

SIIA BROWN BAG LUNCH PANEL

"Online Advertising - What Works? What Doesn't? What's Hot? What's Not?"

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What is the biggest challenges facing online publishers today in developing online advertising revenue streams?

- On the B2B side, I think a lot of it has to do with educating advertisers. We do a lot of advertiser surveys for our clients, and especially among smaller advertisers, we find there isn't much sophistication about print advertising, much less online. There's a lot of awareness of online as a place to advertise, but awareness isn't the same as understanding.
- Another big challenge is that as publishers, we've mis-sold the medium for years now, under-pricing it and even giving it away and it's going to take a number of years to properly re-position online advertising with advertisers.

What are some of new and exciting advertising revenue models you are seeing today?

- While it's not really a new revenue model, one of the things that I find very exciting is pay-per-call technology. I think it's critically important in B2B because there the most valuable and qualified leads are those people who pick up the phone.
- In addition, pay-per-call really helps B2B publishers close the loop on ROI and prove their value

To grow revenues we need to create new inventory. What's possible? What are we seeing?

- To my mind, the best and most immediate opportunity is to push the envelope on targeting advertising. Online gives us an incredible ability to put the right ad under the right nose at the right time. We can charge a lot for this.

Does Broadcast – Multimedia advertising have a future as bandwidth grows?

- I think so, though I still think it's a ways off. Multimedia provides the ability for the user to access and absorb a tremendous amount of information quickly and painlessly, and for that reason alone I think it's powerful and probably inevitable.

Does pricing change based on available inventory? Have we entered the world of yield management – airline pricing?

- I think in some respects we are already there with auction-style selling of keywords. Similarly, as advertising gets more targeted, there is a natural role there for variable pricing.

How do you prove ROI?

- ROI is one of those great “motherhood and apple pie” things. You can’t say anything bad about it, because it really *is* important. At the same time, it’s coming up more and more in the wrong context. Not everything in life is perfectly measurable. Even more importantly, there are very few guarantees in life. What advertisers are essentially doing with ROI is trying to get publishers to promise them guaranteed profits. And rather than pushing back and saying “wait, you can’t measure advertising that way,” they’ve been contorting themselves and jumping through hoops to try to “prove” ROI. What we as publishers need to do is to regain control of the conversation and tell advertisers the correct way to assess advertising value, the proper measurement techniques and metrics and the proper way to assess success or failure. Until we do that, ROI will remain an advertiser codeword for “no, we don’t want to advertise with you, but it would be fun to watch you go crazy trying to prove the unprovable.”

What are the metrics for advertising today and what will they possibly be in the future?

- In B2B, we have always sold quality over quantity. Until we can show and prove *quality* of our audiences, which implicitly starts to earn us some credit for building brand equity, online B2B advertising will never see its full potential.

Do rich media ads really work?

- In advertising, sometimes being annoying really works, and based on that and the rich media ads I have seen, yes, they work.

How do you integrate ads when you run out of real estate on the page or want to unclutter your site?

- I like the concept of organizing your site so that users can continue to drill down to successive pages for more and more detailed information. That keeps the site fast and navigable. Interestingly, with this approach, you can argue that these detail pages, which many publishers dismiss as worthless because of low traffic and because they are so deep into the site, are actually more valuable, because you are attracting a very engaged user on a specific topic of interest.

Can RSS feeds include advertising or not?

- Can they as a technical question, the answer is yes. Should they? That's a different issue. Blogging and RSS feeds right now have that "information wants to be free" aura to them, but we know that's disappearing on the Web, and I don't see any reason it won't ultimately disappear here.

What is the future of advertising on e-newsletters?

- If you've got a newsletter with truly useful content in a digestible format suitable for email, you've got a sustainable publication with ongoing advertising potential. If you are going through the motions in terms of your content, you might as well shut it down because nobody is reading it, and your advertisers will eventually figure this out.

How much control does one lose when joining an ad network?

- To me, control is a function of dependence. If you join an ad network for incremental revenue, you've got lots of control. If most or all of your ad revenue depends on an ad network, you have very little control. It's a big issue for publishers. You're just inventory to an ad network, and inventory can always be replaced.

How can online advertising firms work more closely with publishers?

