

Winning Strategies in Online Advertising

A casual observer of online advertising would probably conclude that it is a tactical medium with banners, pop-ups, promotional email, and brief text search ads. Our analysis of many success stories and research studies, however, has concluded that without a clear strategy (usually linked to business strategy), online advertising has weak outcomes.

Every major success story started with clear business objectives, which were tied clearly to marketing strategy that included online advertising, and used a relevant mix of online and offline advertising. Even in cases where online advertising was the primary medium, a clearly defined strategy was the primary driver of success.

This chapter elaborates on the key strategic objectives for which online advertising is well suited to deliver positive results. These span the full spectrum of business goals: lead generation, customer acquisition, branding, sales, and growth strategies (brand extensions, new product introductions), and customer loyalty.

We selected marketing strategies that use online advertising creatively. Each strategy is supported by real, in-market cases ably demonstrating the business value of that strategy to the marketer.

Generate Leads and Acquire Customers

We begin with one of the most widely employed strategies for online advertising—generating leads or building lists of prospects. Sometimes the execution is straightforward, but the best stories we encountered had a creative insight that enhanced the advertising's overall effectiveness. Our cases, the HGTV Dream Home Giveaway

and a recruitment campaign for the U.S. Air Force, demonstrate new ways to acquire customers by leveraging capabilities that are unique to online advertising.

HGTV Dream Home Giveaway: Partnering for Qualified Leads

Who can resist a gorgeous home built with the finest materials, featuring great rooms and outside spaces, spectacular views, and state-of-the-art kitchens dripping with amenities, all for free just by entering a sweepstakes form? That's HGTV's Dream Home Giveaway, the biggest online sweepstakes around—36 million entries in 2006. (See Figure 4.1.)

A Scripps property, HGTV promotes the Dream Home Giveaway across Scripps' collection of old and new media—cable channels,

FIGURE 4.1 HGTV Dream Home Giveaway entrants are encouraged to tour the home, providing branding opportunities for sponsors from the outset.



The 2007 HGTV Dream Home Tour

The 2007 HGTV Dream Home is open! Take a tour of the Winter Park, Colorado, home and get decorating tips and ideas for YOUR home.

Source: HGTV.com.

magazines, websites, and email newsletters; runs display ads in affinity sections on MSN, AOL, and Yahoo!; and airs TV specials. The aim: drive traffic to the HGTV.com registration page.

HGTV partners with about 15 advertisers, spanning the range of building materials, home products, interior decorating products, household appliances, and household furnishings and fixtures companies, which sponsor the Dream Home. The registration page features a sponsor roll with display ads and links that drive visitor traffic to the sponsor sites. Being so tightly integrated with the sweepstakes provides advertisers with interested visitors from the get-go.

For many advertisers, that quality pool might be sufficient. But HGTV.com came up with two innovations that help advertisers attract even more qualified prospects.

First, they offered visitors 360-degree virtual tours of the Dream Home. With mouse in hand and an inquisitive nature, visitors traipsed around or stopped to inspect items that caught their fancy—windows, floors, lighting, or refrigerators, for example. Clickable hot spots added to the images provided details and links to sponsor sites. Viewers absorbed that information, spending about four minutes on sponsored content and consuming three million sponsored pages during the sweepstakes (2004 data). The upshot: Not only are consumers interested generally, they also educate themselves and further qualify their interest in sponsors' products.

Does this strategic initiative generate attractive leads? Listen to sponsor Lumber Liquidator's president Tom Sullivan: "The traffic to our website and stores skyrockets when people start virtually walking through the Dream Home and clicking on our flooring products. It performs better than any other aspect of our marketing and advertising" (Newcomb 2005a).

Tracking every click of registered users made the second innovation possible: HGTV.com partnered with behavioral targeting vendor TACODA Audience Networks, Inc. Analyzing the 36 million entries, they reduced it to six million unique visitors. They then profiled each visitor by their brand interactions and rolled them up into about 200 different segments. That allowed HGTV.com's advertisers to reach broadly defined or highly targeted prospects with precision advertising (Anfuso 2005). HGTV.com's database will only become richer over time as behavioral tracking continues with each successive year of the Dream Home Giveaway.

Focus on Life Events: U.S. Air Force, WhatAmIGonnaDoNext.com

Young men and women don't always know what they want to do careerwise. It's not uncommon. Some may have tried jobs that didn't work out, some are unaware of the variety of jobs out there, some may not have thought about a career at all, and some may lack the necessary educational background.

The U.S. Air Force, like all service branches, recruits constantly to meet staffing levels. With interactive agency GSD&M, the Air Force developed a lead-generation strategy designed to tap into high school seniors who were searching for opportunities. The online campaign, "What Am I Gonna Do Next?" sought to help by educating about careers in the Air Force. (See Figure 4.2.)

With graphics partner Transistor Studios, the team developed a very creative microsite centered around the question "What am I gonna do with my life?" Animations and navigation were especially engaging, abandoning a graphics-rich, page-based, top-gun-as-hero approach for a sketchy, exploratory, nonlinear feel. (See Figure 4.3.) Contentwise the site contrasted often unrealistic dream jobs, like vice

FIGURE 4.2 When clicked on, the images lead prospects to explorations of different careers, contrasting unrealistic dream jobs with Air Force alternatives and providing suggestions appropriate to recent graduates.



Source: www.whatamigonnado.com.

FIGURE 4.3 The campaign’s exploratory, nonlinear approach continues as prospects spend more time with the site. This highly creative campaign succeeded in generating recruitment inquiries at a rate of roughly 100 per week.



Source: www.whatamigonnado.com.

president of Mountain Operations at a ski resort, with Air Force alternatives through images and just a few words. It was very tongue-in-cheek and pretty cool; it made its points well.

One year after launch, the site had generated over 5,000 leads for the Air Force.

**Generate Excitement and Word of Mouth:
Chili’s Grill “Margarita Madness/Art of
the Margarita” and MySpace/Cinco de Mayo**

Margaritas are a bit like martinis—mixed by the book for years, now morphed into tens, if not hundreds, of subtle or bold flavored variations. Margarita-making today requires flair and artistry. For the legions who drink them, few cocktails come close to matching their implied promise of fun and good times, Southwestern food, and unwinding after a long day. But no one has a lock on the magic recipe, and it’s certainly not hard to find a place serving them. Casual restaurants like Chili’s Grill & Bar draw customers on trendy menu items and drinks like margaritas. Their marketing challenge: increase

awareness of Chili's margarita expertise and variety to stimulate trial and restaurant visits among their target customers.

