

London School of Economics and Political Science
Department of Media and Communications



“Advertising and the Internet: A New Era of Communications”

Candidate Number: 13165

Supervisor: Professor Sonia Livingstone

Dissertation (MC499) submitted to the Department of Media and Communications, London School of Economics, in August 2006, in partial fulfilment of the requirements for the M.Sc. in New Media, Information and Society

London 2006

Acknowledgments

I would like to express my deep gratefulness to my tutor and supervisor, Professor Sonia Livingstone, who generously offered me her precious help and comments for this dissertation.

Another person that I would like to thank is Dr Shani Orgad, Convenor of the M.Sc. in New Media, Information and Society. Her insights and support throughout the year were invaluable.

Finally, it would be a huge omission not to stress my gratitude for my family that tirelessly stood by me throughout this challenging year. To them I dedicate this effort.

Table of Contents

Abstract.....	5
Introduction.....	6
1. The Evolution of Online Advertising.....	7
2. The Major Attributes of the Internet and Their Implications for Online Advertising.....	9
2.1. Characteristics of the Internet and their Effects on Advertising.....	9
2.1.1. Interactivity.....	9
2.1.2. Ability to Personalise Advertising Messages.....	11
2.1.3. Premature Metrics.....	13
2.1.4. Information-Richness.....	15
2.1.5. Goal-Oriented Nature.....	15
2.1.6. Intrusiveness.....	16
2.1.7. Other Attributes of the Internet.....	17
2.2. Research Questions.....	18
3. Research Design and Methodology.....	19
3.1. Selection of Method.....	19
3.2. Description of Procedure Followed.....	21
4. Results and Analysis.....	22
4.1. Trustworthiness and Future Evolution of Internet Advertising.....	22
4.2. Characteristics of the Internet Which Affect Online Advertising.....	24
4.3. Interactivity.....	25
4.4. Ability to Personalise Advertising Messages.....	27
4.5. Premature Metrics.....	29
4.6. Information-Richness.....	32
4.7. Goal-Oriented Nature.....	33
4.8. Intrusiveness.....	34
4.9. Rapid Technological Change.....	35
4.10. Digital Divides.....	36
4.11. Strengths and Weaknesses of Online Advertising.....	37
4.12. Summary and Practical Implications of Results.....	38
5. Limitations of Study and Suggestions for Further Research.....	40
Conclusion.....	41

References.....	42
Appendix A-Interview Guide.....	47
Appendix B-Example of Interview Transcript.....	50
Appendix C-Profile of Interviewees.....	64
Appendix D-Glossary of Terms.....	65

Abstract

Advertising on the Internet is increasing at very fast rates. The aim of this paper is to identify the Internet's major features and to explore their importance for online advertising. A secondary objective, which derives from the first one, is to assess the potential of Internet advertising. To give answers to these research questions, semi-structured interviews were conducted with practitioners in the communications industry. The results indicate that certain attributes of the Internet, such as its interactivity and its ability to track users' response to advertising, are perceived as very important and beneficial for advertising. Other characteristics, such as the ability to personalise messages, are not viewed very positively by the communications industry. The analysis of the results reveals that the potential of the Internet as an advertising medium is remarkable, and it is expected to significantly alter the traditional advertising model.

Introduction

The Internet is a widely acknowledged driver of change for various aspects of the contemporary economic and social life. The advertising industry could not remain untouched by this new and fascinating channel for corporate communications. The expenditure for online advertising still represents only a small fraction of the total amount spent for advertising. However, it is growing in frenetic rates as depicted by the 62% increase in Britain in the first six months of 2005 (Economist, 2005). At the start of 2006 it was estimated that, by 2007, Internet advertising would capture 4.4% of the global expenses for advertising (Economist, 2006a). However, the field of online advertising is so dynamic and difficult to predict that the actual figure is likely to be much higher than that.

A number of interesting questions arise from the expansion of online advertising: Which features of the Internet play a role in its acceptance (or rejection) as an advertising channel? What is the potential of online advertising? What role do consumers play in this process of companies “discovering” a new vehicle for communications? The purpose of this dissertation is to give answers to such questions. In other words, my aim is to explore the nuances of the Internet when viewed as an advertising medium. Different authors express diverse opinions as for the suitability of the Internet for advertising. Furthermore, scholars point out a variety of characteristics of the online domain that favour or hinder the development of online advertising. This paper will seek to reconcile the new media literature with the advertising literature and assess the potential of online advertising from a new media analyst’s perspective. In this attempt, the point of reference will be the business world, i.e. the advertisers and the communications agencies. It goes without saying that the role of consumers, the recipients of any corporate communications effort, is critical in the brands’ acceptance of the Internet as an advertising medium. So, despite the fact that consumers will not be at the centre of the analysis, their concerns and influence will be highlighted and discussed throughout the dissertation.

