Does the Web Work for Advertisers ?

Among the movers and shakers in the brave new world of the Internet, there is a sense not only that advertising is going to work, but also it is going to work big time. The only problem: no one can say exactly how it will do that.

This was the consensus of opinion at a panel discussion at the Adweek forum on the first day of the Spring Internet World convention held at Los Angeles. According to the panel, the Internet was like an infant with a horrendous appetite, but no one knows what it will look like as an adult.

Featured in the debate was Marianne Caponnetto, IBM's director of worldwide media strategy,Shelley Zalis, senior vice president/ interactive division & business development of ASI Market Research; and David Verklin, executive vice president of Hal Riney and Partners.'Does the Web work for IBM?," Caponnetto asked. 'The answer is a resounding, "Yes." We feel very optimistic about the Internet.'

Making sure she hit all the right buzz words, Caponnetto said Big Blue clearly is attaching a lot of importance to the Net. 'We consider it our defining medium…the core of our overall business strategy .the wave of the future,' Caponnetto said. She also feels the growth of electronic commerce will be 'absolutely phenomenal.'

Among the advantages IBM sees for itself on the Internet: It gets the company close to computer users, 'our targets'; Internet users tend to be younger and across the world, presenting the company with an opportunity to greet the future; and it provides the all-important opportunity to build brand awareness.

IBM is already heavily engaged on the Net as an advertiser, sponsor and in its own right, through ibm.com and its 100,000 pages. The company's goals for ibm.com are to enhance customer satisfaction by providing easy access to the company; leading technical news; industry information; samples, sales and support; and business partner referrals.

But moving people to IBM's home pages is not enough, Caponnetto said. 'We have to be visible to the 79 million people who are not coming to our pages." To do that, IBM is involved in more than 300 sites on the World Wide Web, through advertising, sponsorships, special event sponsorships such as superbowl.com, and content

partnerships.

With this huge embrace of the Internet, it is only natural that Big Blue has already learned a lot about the business. Among its findings: The Web is both local and global; the click-through rate (the number of people who visit pages) is very important; the response rate varies widely (from as low as 1 percent to as high as 60 percent -people reacting to ads or some other form of interactivity with the sponsor/advertiser); and relevance is key.

Verklin told the conference the Net lets the marketer put a human face on the marketing effort. ‘But like baseball, some hits are better than others,’ he said. The best web sites, he said, weren’t only about branding, but also about creating conversation with customers.

Zalis put matters into perspective: ‘Does the Web work for advertisers? We don’t really know the answers. Does it have the potential to work for advertisers? Think about the World Wide Web and what it’s doing. To sell 50 million units, it took radio 38 years, TV 13 years, cable TV 10 years, and the Internet, it is projected, will take five years. A lot of people are online and a helluva lot are going to be online. That’s all we need to know right now.’

Zalis said her company’s survey of 20,000 households had found 40 percent were more likely to buy from a company that put information on the Internet. Research had also found that consumers not only did not mind advertisements on the Internet, but also they accepted and expected ads, as long as they were in context.

In 1997, Zalis said, there would be an emergence of cyber brands: America Online, MSN, C-Net, Yahoo! and Amazon.com among them. Verklin said if the Internet produced TV-quality video, communication would change as the world knew it. If it did not do this, the Internet would remain a text-based medium and the overall impact on the advertising industry would be limited.

All three speakers agreed that verification and measurement of the efficacy of advertisements remained a problem for the Internet. However, they seemed to think a solution to this problem was reasonably imminent.