Chili's interactive agency, GSD&M, utilized the online campaign "The Art of the Margarita," which included banner ads, a specially built microsite, and in-store merchandising. (See Figure 4.4.) The core of the campaign focused on activities that allowed for self-expression and brand participation, such as the margarita drawing contest on the microsite, where the winner received a trip to Mexico to learn about tequila.

Featuring an art contest, Chili's microsite replicated an art gallery with studio space and exhibit halls (www.ChilisMargaritaMadness.com). Rendered in rich media, the microsite reflected the experience of walking from one place to the next. Smooth transitions (wipes) avoided the jumpy quality that sometimes occurs with linked pages. In the studio, Chili's furnished artists with an array of templates and drawing and painting tools capable of composing quite complex artistic images. Visitors could view artists' works and vote on them, or take in Chili's margarita gallery, "coaster art" wing, or cinema. The margarita gallery hung pictures of Chili's 12 drinks on the wall, each

FIGURE 4.4 Chili's "Art of the Margarita" campaign.



Source: www.ChilisMargaritaMadness.com/home.php.

accompanied by captions listing their ingredients (accomplishing some co-branding as well). We found the “coaster art” section amusing. These remixes of iconic masterpieces placed margaritas into well-known canvases of Magritte, Warhol, Lichtenstein, Van Gogh, and others. Taking advantage of every integration opportunity, the paintings were incorporated into some cheeky, laugh-inducing short films. Finally, a “send to a friend” feature added a word-of-mouth component. To our eyes, this microsite is one heck of a branding experience.

Additionally, Chili’s reached its savvy and marketing-aware consumers through a MySpace profile, allowing “friends” to discuss Chili’s food and vote on favorite photos and margaritas. Chili’s entry into the MySpace community was received well, with over 200,000 visits, and because of the immediate relationship that it was able to foster with this new audience Chili’s has maintained its commitment to the Chili’s online community.

Chili’s “art” campaign appears to integrate with the company’s overall marketing strategy, not an add-on to grab a hot part of the market. After reviewing Chili’s site, microsite, and MySpace pages, we made two observations that led us to that conclusion. First, “The Art of the Margarita” meshes with a broader consumer trend: empowerment through choice and individual selection. As we write, Chili’s “Triple Dipper Challenge” lets customers choose any three of nine items, each with different sauces. Second, Chili’s home page features integrate closely with the themes of self-expression and doing good. There’s Jonah, a Chili’s waiter and musician, embodying the creativity and coolness of Chili’s and its customers. Chilis.com visitors can click to hear his song “Tip Yo Waiter” or click to his personal MySpace page where more information about Jonah’s music, interests, and friends resides. Chili’s goes further, adding a cause marketing element to the mix, through its “Create a Pepper” program benefiting childhood cancer center St. Jude Children’s Research Hospital.

As we go to press, we don’t have sales data, but GSD&M shared visitor data with us. The microsite generated more than 11,000 submissions and generated more than 250,000 visits to its gallery. On average, visitors spend about 5 to 14 minutes on the site, depending on the interactions they choose to have with the brand. Considering that each picture is about a margarita and incorporates Chili’s imagery,

especially the chili pepper, “gallery patrons” are actively processing and evaluating the brand and its interpretations.

Word of mouth is searchable, especially in the blogosphere. It didn’t take us long to find evidence for word of mouth working. One blogger we came across posted her artwork, then exhorted readers to vote for it and provided the link, along with the helpful comment that readers could create their own artwork, too (The Healthy Mom 2006).

MySpace results also are impressive for what is essentially a sponsorship strategy without explicit branding. GSD&M reports over 200,000 visits and about 10 comments per day to MySpace/Cinco de Mayo.

Generate Brand Preference to Stimulate Sales

When marketing strategies have a branding component—such as raising awareness, enhancing knowledge of the brand, or increasing purchase intention, for example—online advertising alone, or in combination with traditional media, can be very effective. In the series of cases to follow, we take you through examples where marketers achieved branding goals using predominately online campaigns, and several that used mass media/new media combinations. In these latter cases, the crucial matter of budget allocation comes into play, which provides us with insights into one of the thorniest questions marketers grapple with today.

Engage the Core Audience: Sony Pictures Entertainment/Columbia Pictures, “*The Da Vinci Code* Web Quest”

Nearly 60% of moviegoers learn or hear of a new movie three to four weeks before release. That gives friends and family plenty of time to make plans to see a movie, which they do by talking with one another in person, on the phone, by email, or by texting (AOL and Nielsen 2005). This being a social experience, individuals with more knowledge may influence the decision of which movie to see.

Studio film marketers typically advertise across the variety of offline and online media, with online the place to turn usually

for more information like showtimes and theaters (Google 2006c). For most Hollywood pictures, industry economics dictate boffo opening weekends, so generating buzz in the few weeks prior to opening is critical. Great weekends stimulate further interest and ticket sales.

The Da Vinci Code, the phenomenal best-selling book (over 40 million copies translated into 40 languages), is enjoyed by readers with penchants for piecing together clues and solving puzzles. In fact, it's common for copies of the book to be left behind on French Eurostar trains by readers visiting sites mentioned in the book, such as Saint-Sulpice church in Saint-Germain-des-Pres (ParisInfo 2006).

Columbia Pictures sought to generate advance word of mouth among these passionate readers by creating a worldwide contest, “*The Da Vinci Code* Web Quest,” with Google that required entrants to complete 24 daily puzzles to qualify for a grand prize of trips to key locations in the book—London, New York, Rome, and Paris. (See Figure 4.5.) As an effort with Google, search was an important tool in researching answers. (As a side note, Google promoted the branded contest on its home page, the first time the company had ever given

FIGURE 4.5 *The Da Vinci Code* movie’s online promotion engaged the book’s core puzzle-solving readers for several weeks prior to the movie’s release through an ingenious search-oriented “advergame.” The online portion of the prelaunch campaign raised awareness and interest in the film and generated advance ticket sales, which helped to ensure a successful opening.



an advertiser any space at all on it. As we will see, the partnership worked well, suggesting the merits of online co-branding for specific brands in particular instances.)

If we take search-generated traffic to Sony's site, advance ticket sales, and opening weekend sales as proxies for campaign effectiveness, this promotion was a winner. After the contest's first three weeks, 30% of Sony's *Da Vinci Code* traffic came from consumers searching through Google. By comparison, in the week prior to the promotion's launch, Google accounted for only 3% of traffic to Sony's website. During the promotion period, Google outperformed competing search engines by 30 to 1. Buzz is great, but does it put fannies in the seats? Yes. Online ticket vendor Fandango reported that *Da Vinci Code* tickets were the hottest sellers of the week beginning May 7, 2006, almost two weeks before the movie's release on May 19, 2006 (Gupta 2006b). The movie's opening weekend grossed about \$78 million, accounting for a bit more than a third of all tickets sold and half of its U.S. box office through its first three months of release (Box Office Mojo 2006).