The two components of “online advertising” must be clarified from the beginning: the term “online” will be used interchangeably with the word “Internet”. Acknowledging the fact that online may also imply other media such as mobile phones or interactive TV, the discussion will be based around Internet advertising, as the Internet is the major medium to access the online domain at the moment. Among

the various definitions of the Internet, the one that will be adopted here is that of Sonia Livingstone, who views the Internet as “a decentralised, global communications network mediated by the conjunction of computers and telecommunications” (Livingstone, 2005:9). Despite the global nature of the Internet, this essay will focus on the United Kingdom, since the research was conducted in London. The second component that needs to be defined is that of “advertising”: the term “online advertising” will refer to any type of advertising that takes place online, including banners, pop-ups, pop-unders, text links (used in search-engine advertising), e-mails, etc (a glossary of terms is provided in Appendix D). The reason for this generalisation is that the inherent features of a medium (in this case, the Internet) exist independently of the format of advertising studied and affect all advertising efforts equally.

The next Section provides some information on the current state of online advertising. In Section 2, the main features of the Internet are identified and their role in online advertising is discussed. Moreover, the research questions and objectives are clarified. Section 3 explains the research strategy followed, while Section 4 offers the results and the analysis of the research findings. The paper ends with the limitations of this study and suggestions for future research (Section 5), and some concluding remarks.

1. The Evolution of Online Advertising

Advertising is a highly debated reality of the contemporary socio-economic system. Adorno and Horkheimer (1972) view advertising as an effort to overpower the absent-minded consumer and they even attempt to make a connection between advertising and fascism. Appadurai (1990) regards advertising as an instrument of global homogenisation of culture. The newer, online forms of advertising have not escaped criticism. De Graaf et al. (2005:157) write about the Internet that “what was hailed as an educator’s Eden has become a seller’s paradise instead”. In 2001, the strategy expert Michael Porter made the prediction that successful dot-coms would be the ones that would charge for their content, rather than relying upon advertising revenues (Porter, 2001). However, the success of the Internet’s leading companies such as Yahoo, Google and MSN, which don’t charge users for the vast majority of the services they provide, counters this claim. What the aforementioned arguments

fail to consider is that advertising, and particularly online advertising, is an integral component of the economic system.

Many authors have highlighted the importance of online advertising. Chandon et al. (2003) point out that, for firms that operate on the Internet, advertising is among the few revenue sources. Moreover, Chatterjee (2005:51) adds that “advertising as a business model has dominated the commercial growth of the Internet”. These observations help to explain the rapid growth of Internet advertising. Furthermore, as Livingstone (2005) explains, the Internet has become an everyday technology over the past decade. The Internet population is expected to reach 1.21 billion in 2006 (Economist, 2006a). This is too big an audience for the advertisers to ignore. In addition, recent trends such as the affordability of broadband Internet connections and the diffusion of WiFi networks favour, but do not guarantee, the success of advertising on the Net. Another factor that changes the advertising landscape is the diffusion of Personal Video Recorders such as TiVO. Time-shifting TV programming threatens to render the notion of “prime time advertising” obsolete and to seriously undermine TV network revenues (GartnerG2, 2005). These changes have led the marketing guru Philip Kotler to state: “The days of mass advertising, with its waste and intrusiveness, are passing quickly. I have advised clients to reduce their TV advertising budgets” (Kotler, 2005:84).

In this dynamic business context, companies are searching for new ways to reach their customers. The Internet offers a variety of those. Since the appearance of the first banner ad on HotWired.com in 1994 (Gotham, 2002), a lot has changed in the online advertising domain. A variety of formats have emerged, including the most recent “rich media” and video streaming. The Internet is a convenient advertising channel, since companies increasingly seem to prefer targeting selected audiences than providing exposure to many and unknown groups (Yoon and Kim, 2001). However, as Millwood Hargrave and Livingstone (2006) highlight, there is a lack of research regarding the implications of new media technologies and new contents (such as new forms of advertising).

