

15 QUESTIONS ABOUT ONLINE ADVERTISING

Massimo Moruzzi

From the author of:

What Happened To Advertising? What Would Gossage Do?

15 Questions About Online Advertising

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THE 15 QUESTIONS

1. WHY BANNER ADS?

2. WHAT WAS ONLINE ADVERTISEMENT SUPPOSED TO BE LIKE?

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11. DOES IT WORK FOR ADVERTISERS?

12. DOES IT WORK FOR THE MIDDLEMEN?

13. IS IT A GIGANTIC SCAM?

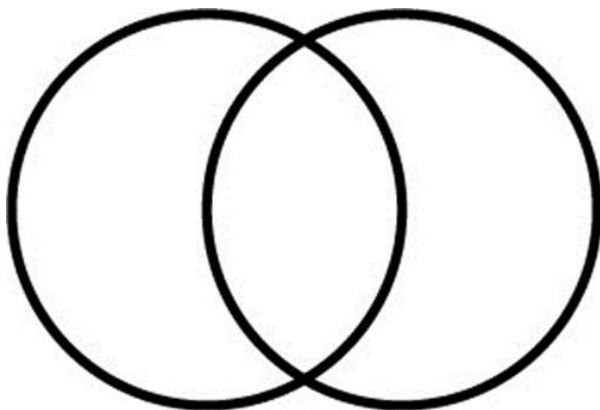
14. SHOULD MY COMPANY STAY AWAY FROM BANNER ADS?

15. IS THERE ANY HOPE FOR ONLINE ADVERTISING?

This book is dedicated to the memory of my grandmother,
Nonna Angela.

- *Saint-Rhémy-en-Bosses (AO), Italy, July 2015*

INTRO



The real question of course is: Does online advertising work?

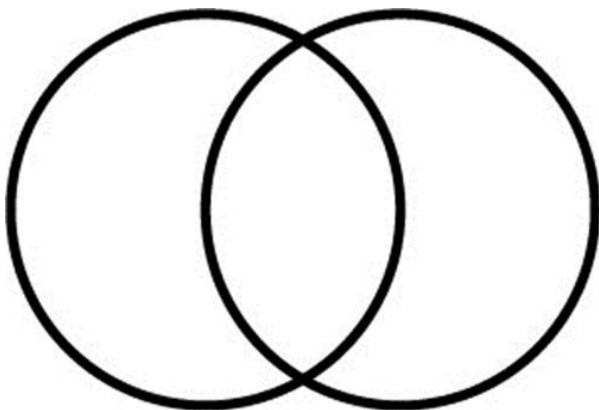
Unfortunately, it's impossible to give a simple answer to this apparently straightforward question. For starters, this is not a single question, but at least three different ones, as we shall see. The right question to ask would be: for whom does online advertising work?

But even before we try to answer this question, we need to define what we're talking about: banner ads. Not search ads, nor classified ads.

Then we need to ask ourselves how online advertising started, what it was supposed to be like, if it worked out as advertised, why it went astray, why it's still around, what it has become etc.

Let's get started.

1. WHY BANNER ADS?

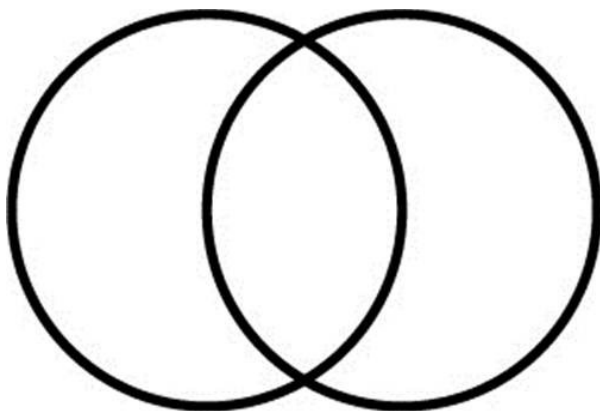


Why were banner ads introduced in the first place, starting with the infamous 1994 AT&T Wired.com banner ad that said: "Have you ever clicked your mouse right HERE? You will"? [\[1\]](#)

Because advertising was the easiest business model for a web startup to implement, and the easiest to market to investors. There's advertising in the newspaper, right? And in magazines. So you have this new medium with a lot of words and a modicum, back then, of images. What to do? Stick your company's logo in a rectangle and you're done!