Advergames: An Emerging Option

Advertising games, so-called advergames, involve consumers with branded entertainment that contains advertising. The advertising adds realistic touches to scenes, as when a gamer drives by a billboard advertising Mountain Dew. Advergames may use branded characters as actors or be based on brand storylines. Advergames aim to create, reinforce, or build on brand preference and sales. As you probably know, these games can range from simple games (e.g., catch the fish, drive the car) to sophisticated massively multiplayer games such as *World of Warcraft* and *Second Life*, or result from tie-ins between companies, such as the partnership between Burger King and Microsoft's Xbox. When used, advergames are typically components of advertising plans, designed to reach and engage core brand users or prospects. Advergames are used in almost all consumer categories. The *Da Vinci Code* case provides an excellent example of their branding value when part of a larger campaign. Advergames are growing in importance; new games and tie-ins appear daily.

Co-create a Brand Story: Audi of America, “Art of the H3ist”

Audi of America sought to generate awareness and purchase interest in a new car model, the A3, a premium compact hatchback. The auto press was skeptical of luxury carmakers offering “downscale” models. Audi’s campaign, “Art of the H3ist,” sought to overturn that experience and conventional wisdom by positioning the car as a premium model (McKinney-Silver 2005).

In particular Audi wanted to go after a younger, highly affluent male buyer with a profile higher than the A4 model in order to avoid the “cheap Audi” tag and reach an intelligent and independent consumer. They found a tech-savvy, web-addicted, active, and mobile segment detached from traditional communications. Conventional message and advergame strategies wouldn’t be bold enough for them. Audi and their agency, McKinney-Silver, sought to immerse prospects in an alternate reality, one they could participate in and one that would drive interest and purchase intention for the Audi A3.

McKinney-Silver’s team created the fictional “Art of the H3ist” game, a thriller running over 90 days. The aim: Find an A3 model that contained a decryption key that would expose detailed plans for the world’s largest art theft. (See Figure 4.6.) The story, created by Hollywood screenwriters, was very rich and complex, with all sorts of plot twists, murder attempts, and vivid characters. It can’t be described here with justice. A very good recap is provided in Leavitt (2005a).

Audi and McKinney-Silver created their alternate reality in real time using practically every communications channel—a family of web-based microsites for the characters; TV ads; radio spots; small space ads in magazines giving clues (*Wired*, *The New Yorker*); billboards; and wild postings to live events (e.g., New York International Auto Show, American Film Institute film parties, E3 Expo). Email, videos, blogs, chats, direct mail, puzzles, photos, and scanned images surrounded and engaged the A3 prospect.

This campaign worked. More than 500,000 people participated on “an ongoing basis,” spending from 4 to 10 minutes at each of the story sites. Moreover, *BusinessWeek* and the *Wall Street Journal* wrote features, amplifying interest in the campaign and extending its reach to readers unaware of the H3ist.

FIGURE 4.6 Audi’s “Art of the H3ist” campaign presented a taut, suspenseful story promoting high levels of consumer engagement over three months. The campaign generated more than 10,000 leads and over 4,000 test-drives among younger, affluent male buyers.



Source: McKinney-Silver Agency (www.mckinney-silver.com/A3_H3ist/).

The objective of attracting those younger, male, affluent buyers was achieved based on the profile of active participants. Audi microsites drove traffic to Audi’s main site by over 40% during the three months the H3ist campaign ran. That traffic led to over 16,000 “indicator actions,” more than 10,000 leads, and 4,000 test-drives (McKinney-Silver 2005).

Educate Future Customers to Build Long-Term Brand Preference: Toyota Scion

Youth marketing experts like Alloy Media and Marketing’s Matthew Diamond see a trend toward targeting teenagers before they can actually purchase a brand. “It’s early branding. You’re establishing

that brand presence and positive association, since important buying decisions are forthcoming” (quoted in Bosman 2006a). Staples and Office Depot have programs in place grooming high school juniors and seniors for their college purchases and later career shopping behavior.

Scion buyers are different. They’re younger, unconventional, and most have no prior Toyota purchase history that colors their perceptions. The Scion buyer is the un-Toyota car owner—excited, edgy, and experimental, standing in sharp contrast to the Camry buyer who, at 51 (median age), favors other qualities like safety, comfort, and reliability. “A lot of what we do,” Scion’s national marketing communications manager, Deborah Senior, says, “is based on the mind-set rather than the age of the specific group.” As Toyota builds the Scion brand, it needs to create future customers by investing in the next generation coming up of car owners.

Toyota created “Club Scion” on Whyville, a gamelike virtual world peopled with 8- to 15-year-olds, the next generation of adults and potential Scion customers. Registered users, called citizens, participate in government, have jobs, visit health centers, sun at beaches, take in museums, use airports, shop at flea markets and malls, and eat in food courts. Citizens create and play through avatars who go about living, learning, communicating, working, earning virtual money (“clams”), buying cars, driving, and voting. The site is supported by sponsors: Whyville’s museum is underwritten by the John Paul Getty Trust and its nutrition center by the University of Texas Health Science Center at San Antonio; NASA underwrites science education.

As a media property, Whyville appeals. As we write, the site has 1.8 million citizens; the base is growing by 60,000 each month. About two million registered visitors log in monthly, spending more than three hours per month. Whyville works closely with each sponsor, specializing in “custom integrated games and activities that empower the audience to actively experience your message, product, or brand” (Whyville 2006).

Club Scion’s interactive world enables kids to do the things adults do—buy or finance cars; ride around and pick up their friends; configure and customize their engines, wheels, or bodies (there’s even a custom decal shop); and vote on the coolest ones. (See Figure 4.7.) That personalization dovetails with the individualism and “my way” mentality young Millennials are known for.

FIGURE 4.7 Whyville allows tweens and teens to configure and purchase virtual Scions. Clicking the purchase button presents Whyvillians with buying and financing options.

Configurator

Body Color: Black Sand Pearl ▼

Print: No Thumbprint ▼

Wheels: Standard Wheels ▼

- Under Car Glow (875 clams)
- Automatic Transmission (450 clams)
- Roof Rack w/Snowboard (900 clams)
- Bat Wings (2,800 clams)
- Why-Lights (450 clams)
- Whybird Hood Ornament (5,000 clams)
- Turbo Charger (1,800 clams)
- Side Pipes Exhaust (455 clams)
- Spoiler (323 clams)

Car Price: **13,468 clams**

Handling Charge: **540 clams**

Total Price: **14,008 clams**

Purchase this Car

Source: Whyville.com screen shot.

