	Targeted Reach & Frequency Capping Instead of Reach & Frequency.....	156
3.41 Chart: Viewer Attitudes Toward Online TV Ad Tactics	134	4.05 Chart: Example of Frequency Distribution Without Frequency Capping	156
<i>Audio and Online Advertising</i>	135	4.06 Chart: Example of Frequency Distribution With Frequency Capping	157
<i>Games</i>	136	4.07 Chart: Frequency of Internet Use	158
3.42 Chart: Attitudes Toward In-Game Ads Among Gamers	136	Picking the Right Frequency	158
Double Fusion Videogame Advertising Engagement Study	137	4.08 Chart: Sample Frequency vs. Effectiveness.....	159
3.43 Image: In-Game Ad Example – Subway and Counterstrike	137	4.09 Chart: Ad Clickthrough and Conversion Indexed by Frequency	160
3.44 Image: In-Game Ad Example – Sony BMG and Second Life	138	Sequential Advertising	161
3.45 Image: In-Game Ad Example – Pizza Hut and Everquest II.....	139	Geo-Targeting	162
3.46 Chart: Likelihood to Play Games With In-Game Ads	140	4.10 Image: Locally Targeted Ad	162
3.47 Image: Ad With a Game	141	4.11 Image: Geo-targeted Ad.....	163
<i>Social Network Presence/Community</i>	142	Day-parting and Response-based Delivery	164
3.48 Image: Facebook Ads	142	4.12 Chart: Ad Clickthrough and Conversion Indexed by Day	165
3.49 Table: Social Network Ad Demographics	143	Contextual	166
<i>Special Report: Pushing the Boundaries of Rich Media Design</i>	144	4.13 Chart: Advertisers Rate Contextual Ads ROI	166
Premium Rich Media Performance	144	4.14 Image: Type 1 Contextual Ad – Selling Computer Processors Using Computers	167
3.50 Image: Examples of New Rich Media Formats	144	4.15 Image: Type 2 Contextual Ad – Selling Phones Using Sports	167
Brand Awareness	144	Dynamic Contextual	168
3.51 Chart: Lift on Unaided Brand Awareness from Rich Media	145	Behavioral Targeting	169
Ad Interaction	145	4.16 Chart: Advertisers Rate Behavioral Ads ROI	169
3.52 Chart: More Viewers Interacted With 2nd Exposure Than 1st Exposure.....	146	Targeting B-to-B	170
Understanding the Message	146		

4.17 Chart: Niche B-to-B Marketers Ad Tactics vs. Strategy	170
Targeting Tools	171
4.18 Table: Targeting Tools	171
Special Report: Effectiveness of Branding via Hyper-Targeting	172
4.19 Chart: Effect of Hyper-Targeting on Online Ad Awareness	173
4.20 Chart: Effect of Hyper-Targeting on Aided Brand Awareness	174
4.21 Chart: Aggregate Increase of Message Association and Brand Favorability	175
4.22 Chart: Increased Frequency Improves Awareness Increase	176
4.23 Chart: Increased Frequency Improves Increase in Brand Attributes	177
The Basics of Buying Online Media	178
Asking the Right Questions	178
Sample List of Questions to Ask Sites	178
Where to Go First	179
Negotiating the Package	179
Defining Currency – Flat Rate, CPM, CPC, or CP?	180
Effect of Web 2.0 Tech on Currency	181
4.24 Chart: Marketers Divided Over Future of Innovation and Analytics	181
4.25 Chart: Adoption of Web 2.0 Tech Appears to Help .	182
Methods of Making the Transaction	183
4.26 Illustration: How Inventory Auctions Work	184
Choosing the Method of Delivery	185
Publisher Ad-serving vs. Advertiser Ad-serving	185
4.27 Table: Ad Servers and Their Capabilities	186
Hard-Coded Placements vs. Ad-Served Placements	187
Viral Distribution	187
4.28 Graphic: Viral Ad Example	187
Glossary	189
Methodology of Cited Research	203
Research Partners	206
Referenced Resources	211
About MarketingSherpa	213

Get PDF + Print Copy for Price of One



213 pgs

Published March 2008

ISBN: 978-1-932353-75

Part Handbook, Part Benchmarks – All New and Practical to Make Sure You Maximize the Effectiveness of Your Online Advertising

Includes:

- Fact-based data for online advertising strategy, tactics, and general know-how
- 577 advertisers and marketers surveyed
- Filled with common sense design and scientific targeting
- 30 Images/Creative Samples
- 116 Tables and Charts



YES!

I want to generate real value from my online ads with practical data from MarketingSherpa's 2008 Online Advertising Handbook + Benchmarks. Please email me my PDF instant download, plus ship my bonus printed-and-bound 213 page copy via Priority Mail. I'll pay \$497 plus \$6.80 shipping and handling (\$22 shipping if outside the US) . My order is risk-free because it's covered by MarketingSherpa's 100% satisfaction guarantee.

About



Praised by The Economist, Harvard Business School's Working Knowledge Site, and Entrepreneur.com, MarketingSherpa is a research firm publishing benchmark data and how-to guidance for marketing professionals.

237,000 marketers read our exclusive Case Study newsletters every week, and thousands attend our annual Summits on email, subscription sales, and b-to-b marketing.

100% SATISFACTION GUARANTEE

MarketingSherpa guarantees your satisfaction. If anything we sell doesn't meet your satisfaction, return it for a 100% hassle-free refund immediately!

MarketingSherpa, Inc.
499 Main Street, Warren, RI, 02885
Phone: 877-895-1717
(if outside the US call 401-247-7655)
Fax: (401) 247-1255

First email my PDF copy to: _____
(we respect your privacy)

Then mail my printed copy to:

Name _____ Title _____

Organization _____

Address _____

City _____ State/Prov _____ Country _____ Zip/Postal _____

Phone (in case of questions) _____

Charge my: ☐ MasterCard ☐ Visa ☐ AMEX

Card# _____ Exp. Date _____

Print Cardholder Name _____

Signature _____

OR ☐ Bill Me* ☐ Check Enclosed to MarketingSherpa Inc.

* Billing: I understand
I will not receive the
Guides until payment is
received

CODE: EX1153

Fax form to: (401) 247-1255