Web startups could sign a deal with an ad network, forget about sales and focus on building an audience. If revenues were insufficient to cover the costs, which was the rule, it didn't matter because the mantra was that a site with millions of users would surely find a way to generate revenue sometime in the future. The later, the better. At least until the Bubble burst. [\[2\]](#)

2. WHAT WAS ONLINE ADVERTISING SUPPOSED TO BE LIKE?

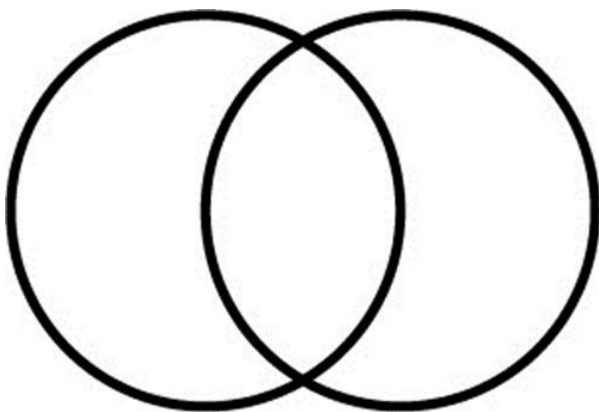


Online advertising was supposed to be wonderful, new, and exciting. But most of all, *interactive*! The idea was that, for reasons which I have yet to understand, people would want to “interact” with banner ads. Thus the IAB, or Interactive (not Internet, mind you) Advertising Bureau, was born.

My first question is: why in the world would you want anybody to “interact with your ads”? Wasn’t the goal of advertising to convince people to buy your bloody product?

Second question: do you interact with TV ads? I usually head up and go to the bathroom. Why in the world would it be any different online, when I’m doing something that interests me and not just killing time in front of the dumb screen? [\[3\]](#)

3. DID IT WORK OUT AS ADVERTISED?

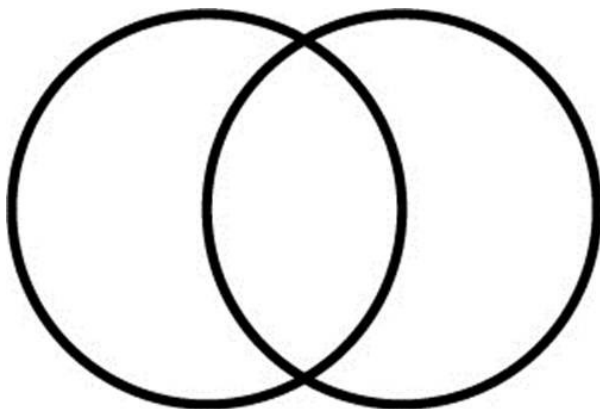


No. Nobody wanted to “interact”. Nobody even clicked.

What was once called interactive advertising is now called display advertising, i.e. advertising nobody *interacts* with. The average click rate on banner ads is around 0.1%, or one in a thousand, and less than half as much for the old format, the 468×60 banner ad. [\[4\]](#) It's pretty crude but, if you believe what Solve Media says, you are much more likely to survive a plane crash than to click on a banner ad. [\[5\]](#)

To add insult to injury, the few who do click account for a disproportionate amount of clicks: 8 percent of Internet users account for 85 percent of clicks. And guess what? It's mostly the poor and the uneducated who click on banner ads. Were those the people you wanted to “target”? [\[6\]](#)

4. WHY NOT?

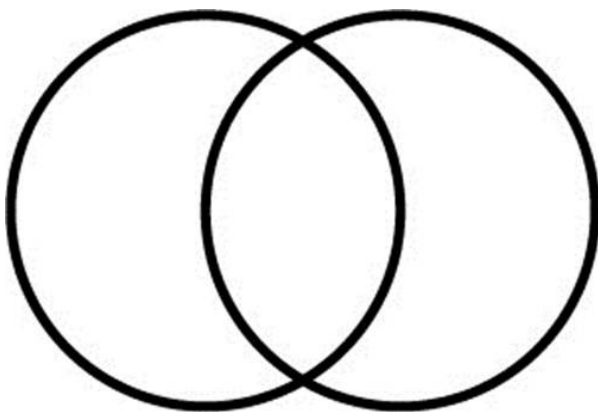


The days of the ridiculous banner ad barter exchange networks and of websites that used banner ads to promote areas or features of their own websites whenever nobody bought an ad placement are long gone, and not missed.

But still: how many web pages do you browse in a day? There's at least a banner ad on every single page, and sometimes more than one.

Why were web users – that is, us – expected to interact with all these things in large numbers? Somebody should explain to those who work in advertising that users are not half as interested as they are about the product of their work, especially if it's delivered in a poor format like banner ads and with sub-par creativity. Did they really think that we had nothing better to do online? Think again.

5. WHY ARE BANNER ADS STILL AROUND?



Banner ads have shown remarkable staying power as a format, especially if you consider how badly they have under-performed. Why are they still around? Because nobody had the guts or the imagination to come up with something better and smarter.

Sure, the IAB made them bigger, and standardised the sizes, but the format itself was never questioned. [\[7\]](#)

What happened instead was a furious race to extract at least some value out of this waste land, out of these billions of banner ads that laid bare and unsold after the Bubble burst. Affiliate Marketing, then Google's AdSense, then Behavioural Targeting, Retargeting, Search Retargeting etc.

No matter how improved the targeting, click-through rates remain abysmal.