While Club Scion appears to be just a game going on within a safe social networking site (parental approval is required and there's a strict code of conduct enforced with penalties), a ton of brand learning is going on. "Ten days into the campaign," the *New York Times* reported, "visitors to the site had used the word 'Scion' in online chats more than 78,000 times; hundreds of virtual Scions were purchased, using 'clams,' . . . and the community meeting place 'Club Scion' was visited 33,741 times." From May to July 2006, drivers bought and built virtual cars in the low 1,000s and gave 140,000 rides to their pals (Bosman 2006a; Rodgers 2006).

Club Scion bears resemblances to the real world in other ways. Priced at 14,000 clams, the cost citizens pay is in the neighborhood

of Scion xBs in the showroom. Because it takes a long time to earn that basket of clams, citizens complained that only a few could afford to purchase the xB. Scion responded by offering a financing program (sponsored by Toyota Finance) that enabled more citizens to purchase cars while giving object lessons on credit scores, sales contracts, down payments, interest rates, leasing, and payment plans.

Generate Interest in a New Brand Line Extension: Dove Nutrium Bar

Dove's advertising campaign for its Nutrium bar allocated the \$10 million media budget across television (75%), print (23%), and online (2%). Dove Nutrium's study explored specifically how media work to impact four measures: unaided brand awareness, aided awareness, brand performance image, and purchase intent. After taking baseline measures and comparing consumers exposed to advertising, analysis showed that TV and magazines individually had a larger effect on average scores than online advertising. When online was added to print and TV in combination, the lift was even higher. The campaign was considered a success, but could they do better?

Dove asked the follow-up question: If we keep the budget the same but give online advertising a bigger share of spending, could we get better performance? They decreased spending on TV and print to increase the online share to 15 percent. They found that raising the online share improved all brand metrics by 8% and purchase intention by a hefty 14%.

Why did the bigger online proportion work? Essentially, the budget reallocation enabled Dove Nutrium to reach the same number of TV viewers and print readers but lower the exposure frequency (a desirable outcome because effectiveness drops after the first few exposures), while simultaneously increasing reach dramatically among the online target audience, women aged 25 to 49, and exposing them to Nutrium ads more frequently than had been done with the original plan (Briggs 2004; MSN, IAB, ARF 2002; Nail 2002).

If we look at this performance through a different lens, that of cost per point of improvement, we see another compelling picture. Average brand metrics exhibited a 25% lift over the original plan at a

cost 28% less per impact point. The new plan was not only more effective, but also made more efficient use of the budget.

Generate Brand Sales with Increased Online Spending: New Ford F-150

The Ford F-150, the best-selling truck in the United States, was completely revamped for the 2004 model year, and its introduction was a major event for the corporation. Creatively Ford leveraged its heritage “Built Ford Tough” while telling the market that this was not a merely refreshed vehicle but a worthy successor: “[the truck that’s] earned the right to be called the next F-150.”

Ford’s media plan called for English- and Spanish-language television (90% of the budget) and radio, magazine, outdoor, and direct-mail ads. The online component (2.5% of the budget) used several approaches. Display advertising on specialized leading car-related sites using leaderboards, rectangles, and skyscrapers reached prospective buyers assumed to be in the market. For two days, one month apart, Ford used page takeovers on heavily visited areas on portal sites, especially home pages and email pages. A small portion of the online campaign went to search engine marketing. (See Figure 4.8.)

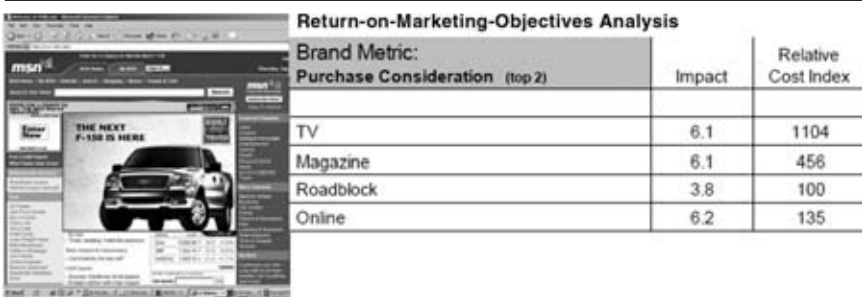
The first step in the research was to create a sample of buyers and relate their advertising exposure to their purchases.

With opt-in panel researcher comScore, Marketing Evolution created a sample of 360,000 individuals exposed to the Ford ads. Ford provided about three months of retail sales data, more than 30,000 buyers, who were then merged with the panel. Researchers were able to identify who bought and who didn’t, and then correlate their media exposure to ads on different sites and their online habits, such as search, with the purchases.

Mining the converged database, Marketing Evolution identified 128 buyers in the comScore panel, and then analyzed them further by breaking them into two groups: viewers exposed to the brand’s online advertising or viewers who saw the control ad. Their analysis showed that buyers exposed to the all-new Ford F-150 ads bought 20% more than those control group buyers. Online advertising directly contributed to an incremental 6% sales increase.

Demonstrating the sales power of online advertising, coupled with insight into the relative branding cost and performance by

FIGURE 4.8 Sample ad from Ford F-150 online campaign. Online advertising’s cost, relative to its performance, exceeded that of TV and magazines. Sales data would later show that online advertising overperformed in its contributions to sales.



Definitions: Impact = Point gain over baseline is calculated by measuring the postbranding level and subtracting the precampaign level. Costs per person impacted indexed against campaign as a whole. **Index** = Relative cost-efficiency (cost per impact) based on campaign as a whole.

Source: Rex Briggs et al., “Integrated Multi-Channel Communication Strategies: Evaluating the Return on Marketing Objectives—The Case of the 2004 Ford F-150 Launch,” *Marketing Evolution*, 2005.

medium, provided the team with the basis for reallocating spending. The recommendation? Increase the online share from under 3% to 6% of budget (about \$3.6 million). Shifting dollars from TV toward online outlets and magazines would increase sales another 5% or 25,000 trucks, resulting in \$625 million additional revenue. In other words, “same budget, different allocation, better results” (Briggs et al. 2005).

The cases we just reviewed, in categories as disparate as movies, packaged goods, and trucks, reveal the potential for online advertising alone or in conjunction with traditional media. These cases illustrate elements associated with branding and sales performance.