- They first have to embrace the concept that all audiences are not created equal. And this requires a more nuanced understanding and way of operating. Numbers alone don't tell the full story. There are many publishers who serve small niche audiences very well, and have a very powerful relationship with them as a consequence. Advertising in this environment is taken very seriously and should be sold at a premium. So a good starting point would be the recognition that quality is worth as much, or more than, quantity.

Webinars, is that the next great advertising opportunity?

- To my mind, Webinars seem inevitable. I say this because of the stunning amount of money still being made – very quietly – with audioconferences. Webinars need to smooth out their technology a bit, and get better understood by the marketplace, and they will take off.

Does brand matter anymore or is it all about clicks?

- I think brand matters, and in some very extensive surveys we've done of smaller B2B advertiser, despite their general lack of advertising sophistication, they too

believe brand matters. The problem is that all the attention being paid to “pay per click” works to devalue brand and the overall benefits of advertising, when pay per click is in many respects best suited for direct response advertising, and that’s only one particular form of advertising that is far less interested in brand building.

Has PPC commoditized advertising for good?

- While I don’t think that PPC is commoditizing *consumer*-oriented advertising, where the model is usually to get a message out as broadly as possible, I do think it’s doing enormous damage to B2B advertising. PPC sits under the larger “pay for performance” umbrella, and paying for performance is a very seductive concept for advertisers.
- In B2B, most purchasing isn’t done through online shopping carts in a single user session, which means that measuring performance is hard at best, and impossible in many cases. Many B2B advertisers are very focused on building traffic to their sites, and willing to pay to do it, but all you can say about that traffic is that it *ought* to translate to more inquiries, leads and sales. In reality, many B2B advertisers are paying hideously expensive CPM’s for what are effectively advertising impressions against an unknown audience. There’s some real irony here, because the PFP model is what got advertisers to start challenging publishers on ROI in the first place, yet for most B2B advertisers, there is no measurable ROI.
- Perhaps an even bigger problem is that most of this PPC business comes through third parties, primarily search engines. If your site produces great results for an advertiser, you don’t hear the advertiser say “XYZ site really produced for me.” Instead they say “Google really produced for me.” Thus, the sources of all this good response are rendered obscure.
- Finally, with most PPC – although this is starting to change a bit – a site is a site is a site, a click is a click is a click, and ad is an ad is an ad. In the PPC world, everything is the same, and is accorded the same value. That’s a textbook definition of commoditization.

With content being integrated into the workflow and users becoming self aggregators is there a future for advertising?

- At the peak of the dot com boom, when industry marketplaces were red hot, and all purchasing would soon be automated, with computers placing orders, I went to a focus group where manufacturers were given a tour of one of these new marketplaces. When the tour was done, the first question from the group of manufacturers was “but where do I put my ads?” What these manufacturers intuitively understood was that if they couldn’t differentiate themselves with advertising, they’d fall into a commodity world where all buying was based on price and availability. Advertising is not going away, even in automated environments, though it may change shape a bit.

Can advertising and editorial coexist in harmony together in this new web environment?

- Not only can they coexist, they **MUST** coexist. Everything that is true about the relationship between editorial and ads in print is also true online, but with a multiplying factor. Useful, concise, objective editorial content is even more valuable now than ever, and it creates an audience and where there is an audience of interest, there are advertisers. It is in everyone's interest to strike a harmonious balance.

Are there ideas business to business publishers can learn from our consumer brethren?

- One that I'd immediately point to is that consumer publishers are much further along with segmentation and targeting than business publishers, and there is enormous revenue potential for those business publishers who master these skills.

Put on your futurist hat, what new and exciting concepts are coming down the road?

- This may sound very mundane, but I think a big part of our future success will depend on figuring out how to push content to users in a way they will accept and embrace. RSS opened my eyes to the notion of subscription feeds, which are essentially trusted feeds, and email is going the same way with more and more filters and controls. There's a morass of information out there, and getting users just the pieces of interest to them and placing it in their hands is the future. That's really what is contributing in part to the surprisingly tenacity of print publications: they land in subscriber's laps on a regular basis. They are trusted, welcome information sources, highly likely to contain information of use and value. Until we can duplicate that dynamic online, we won't be able to maximize the ad potential of the online medium.