What the next Section will try to achieve is to identify the major characteristics of the Internet, as described in the academic literature. The implications of each one of them for advertising are discussed, leading to an indirect assessment of the potential of the Internet as an advertising medium. The word “potential” is of great importance here. The analysis will seek to avoid the

“technological essentialism” trap, adopting the observation of Lister et al. (2003:13) that a technological essentialist account would contend that “because a technology can do this, the medium is indisputably like that”. In other words, when for example the Internet’s interactive nature will be discussed, it will be acknowledged that the Internet is interactive as long as the user is actually active. The *possibility* of interactivity is provided by the medium, but whether it is also a reality eventually depends on the human’s degree of use of the possibility offered. With these remarks in mind, a listing of the Internet’s main characteristics follows.

2. The Major Attributes of the Internet and Their Implications for Online Advertising

2.1. Characteristics of the Internet and Their Effects on Advertising

2.1.1. Interactivity

Traditional media, such as television and radio, are representative of a one-way model of communication, leaving the audience with no active role in the communication process. In such media, advertising’s function is to make consumers believe that they are actors, where in reality they are at best choosers (Appadurai, 1990). Philip Kotler recently identified the “monologue” nature of traditional advertising as its main limitation (Kotler, 2005). In other words, “in traditional advertising the presentation is linear and the consumer is passively exposed to product information” (Bezjian-Avery et al., 1998).

One of the most widely discussed attributes of the Internet is its potential interactivity. Flew (2002:21) gives the following definition of interactive media:

“Interactive media are those that give users a degree of choice in the information system, both in terms of choice of access to information sources and control over the outcomes of using that system and making those choices”.

Moreover, Samarajiva (1997:289) adds that interactive media systems are those “allowing potential real-time interactivity within the same medium”. The importance of the latter definition is that it excludes other media that are potentially interactive but not within the same medium, i.e. one can communicate back but via telephone, post etc.

Many authors have studied the interactive capacities of new media. McMillan (2006) observes that in interactive media the audience is not passively receiving

information, but has control over the content and its presentation. The term interactivity is viewed as implying deeper engagement with media texts and greater user choice (Lister et al., 2003). In fact, it is because of the interactive nature of the Internet that the “audience” of traditional media is transformed in the “users” online, since the receiver of content is now engaging in a variety of active tasks, such as clicking on a link, playing a game, navigating on the Web, closing a window etc (Lievrouw and Livingstone, 2006). More generally speaking, the new media’s interactive abilities are acknowledged in the new media literature, as well as in the advertising literature, where authors have shown interest for interactivity from as early as in 1994 (Rust and Oliver, 1994).

The implications of interactivity for online advertising are severe. According to Yang (2004), in the new, interactive advertising paradigm consumers have the ability to determine the “when and how” of the presentation of adverts to them. Furthermore, Briggs and Hollis (1997) argue that Web advertising, as well as print advertising which is also considered interactive to a degree, lead to higher ad recall because of the user’s active engagement with the content. Chandon et al. (2003) point out that the interactive character of new media has the potential to alter many aspects of advertising, from the ways the content is designed and presented to the procedure by which consumers’ attitudes are affected. In addition, they maintain that a key-implication of the interactivity of Internet ads is the fact that a user can instantaneously respond to an ad and purchase the product online. In other words, “the Internet allows a potential integration between information seeking and commercial transactions” (Chandon et al., 2003:218). The latter argument is implicitly reinforced by Yoon and Kim (2001) who suggest that Internet adverts empower the consumer to immediately respond to a particular message.

A conclusion that can be easily drawn from the above is that, at the theoretical level, interactivity is believed to be an important characteristic of the Internet and one that has major -positive- implications for online advertising. Empirically, however, there exist also findings against this argument. For example, Cho (2003) reports that there is an amount of research showing a lack of interaction with banner advertising. Moreover, there is evidence that users do not necessarily find appealing the interactive capacities of the Internet (Silk et al., 2001). As a result, it is useful to keep in mind that the interactive abilities of the Internet are useful for advertisers only when users are actually willing to interact with an online ad (Yang, 2004). The

research for this dissertation was conducted keeping in mind that interactivity is not a given, and one of the first questions asked to all expert interviewees was their assessment of the importance of interactivity for online advertising and their views on the degree of actual use of this feature by advertisers and communications agencies.