First, the online portion defined target markets precisely, and then reached and engaged core customers or prospects in ways traditional advertising can not—advergaming, co-creating brand meanings, and participation in unique events, such as the *Da Vinci Code* puzzles, the Audi H3ist, or the simulated world of Whyville. It’s important to

point out that these programs involved consumers on a more or less continuous basis over periods of weeks and months, a level of involvement just not practical with conventional media.

Second, the campaigns involved a web of interrelationships among brand advertising, brand microsites, and the main sites for brands. Converged communications systems unify and reinforce brand messaging and enable consumers to access brand resources as their needs and interests dictate.

Third, the campaigns emphasized relevant consumer benefits and presented them in interesting, compelling, creative ways.

Fourth, upping online advertising's share of the budget enabled advertisers to reach the right consumer with the right message an appropriate number of times by using multiple sites to balance audience reach and better control exposure frequency.

Last, leaders like Scion positioned themselves for future sales, spending time and money on future consumers through long-term, carefully thought out engagement strategies. These types of campaigns are capable of creating brand preference very early on and before the time when consumers enter the market, building a competitive advantage for Scion and a hurdle for competitors.

Brand Growth, Rewards, and Loyalty

Leverage Integrated Multichannel Communications to Launch a Line Extension: Tylenol Eight-Hour Relief

To grow, pain relief brands rely heavily on brand extensions that meet the needs of new segments. As baby boomers seek to stay young by working out and doing strenuous exercise, Tylenol saw a need for a longer-lasting pain reliever for muscular soreness related to so-called active pains from exercise and sports. The company formulated Tylenol 8 Hour.

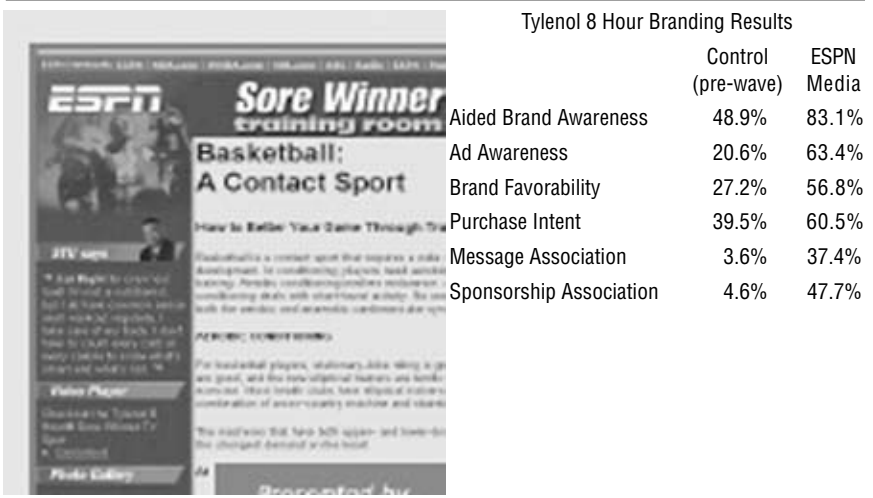
Tylenol's consumer insight revealed that men took pain relievers to treat their aches and pains after sports workouts. That might have been enough right there, but not all guys are that physical and their need for pain relief would be occasional at best. Looking to develop a strong niche market, Tylenol instead focused on a mind-set, the "weekend warriors" who like to play hard and exercise vigorously, those for whom "not playing is not an option." These warriors like the simplicity of "one and done" to cope with the lingering effects of achy

muscles and mild tweaks, unlike, say, parents who carefully monitor their children’s dosing and don’t want them to take any more than needed to deal with an acute situation. Sounds great, right? Now the question is: How do you carve out a messaging strategy that speaks directly to the weekend warrior and doesn’t get lost in general advertising against the larger demographic? Attitude targets are terrific, but if your brand can’t address them through media channels, there’s little point to defining them.

Tylenol 8 Hour aimed to create excitement and an engaging brand experience just for the weekend warrior. In addition to introductory advertising, the brand created the Sore Winner Challenge, a series of contests, fun activities, and games in a half-dozen cities. Winners went on to represent their city in the national Sore Winner contest. (See Figure 4.9.)

Tylenol 8 Hour earmarked a portion of the budget for a multi-channel campaign with the sports giant ESPN (ESPN.com 2004). Integrating all ESPN properties—cable, magazine, radio, website, and online ads, including rich media (ESPN Motion)—Tylenol

FIGURE 4.9 Utilizing ESPN properties in a multichannel campaign, Tylenol 8 Hour reached its “weekend warrior” conceptual target and built the foundation for a successful launch of this brand extension, as shown by the branding results.



Source: ESPN.com, “Tylenol 8 Hour: A Cross-Media Advertising Case Study,” October 2004.

created an enveloping brand environment. Deepening the connection to competitive sports online, the brand furnished warriors with their own Sore Winner Training Room, which freely dispensed advice on training, equipment, and clothing so that men could perform at their best.

With research partner Dynamic Logic, Tylenol 8 Hour examined the cumulative impact of ESPN messages on brand awareness and interest. Comparing people exposed to at least one ad on each ESPN property—TV, magazine, radio, and online—to the prelaunch group, the study showed dramatic effects across all measures of online engagement. Most important, a majority of the warriors learned about the brand (awareness up 33%), developed positive attitudes (brand favorability up 30%), and were moved to considering trial (purchase intent up 20%).

Engage Consumers in Launching a New Product: Holiday Inn Express “Guest Bathroom Experience”

Marketers introducing new products can use online advertising effectively as part of their multichannel communication effort. This example shows one way online advertising is used to engage consumers in a new brand experience offered by Holiday Inn Express.

Budget-oriented road warriors want “clean, well-lighted places” (sorry, Hemingway) with satisfying showers. Above all, they want showers with sufficient water pressure (their number one complaint), then the comforts of home—large, soft, absorbent towels; comfortable rugs underfoot; and a little more room in the bath (Harris Interactive and reported in *Hotel Online* 2005).

Reading their own internal customer satisfaction research, Holiday Inn Express marketers learned that a satisfying shower weighed heavily in a positive score and decision to stay. They discovered, too, that their shower experience fell short for their guests. They redressed the situation, ordering bathroom retrofits for all their North American hotels.

Holiday Inn Express’s strategy was to create the “Simply Smart Guest Bathroom Experience.” Holiday Inn spent 30,000 hours to get the products right. Express designed a proprietary, branded “Stay Smart Showerhead” with Kohler, the highly regarded maker of bathroom fixtures. (See Figure 4.10.) The showerhead solved the water

FIGURE 4.10 Holiday Inn Express learned that the quality of a shower influences guest decisions to stay. This ad involves consumers in understanding the benefits of the Guest Bathroom Experience showerhead. Rich media allows consumers to view the showerhead, change the water stream, take a personality quiz to determine the right setting, purchase the showerhead, or pass the news along by “telling a friend.”

