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Advertising and IMC

NETVERTISING TERMS EXPLAINED

Internet advertising, e-advertising, or netvertising (Zinkhan) is an aspect of marketing that is customer oriented (i.e., pull vs. push marketing), globally inclined (i.e., tied to global chat rooms and business sites), and is influencing both consumer behavior and business marketing strategy. In addition to influencing consumers and business behavior, the Internet (and associated online advertising) is changing the culture in which we live. In fact, 10,000 (approx.) new words associated with the internet have been added to the English language (SYSTRAN Translation Solutions).

Such terms, or netvertising jargon, are important to define conceptually and operationally in order to best understand the cyber-world of online advertising. Below are some terms and examples that relate to online advertising (adapted from Hayward 1998):

CPM

"CPM" is an abbreviation for "Cost per Thousand" (M is the roman numeral for "thousand"). An important concept in advertising, since so many banner ads are sold on a per-CPM basis.

CPM generally refers to the cost per thousand *impressions* (e.g., the cost per thousand times your banner/text/audio etc. ad is shown or circulated). Note that just because an ad is shown, it doesn't mean anyone is reading it!

Example: if a site has a CPM rate of $10, which means for $10 your ad will be shown 1,000 times. It may be shown to 1,000 different people, or it may be shown many times to a much smaller audience. A CPM rate does not imply "unique visitors".

CLICK-THROUGH RATE (CTR)

Another important concept is the click-through rate. CTR is a measure of the effectiveness of an ad (expressed as a percentage). The click-through rate refers to the percentage of consumers who "click through" an ad to visit the page it is linked to.

One person could generate many click-throughs by going back and forth through an advertisement. That is why much ad server software has built-in mechanisms to track visitors so that only one click-through per visitor is registered within a given time-period (a few hours to a day).

Note that the click-through rate depends partly on the quality of the site, but FAR MORE on the quality of the offer being made by the advertiser (attractive banner, attractive offer, well-worded call to action, right price etc.) This is something many advertisers find difficult to understand.

COST PER CLICK (CPC)

The cost per click is the amount you pay (or charge) per click-through of an advertisement. Many advertisers like buying ads on a CPC basis since they only pay for actual visitors. But as we saw in the table above, that's a twisted idea in reality since it is the advertisers themselves that dictate the click-through rate far more than the sites they advertise on. If you accept advertisers on a CPC basis, make sure you tell them you have the right to suggest "improvements" to their banner or other ad so that you can boost the click-through rate. If you purchase ads on a CPC basis, work with the site owner to improve click-through rates.

CLICK-AWAY RATE

The click-away rate is essentially the same as the click-through rate but from a different angle. The click-away rate is the % of people who leave your site through a given link.

RUN OF SITE (ROS)

Advertisements can be focused on a specific page or section of a site. A run of site (ROS) ad campaign simply means that the advertisement is rotated across all the pages of a site. You should always expect to pay less/charge less for a ROS campaign than for a targeted ad campaign.

COST PER ACTION (CPA)

An ad model has been rapidly gaining in popularity recently is the Cost per Action model. Instead of paying for a given number of impressions (CPM) or even for a given number of visitors (CPC) the CPA model rewards results. Affiliate and referral programs are examples of CPA programs. For instance, Amazon.com will pay 5% of the value of all sales generated by a visitor coming from an affiliate site. As we will see later, the CPA model is open to a lot of abuse and has to be very carefully studied.

HIT

A "hit" is an ill-defined measurement and totally useless from an advertising point of view. One "hit" represents one file loaded from a server. For instance, a page that contains 7 graphics along with the text will produce 8 hits every time it is viewed. Webmasters love to quote hits since they make even the smallest of sites sound big... but they don't MEAN anything. It's like trying to sell advertising

space on the outside of a shopping bag on the basis of how many items a person will carry in the bag!

PAGE VIEW

A page view corresponds to one "showing" of a complete page. Each page-view can generate one or more impressions, depending on how many ads are on the page.

IMPRESSIONS

An impression corresponds to one "showing" of a given advertisement. This is a very common measurement.

Total available impressions per month =
ad spaces per page X page views per month

VISITORS AND UNIQUE VISITORS

A visitor represents one person coming to your site. "Unique visitors" measures the number of distinct people who come to your site in a given time-frame. For example, your site could have 100,000 visitors per month but only 20,000 unique visitors per month (each person comes back 5 times on average). Many sites measure unique visitors on a 24-hour basis: any return visit within 24 hours does not count as a unique visitor, but if the same visitor comes back after 24 hours has elapsed they count as a second unique. Each visitor is likely to generate several page views (and therefore several impressions).

CIRCULATION AND REACH

The circulation of a newsletter or e-zine is the number of subscribers to that publication. The reach also includes the number of people who receive a copy second-hand i.e. passed on by friends and colleagues.

Source:
Terms from Hayward (1998)