2.1.2. Ability to Personalise Advertising Messages

Another often-cited attribute of the Internet that significantly affects online advertising is its ability to personalise advertising messages on a one-to-one basis. In fact, advertisers were among the first to embrace the Internet because of its one-to-one targeting capacity (Dreze and Hussherr, 2003). Adomavicius and Tuzhilin (2005) cite a number of definitions of personalisation. They all refer to a process by which a content provider (such as a firm) tailors certain offerings (such as communications) to the needs and interests of a specific person, based on information about his/her individual characteristics. Various authors provide evidence that targeted or customised communications (including banners, emails etc) are more effective in terms of consumer response than untargeted and standardised ones (Ansari and Mela, 2003; Chandon et al., 2003; Gordon and De Lima-Turner, 1997; Manchanda et al., 2006). Ansari and Mela (2003) point out a number of benefits that arise from personalised communications, such as increased customer attention, improved customer loyalty and enhanced profitability. Bezjian-Avery et al. (1998) add that customised communications benefit both the consumer experience and the company's advertising budget. Moreover, Samarajiva (1997) emphasizes that the trend of the personalisation of communications is accelerated by the emergence of flexible manufacturing and mass customisation, because "customised production goes with customised marketing" (1997:279).

Despite the appealing advantages of personalised communications, a variety of important ethical and privacy issues arise. A prerequisite for the ability to personalise messages is the gathering of information for the individual consumer. One way to obtain personal data is through voluntary methods, for example through the fulfilment of registration forms. However, there exist techniques such as the use of cookies that often operate and collect personal information without the user's knowledge or consent. In either case, it is evident that it is the interactivity of the Internet that enables for the personalisation of communications (Ansari and Mela, 2003; Bezjian et al., 1998). Many authors have argued that Internet users have significant privacy

concerns and do not want companies to gather information without their consent (Andrade et al., 2002; Chellappa and Sin, 2005; Davies, 1997; Mansell, 1999; Mansell and Steinmueller, 2000). In some cases, however, these claims are contested. For instance, Gordon and De Lima-Turner (1997) provide evidence that Internet users do not match the stereotype of an advertising rejecting, privacy guarding individual. Instead, they maintain that the larger part of users are quite passive regarding the gathering of data and they “view advertising as a fact of life” (Gordon and De Lima-Turner, 1997:372). In addition, Goldsmith (2004) states that the advent of new media, and especially the Internet, has forced consumers to *demand* that they are treated as individuals and that they receive personalised communications.

Personalisation is impossible to implement without some loss of privacy (Chellappa and Sin, 2005). Nevertheless, there are ways to reconcile the interests of consumers with those of advertisers. Regulation is always one potential solution for issues concerning consumer rights and companies’ abuse of power. In this case, regulation is needed in order to clarify the types of interactions allowed and to safeguard that Internet technologies are used appropriately (Palmer, 2005). However, as Millwood Hargrave and Livingstone (2006) point out, the Internet is a largely unregulated communications medium. Self-regulation is a mechanism that is used to some extent. Portal firms, one of the major types of online businesses, are aware of their users’ privacy concerns and the industry has established self-regulation mechanisms in order to build trust among users (Mansell, 1999). The importance of trust is highlighted by Samarajiva (1997), who reports that in interactive systems the user lacks information about the company and the system and has to rely on trust.

A number of authors have proposed solutions beyond regulation and self-regulation to soften privacy concerns. A mechanism that is regarded as being important in users’ acceptance of their data being gathered is the “opt-in” principle, which means that users explicitly agree to receive communications that match their interests (Chandon et al., 2003). When the opt-in principle is followed, “the consumer is informed about the privacy consequences of their online behaviour prior to engaging in such behaviour” (Novak and Hoffman, 1997). Andrade et al. (2002) provide evidence that the completeness of a privacy policy and the company’s good reputation for trustworthiness are factors that reduce the users’ privacy concerns. A variety of privacy-enhancing mechanisms is also provided by Van Wel and Royakkers (2004): solutions at the individual level include the use of Privacy

Enhancing Technologies and the checking of privacy policies on websites, while solutions at the collective level include legal measures, monitoring web mining activities and creating awareness around privacy issues.

The Internet's potential to personalise advertising messages is a complex issue with an ethical polemic surrounding it. As a result, in the author's discussion with the interviewees these issues were posed and analysed in depth.

2.1.3. Premature Metrics

The Internet is a relatively new medium, and the metrics for the measurement of the effectiveness of advertising are not mature yet. The existence of premature metrics is not an inherent feature of the Internet; it is rather a contemporary reality of the medium that is likely to change in the future. However, the metrics (and the related pricing systems) are worth discussing since this is one of the most controversial issues in the field and also because of the importance of the existence of robust metrics and pricing models for the growth of the Internet as an advertising medium.