◀ RETURN **Stay Smart® Showerhead by Kohler®**

#1 Guest-Rated Showerhead.
Do your best thinking in the shower?
Prepare for idea blast off.

Rotating View

Take **QUIZ**

RELAXING

simplySmart®
GUEST BATHROOM EXPERIENCE

Holiday Inn EXPRESS
Stay Smart

TELL A FRIEND | PURCHASE SHOWERHEAD | AUDIO OFF

BOOK NOW!

Source: Holiday Inn Express website.

pressure complaint and offered the three most popular spray settings, which they dubbed “relaxing,” “reviving,” and “invigorating.” Those names place the focus on consumer benefits in ways that settings like stream, pulse, or jet just can’t do. Guests responded so well to the showerhead’s qualities that they purchased (and continue to buy) thousands of them through Holiday Inn Express’ online catalog—at \$80 each.

Holiday Inn Express featured the Guest Bathroom Experience primarily on its website. Guests learned about the shower curtains and rods that increased space, all-cotton towels, and specially

formulated amenities along with the hero product showerhead. We especially liked the “setting finder,” a lighthearted personality quiz culminating with assessments and recommended shower settings. One of your authors took it and found the results to be uncannily accurate, pegging his personality and advising, “You’ll flourish under the Relaxing setting with its wide spray.” Wouldn’t you stay there?

Express agency Fallon Worldwide built the web showerhead experience under the overall brand campaign of “Stay Smart” to introduce the new showerhead. As stated in their Effie Award brief, “By playing off the expression, ‘You do your best thinking in the shower,’ Express was able to align the showerhead as proof of the overall ‘Stay Smart’ brand promise” (Fallon Worldwide 2006).

In order to efficiently target the online effort, Fallon found that travelers watch cable news, weather, and sports before work. At work, they switch to the internet for more news, sports, and weather. Relaxing at night after work, their tastes run to popular shows like *SportsCenter*, *The Daily Show with Jon Stewart*, and the History Channel.

Given this pattern, Express’ media plan priorities to reach guests and prospects gave television the highest priority, with online media second. Some online travel sites drove traffic to the Holiday Inn Express website through their affiliate marketing relationships.

On the key revenue measures, the campaign performed admirably. Occupancy increased 1.5% percent to 75% percent from July 2004 to July 2005 (the campaign started in November 2004). Their financial metric, revenue per available room, increased 8.2% percent over the 12 months, with two percentage points of that gain directly attributable to the Simply Smart Guest Bathroom Experience. Due to this performance, the brand made its systemwide investment back in about six months.

Stimulate Trial through Online Coupons and Sampling: KFC and Tide Coldwater

Over the decades, couponing and sampling have proven their value in stimulating product trial and sales. Today’s online couponing provides marketers with new abilities to distribute those valuable offers to more targeted audiences.

Tide Coldwater’s sampling campaign contributed to that new

product's success—over one million samples were claimed in the first 90 days. Tide also used online sampling successfully for earlier brand extensions such as Tide with a touch of Downy. KFC's Popcorn Chicken effort smartly delivered online coupons to office workers near lunchtime, targeting them with a time-limited daypart offer. Email promotion offers, like KFC's target offers to specific customer segments at just the right time. Online advertising, like radio, has this time-driven flexibility for strategic promotions of new products and the ability to create trial.

Online couponing and sampling go well beyond the spray tactics typical of offline sampling programs, by leveraging the unique qualities of online media. For example, marketers applying business rules to visitors sent to their brands' sites by search engines can serve offers to consumers meeting specific criteria, or can apply rules relating to their on-site search and browsing. Similarly, email rules can be developed for opt-in list members and for friends, families, or associates whom recipients forward them on to.

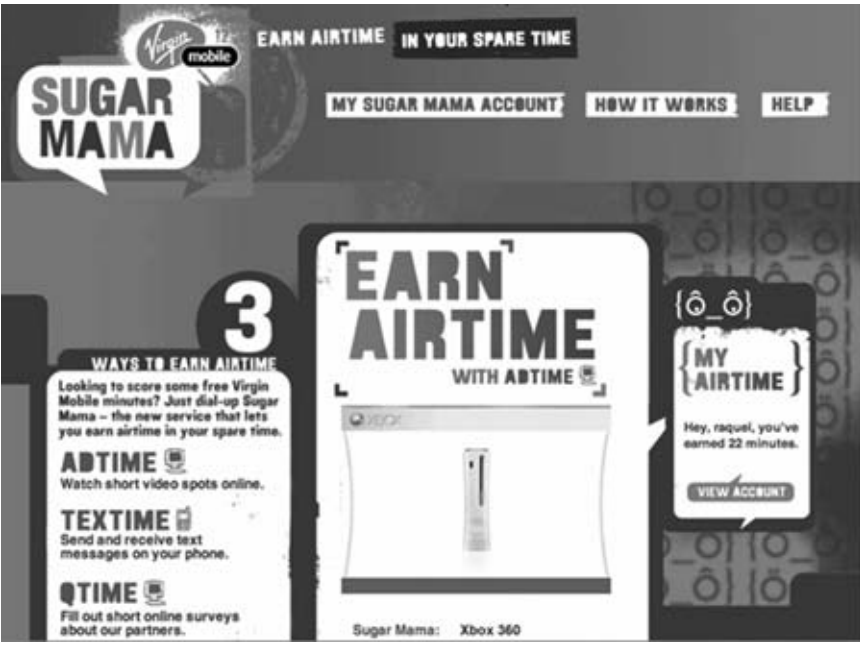
Take note that online coupons are evolving. While many online coupons are strictly promotional, acting as their offline counterparts do by giving a purchase discount or a complimentary offer, online coupons are morphing into branding media. Today's coupons display personalized ads, play video, allow consumers to request information and view it, serve as email and text messaging hubs, and let consumers make appointments and reservations.

Provide Rewards That Promote Product Usage: Virgin Mobile USA

What could be more appealing to young mobile phone users than free minutes, earned in exchange for a few moments of their attention? That's the premise behind Virgin Mobile USA's recent "SugarMama" service, summed up by its "earn airtime in your spare time" tagline. (See Figure 4.11.)

Virgin's service works by engaging its 14-to-24-year-old core customer with advertising and surveys from SugarMama partners. Charter brands included preeminent national youth brands like Microsoft Xbox and Mountain Dew, and high-profile public education programs like the American Legacy Foundation's anti-smoking truth[®] campaign. Participants opting-in furnish demographic information, which permits very precise targeting; they watch and interact with

FIGURE 4.11 Consumers participating in the SugarMama program have personal account pages. From these pages consumers can view their account details, learn more about the program, or participate, all within Virgin’s branding environment.



ads online at their computers, through SMS text messages on their handsets, or take short surveys over either. SugarMama awards minutes for the type and duration of the transaction.

