

Is simple display advertising A THING OF THE PAST?

IAN CLEARY, CEO of social media consultancy, Razorcoast believes simple online display advertising will soon be a thing of the past and display advertising must evolve and change significantly to get results.

Display advertising is considered as non-core content that is not particularly welcome on a web page and typically has response rates of 0.2% or less. The majority of users ignore the advertisements, suffering from a common problem known as banner blindness. Click fraud is also still an issue.

The relevancy of these advertisements can also be questioned as you often see ads that are not related to the content on the page. This causes frustration to users and also to publishers of content.

When advertisers pay on a cost per click (CPC) or cost per impression (CPM) basis there are no guarantees that any of their services or products will be purchased. Quite often this is not even tracked by advertisers.

STAY WITH THE WEB USER

Another big issue with display advertising is that it directs people away from the current site. If you advertise within Facebook and potential customers are brought to your website rather than staying within Facebook your conversion rate will be much lower. Why so? Well, typically when users are in Facebook they want to stay there and don't want to be taken off to other sites. This is typical behavior on social networks and sites you trust.

If consumers are spending more and more time with their social networks they are starting to spend less time on other websites. Google is the most used search engine but just a short while ago traffic on Facebook in the US exceeded Google.

Of course we'll see display advertising improve and new technology will be developed to improve the relevancy through contextual and behavioral

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One answer is to develop interactive and engaging widgets that replace simple display advertising. Never underestimate the power of something fun

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MAKE THEM LAUGH, NOT CRY

Social media is growing in use and companies are starting to realise its value. However, if you lined up 10 people in a row and asked them to explain what social media is about you'd get 10 different explanations.

So what is social media? Well to me social media is about the change in how people communicate and share information and the tools provided.

If you want to promote your products and services, broadcasting your message out to people unfortunately does not work in this environment.

If you switch your focus to providing value to people online, demonstrating your knowledge, showing your expertise or even improving their day by making them smile or making them emotional then social media will work for you.

As the social networks increase, your destination site (i.e. your website) will become less relevant. Why go to a brochure website and read information you don't really trust anyway? Why don't you see what your network is saying, how do they rate the product or service you are looking for, what are their recommendations? And when you get these recommendations why don't you just buy there and then and then continue to chat with your friends and connections?

SHARING IS CARING AND REWARDING

So what now? Well, we have ended up with a model that needs to change. The question is – what changes would make advertising in social media a more



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interesting model?

Over time we'll see a huge growth in the use of widgets that will replace display advertising. They will be interactive, interesting, relevant and engaging and instead of a display advertisement where you are brought off to another site, if you decide to buy you'll buy there and then and then continue browsing on the same site.

Advertisers will pay on a cost per action basis (CPA) and this action will be a sale. Publishers of data will now get a revenue share for product sales so may actually be able to earn a living.

Consumers will be more interested in engaging with this widget. They may not always buy products but perhaps they'll play a game through the widget that's related to the product or service? Maybe they'll avail of the group buying opportunities or maybe when they buy a product they will automatically inform their social network, which will encourage more people to buy or interact with the widget. The possibilities are endless.

REPLACING THE SIMPLE DISPLAY AD

Full disclosure – I am biased in this area. We provide social media consultancy and product development to companies and through this we have seen the dramatic changes that are happening online and we see the changing nature of how consumers buy, so we have developed an interactive and engaging widget that is a replacement for display advertising.

But are we the only ones thinking this way? Have you heard of Apple iAds? It's a new way of advertising where you buy within the ad, you can even play games and interact with the advertisement. Apple has got this spot on and it's encouraging to know we're on the same page.

PUBLISHERS CAN MAKE MORE MONEY

So how does display advertising fit into this model? Well in its current state it doesn't. If you are going to successfully sell products or services using the widget model you need to allow the transaction to happen there and then. But more than this, you need to ensure that the user is encouraged to interact, enjoy and welcome the widget and also need to make sure the content is relevant to the individual and the content they are currently browsing.

As this widget will be spread across the Internet in different forms the user's registered details and interests will be recorded and if they wish, they can personalise the widget so they decide what is included in it.

With this new revenue model, publishers can make a living because they are selling products and can therefore get higher commission. The advertiser will always be happy to pay higher commission if they are getting a sale instead of a click with no guarantee. The consumer is happy because the publisher has more control over the advertisements and can make them more relevant to their interest. They also can interact, play, have fun. It's not all about buying.

When was the last time you clicked on a display advertisement and bought the product? You see, simple display ads don't work for you either!