There exist two paradigms to assess the effectiveness of online advertising: traditional advertising measures such as ad recall and attitude towards the brand can be used, or the Internet can be treated as a direct marketing tool (Chandon et al., 2003). As Novak and Hoffman (1997) point out, traditional pricing models are based on exposure and include the flat fee (a fixed price for a certain period) and the impression-based CPM (cost-per-thousand impressions). Classic measures, however, do not capitalise on the tracking capabilities provided by the Internet. The latter is a unique medium in that the user's online behaviour can be monitored and every impression or click can be counted (Chatterjee et al., 2003). This is why metrics such as the clickthrough, which measures the effectiveness in terms of how many users actually clicked on the ad, are so attractive to advertisers. The clickthrough is the most popular measure for evaluating online advertising effectiveness and this holds from as early as in 1999 (Ling et al., 1999; Dreze and Hussherr, 2003; Manchanda et al., 2006). Consequently, pricing is usually based on the number of clicks, since advertisers demand results-oriented pricing systems rather than the more abstract impression-based ones (Baltas, 2003). The advantages of clickthrough are that it is easy to observe, since this is done automatically, and that it depicts an immediate response to the advert (Briggs and Hollis, 1997).

Despite the advertisers' preference on clickthrough, academics have largely contested its suitability as a metric of online advertising effectiveness. The clickthrough has been largely criticised as a metric because it focuses on short-term, behavioural effects, ignoring long-term, attitudinal influences (Briggs and Hollis, 1997; Carlon et al., 2000; Chandon et al., 2003; Dreze and Hussherr, 2003; Manchanda et al., 2006). These studies show that advertising may alter the users' perceptions of the brand and may lead to response, such as product purchase, long after the consumer's exposure to the advert. In addition, Chatterjee (2005) emphasizes that clickthrough may not be suitable for any type of campaign. In other words, in some cases advertising aims to lead to increased sales, while in others the objectives are more subtle, including raising brand awareness and altering consumers' perceptions of the brand. Moreover, a downside of performance-based metrics such as clickthrough is that, since the same advert is often displayed in a number of websites, the advertiser can never be sure that it was the particular ad view that led to the user's click (Chatterjee et al., 2003). By relying on clickthrough, however, the advertiser rewards only the website where the user clicked on the ad.

The latest trend in the field of online metrics and pricing systems is for the advertiser to pay the website not when the user clicks on the ad but when the user takes a further action after the click. Such actions include sales, inquiries, downloads etc (Hoffman and Novak, 2000). In fact, the pay-per-sale pricing model represents the "holy grail" of advertising (Economist, 2006b), since in this case the advertiser can be absolutely confident that the advertising expenditure is not wasted and that it has tangible Return On Investment (ROI).

As can be easily suspected, there is a degree of uncertainty about the metrics of effectiveness and the pricing models regarding online advertising. Many scholars have argued that there needs to be further development and standardisation of the metrics for the Internet to become more widely accepted as an advertising channel among the business world (Dreze and Zufryden, 1998; Interactive Advertising Bureau, 2004; Kanso and Nelson, 2004; Novak and Hoffman, 1997). The Interactive Advertising Bureau has done some significant efforts to standardise measurements by publishing guidelines and best practices. Whether, however, the existence of various and unstandardised techniques hinders the acceptance of the Internet as an advertising medium is a claim to be empirically verified. The issues related to the Internet's metrics and pricing models were thoroughly discussed with the interviewees.

2.1.4. Information-Richness

Another attractive attribute of the Internet that is often cited in the academic literature is that it is probably the most information-rich medium. Flew (2002) points out that new media are dense, i.e. large amounts of information can be stored in network servers. He views that the density of new media is an outcome of digitisation, the ability to transform all forms of content (such as text, audio, graphics, video) into the two digits of the binary code. Lister et al. (2003:17) reinforce this argument by contending that “digitisation creates the conditions for inputting very high quantities of data, very fast access to that data and very high rates of change of that data”.

The implications of the Internet’s information-richness for advertising are viewed very positively by scholars. From the firm’s point of view, the possibility of providing a large amount of information is critical for building a brand’s image and reputation (Kanso and Nelson, 2004). As Ling et al. (1999) emphasize, the delivery of advertising information is critical in an economy of uncertainty and imperfect knowledge. From the consumer’s point of view, it is regarded that the Internet bridges the information asymmetry between the company and the customer and that this leads to enhanced buyer power (Afuah and Tucci, 2001). Another implication of the loads of information available on the Internet is that companies can benefit by providing appropriate information to the user, hence reducing the useless messages (Murthi and Sarkar, 2003). In this way, the information-richness acts as a driver for the personalisation of content.