Ultramercial LLC provides ad serving, back-end program management, and a customer-facing website where SugarMama members manage their accounts. Virgin caps minutes earned per day to five and 75 for any month.

SugarMama is especially interesting because the service never aimed to be a general advertising program and was designed specifically for—and with—Virgin’s teen and twenty-something customers. Research among Virgin’s 2,000 “Insiders” revealed that they didn’t want their phones spammed, but were interested in being able to choose advertisers and brands to interact with and say something to, and a “minute for a minute” was the right formula. Or, in the words of Virgin Mobile USA chief marketing officer Howard Handler, “It’s

about advertising with the control and access in the hands of the customer” (quoted in Kaye 2006).

In just eight days after launch, 56,000 people signed up and acquired 685,000 minutes. Testifying to the appeal of earning free minutes, Ultramercial CEO Dana Jones told us that “the minutes are used very quickly” (2006, personal communication). They’ve become a great way for customers to manage their plans’ minutes, extend them, and control their costs (Virgin Mobile’s plans are all pay as you go)—a major consideration for young people especially. And for advertisers there’s a potential branding boost: Consumers spend about double the time, 90 seconds, with SugarMama ads than they do with the typical Ultramercial.

Brands like Xbox see the potential in SugarMama for branding and consumer insight. Chris De Cesar, Xbox’s director of marketing, is on record as saying, “We’re always seeking opportunities to learn from our customers how we can deliver the best gaming experiences possible on Xbox 360. SugarMama . . . provides us with a new way to drive consumer awareness yet gain valuable insight from our customers that helps us continually deliver new breakthroughs in gaming entertainment.”

SugarMama exemplifies the emerging interest in what we call “explicit exchange-based” online advertising, made possible through a crystal-clear understanding of mutual benefits and enabled by new advertising channels.

Apart from SugarMama, we know of experiments under way testing reward strategies for a variety of applications, including one trading music downloads for compliance with a health care regimen. Given the anticipated growth of premium content and “pay per (fill in the blank),” we expect marketers will step up experiments and develop rewards-based programs that reach very targeted customer segments, especially the highly valued but hard-to-reach groups.

Create Emotional Engagement to Promote Loyalty: Purina Pet Care

Many consumers have passions—for travel, Harleys, the Boston Red Sox, or pets, to name several examples. Marketers whose brand users exhibit passion can help evoke or sustain loyalty by creating experiences that respect and value those feelings, as this example from Purina shows.

Visit Purina's site today and you'll discover an emotionally rich destination focused on the deep bonds between pet owners and their (animal) family members. Going well beyond dispensing their first-rate product and pet care knowledge, Purina has woven community features into the site like photo sharing, podcasts for on-the-go advice, wallpaper, ring tones, and opt-in newsletters. Home page topics headlined "preventative training," "traveling with your dog," "emergency first-aid tips," or "caring for your older cat" resemble popular articles on parenting or caregiver sites.

It wasn't always thus. Back in 2002 the marketing team knew owners, veterinarians, breeders, and nutritionists visited their sites. They set out with the assistance of opt-in panel research firm comScore.

Purina and comScore looked to answer several questions. Do Purina purchasers use the Purina website? Does banner advertising influence purchase intention for its brands? ComScore combined a grocery buyer database with its panel, finding 50,000 individuals who met Purina's targeting criteria. (See Figure 4.12.)

FIGURE 4.12 ComScore tracked the delivery of banner ads to a select group of Purina's customers and prospects in order to determine the ads' effectiveness. Exposure increased purchase intention for Purina One.



Source: Joseph Jaffe, "Beyond a Website," iMedia Connection, April 14, 2003.

Purina learned that, yes, brand buyers went to Purina.com, and did so more often than average internet users (comScore 2002; Saunders 2002).

To gauge online advertising's effects, researchers assigned dog or puppy owners to an exposed or control group. For the exposed group, Purina banner ads appeared on sites they visited, while the control group saw other ads. Purina banner ads raised awareness and recall of Purina. Getting closer to purchase, data for the Purina One brand showed dog owners exposed to the advertising were more likely to "definitely or probably" consider buying the brand by double digits over the control group (comScore 2002). These findings led Purina's Michael Moore, worldwide interactive marketing director, to conclude: "This data reinforces the impact of online advertising and Purina websites improving the emotional engagement in building [loyalty for] our brands" (quoted in Saunders 2002).

The Power of Convenience—Simplify Reordering to Build Repurchase: HoneyBaked Ham

Retailers seek repeat business from loyal customers, and consumers typically want hassle-free, "set it and forget it" convenience. Replenishment programs, when they're appropriate for a brand's customers, move brands toward recurring revenue models that generate sales and boost profits at lower costs.

HoneyBaked Ham, that welcome centerpiece for holiday tables, offers gift services for its home and business customers. Holiday time is huge, of course, but how does a marketer maximize those sales, especially from existing customers?

It's probably safe to assume that most customers keep accurate records of their gift expenses for income tax reporting purposes, but far fewer keep handy lists of gift recipients. Chances are that when gift season comes around, gift givers remember some of the previous recipients, but not all.

HoneyBaked decided to give their customers push-button convenience. Their two-step strategy, executed via email, did the following:

1. Created and delivered personalized emails to each of the prior year's corporate customers containing their gift recipients' names and order details (accomplished through dynamic content and integrating with customer order databases).

2. Enabled recipients to click a link within the email to repeat and place the order.

HoneyBaked Ham's email service provider reports that this effort "was the most successful holiday campaign in the company's history. The campaign's 6.5 conversion rate led to sales that were 15 times the prior year's, with average order values 50% higher" (Silverpop 2006a).

In one tailored online communication, the company increased consumer convenience, while building more value in the relationship. Consumers saved time by avoiding the need for researching their gift list. HoneyBaked kept valuable customers, while reaping the business benefits of incremental revenue acquired at a low cost, shortening time to order, and blocking potential customer defections, which might have occurred if customers waited until the last minute.

This just-in-time strategy should appeal to marketers of all sizes and types whose customers need to replenish just about any product or repeat a service.

Build a Loyal Community of Brand Customers: NewEgg.com

"Email began as an acquisition channel but has since emerged as a critical and highly productive channel for customer retention and loyalty marketing." Why? Apart from expecting to receive order confirmations and shipping notices, consumers are receptive to follow-on offers, are interested in discounts or special offers for frequently ordered products, open to joining membership rewards programs, and want to know the location of bricks-and-mortar outlets (DoubleClick 2005d). Any company can send periodic emails and newsletters, or drop online coupons, but engaging customers, prompting ongoing purchases and creating a customer listening loop requires strategy, not an ad hoc program.

Email is at the core of retention and loyalty programs, but new developments, primarily driven by CRM systems and integrated data, are updating and reenergizing them. Examples: couponless promotions targeted to individual customers, invitation-only clubs based on interests and preferences, and personalized websites that deliver customized messages while a customer is shopping (Loyalty Lab 2006). These developments are moving loyalty and retention to an ongoing real-time, relationship-driven activity and expanding programs for all types of marketers, such as supermarkets (Jewel-Osco), florists (1-800

Flowers), jewelers (Platinum Rewards program for independent jewelers), and Broadway theaters (Nederlander).

Rapidly growing e-tailer NewEgg.com sells computer components, systems, games, electronics, and other high-tech items to younger do-it-yourself IT, web development, and computer enthusiasts. Known for competitive prices, superior customer service, and high customer satisfaction, the company sought to strengthen ties with their uber-savvy customers.

The company first concentrated on its website to attract more direct traffic. They improved navigation, made certain features like customer product reviews more visible, added content, encouraged manufacturers to contribute their own, and improved checkout and some other features like wish lists, which are very important to their customers. Additionally, they optimized the site for better search engine indexing and easier finding.

With the website humming, NewEgg looked to reduce the acquisition fees it paid to search sites, tech sites, or comparison shopping engines. With vendor Loyalty Lab, it started an email-based retention program in order to market directly to its 500,000 opt-in subscribers (and counting). NewEgg sends two emails a week to subscribers. One adopts a newsletter format that usually introduces a new state-of-the-art product, like a new video chip set, along with best sellers and special offers. The second one features promotions and deals.

An “insiders” e-tailer, NewEgg depends on pass-along. Word of mouth is extremely important for product reviews, purchase influence, wish list sending, and community approval. NewEgg knows its wired customers will forward the emails (and wish lists) when they see fit. Said Stuart Wallack, NewEgg’s marketing director: “We’re a private company and haven’t had a lot of money to do mass marketing, and yet we’ve grown tremendously. We’ve relied on that viral word-of-mouth component, and I’d like to find out how we can further enhance that” (quoted in Quinton 2006a).

NewEgg cares deeply about list quality and takes care to build and manage it properly. Doing so minimizes churn, brings on more qualified names, and ensures relevance. The firm departs a bit from other email marketers in list building. Like many marketers, it offers a sweepstakes for collecting names. Unlike most marketers, the sweepstakes is not offered on the home page, but is included in the emails. This shields the promotion from the legions of sweepstakes participants who have no interest in the sponsoring company.

NewEgg is looking to improve its email retention program by adding more personalization and consumer controls over message frequency.

In early 2006 NewEgg built on its retention program, adding a loyalty initiative based off of its branded charge card. NewEgg created a “Preferred Account Member” group. As we write, program features match customers’ needs and overcome common purchase hurdles. Members receive time-limited cash-back offers, zero interest and rush processing, a dedicated line of credit, periodic personalized discounts and promotions (tied to CRM data), express checkout, zero fraud liability, and online tools to manage the account. Adding value to the customer relationship through this program, NewEgg appears to have the insight to build substantial customer loyalty and blunt attacks on its loyal customer base from competitors.

The retention email program is working. In an average month, the newsletter “creates a click-through rate of more than 20%, which in turn generates sales conversions that average between 7% and 10%,” according to NewEgg’s marketing director, Howard Tong. He credits this success, in part, to copy that identifies with the needs, interests, and styles of subscribers: “It’s very important to write in a language that our customers understand. By knowing how younger gamers and tech-savvy IT and computer workers converse, we can educate them in ways that convert more sales” (quoted in Brohan 2006b).

Preliminary data on the card suggests the loyalty program will be successful. When the card was introduced in late 2005 (without a loyalty program attached), basket sizes increased to between \$700 and \$800, up from the average \$300. Promotional offers related to the card were carried over to the Preferred Member loyalty program. NewEgg said the Preferred Member purchases will account for 10% of 2006 sales (Internet Retailer 2005d). Overall 2006 sales are expected to climb from \$1.3 billion to \$1.6 billion (Internet Retailer 2006a; LA Business Journal 2006).

Especially interesting is NewEgg’s achievement in organizing and sustaining a community of interest, where relationships among customers, NewEgg, and its suppliers are grounded in customers’ experiences, values, and preferences. Retention and loyalty emerge from within the community and its shared meanings; they’re not behaviors brands can impose for any real length of time.

THE ONLINE ADVERTISING PLAYBOOK

**Proven Strategies and Tested Tactics
from
The Advertising Research Foundation**

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STEVE RAPPAPORT
TADDY HALL
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—Rick Bruner, Director of Research and Industry Relations, DoubleClick

DoubleClick enables agencies, marketers, and publishers to work together successfully and profit from their digital marketing investments. Its focus on innovation, reliability, and insight enables clients to improve productivity and results.

Since 1996, DoubleClick has empowered the original thinkers and leaders in the digital advertising industry to deliver on the promise of the rich possibilities of our medium. Today, the company's DART and Performics divisions power the online advertising marketplace. Tomorrow, we will continue to enable clients to profit from opportunities across all digital advertising channels as consumers worldwide embrace them.



The ARF has always been a trusted third-party provider of interesting and timely insights to our complicated marketing industry. I often refer to the ARF research in both current client engagements and new business pitches. [x+1] is proud to be participating in this year's *Playbook*.

—Jason Shulman,
Chief Revenue Officer, [x+1]

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As WebTrends has grown over the past 12 years along with the online advertising industry, we have experienced the excitement and innovation of this rapidly changing marketplace. WebTrends salutes the ARF for providing the valuable insight and direction as we anticipate the next wave of amazing growth in the years to come.

—Tim Kopp, Chief Marketing
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Ultramercial is excited to work with our industry's leading research entity. The internet has finally allowed for the measurement of viewer behavior in finite terms, and we welcome the insights and directions that knowledge will bring.

—Dana Jones, President and
Founder, Ultramercial

Ultramercial, LLC markets its patents-pending business model and ad unit that grants internet users free access to premium content (music, news, video on demand, game play, internet access, and more) after choosing to watch and engage with its full-screen multipage commercials. Current Ultramercial viewers metrics: 7% clickthrough rate (CTR); 75% completion rate; 50 seconds of engagement.

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