Not many downturns of the Internet’s information-richness are discussed in the literature. However, some interesting views on this issue came up in the research conducted for this paper.

2.1.5. Goal-Oriented Nature

An often-cited feature of the Internet is that it is viewed as a goal-oriented medium. In other words, Internet users are very focused on whatever they are doing online and hence they do not have time or willingness to pay attention to adverts. This characteristic has severe implications for online advertising. Many studies have shown that users avoid ads because of their goal-oriented behaviour (Cho and Cheon, 2004; Silk et al, 2001). This orientation leads to what is often referred to as “banner blindness”, i.e. Internet users are purposefully “blind” to banners (Chatterjee, 2005; Cho, 2003; Cho and Cheon, 2004). Dreze and Hussherr (2003), however, point out

that, although users avoid looking at ads, a part of the processing of the advert is done at the preattentive level, proving that advertising has effects even when users are goal-oriented.

Not every scholar, however, accepts the universal goal-oriented nature of the Internet. Chatterjee (2005) proposes two types of a web surfer's behaviour: goal-oriented and exploratory. When users are in an exploratory mood, they don't have specific tasks to accomplish and they are more likely to pay attention to advertising (Chatterjee, 2005). Yang (2004) cites a number of studies where users were classified according to a taxonomy of motives. For certain motives such as "surfing" the stance towards advertising was found as being more positive. Another interesting factor proving that Internet users are not so unlikely to accept online advertising is that they realise that advertising is mainly the reason why the majority of the websites they frequent do not charge visitors for their content (Gotham, 2002). In any case, it would be interesting to know what the communications industry views on the issue of the Internet's supposed goal-oriented nature. As it will be shown in Section 4, the practitioners' opinion is quite different from what would be expected based on the literature.

2.1.6. Intrusiveness

An opportunity that the Internet gives to advertisers is to use certain advertising formats that can be considered as intrusive for the user. These formats include, for instance, pop-up ads and unsolicited e-mails. The existence of such intrusive types can be explained because of a reality that differentiates the Internet from other electronic media: whereas in television and radio the advertising messages interrupt the flow of content, forcing the audience to pay attention to them, on the Internet the ads represent only a small part of a Web page, about 10%, and therefore it is not certain that they will capture users' attention (Chandon et al., 2003; Chatterjee, 2005; Dreze and Hussherr, 2003; Putrevu and Lord, 2003). So the use of intrusive advertising formats represent a way out for advertisers in order to make the consumer engage with the ad.

On the other hand, however, such ad types are considered as being irritating for the users. The frustration caused is of course a totally undesirable effect for advertisers. Moreover, ethical issues arise from intrusive techniques: pop-ups are sometimes difficult to close, while it is almost impossible to trace the source of an

unsolicited email and to unsubscribe from the mailing list (Palmer, 2005). As a consequence of users' rejection of pop-up ads, several ad blocking software packages exist today. In addition, spam filters reduce the amount of unsolicited emails received. A recent technique that may change the landscape of intrusive advertising is the use of "rich media" that contain audio, video etc. and combine the ability to attract users' attention without being particularly annoying. The "best practice" in the trade-off between capturing the users' attention and irritating them is an issue that hasn't yet been resolved in the communications industry. It has even been suggested that regulation of the Internet is needed regarding the desirable degree of intrusiveness of advertising (Cho and Cheon, 2004). The issue of intrusive online advertising was discussed in the interviews, revealing a wide range of opinions among the communications practitioners.

2.1.7. Other Attributes of the Internet

The Internet carries a number of other characteristics, which are more or less ignored in both the new media and the advertising literature. The reasons for this may include that these features are taken for granted, or that their importance is undermined by researchers. For instance, the fact that, to my knowledge, no study on online advertising takes into account the rapid pace of technological change is at least puzzling. The very fast evolution of technology is a factor that potentially has major implications about advertising, such as causing a degree of uncertainty among advertisers and agencies. The importance of this factor is evidenced by the juxtapositions between recent and older studies and by the speed by which the literature becomes obsolete. Due to my conviction that the rapid technological change affects the potential of the Internet as an advertising medium, a relevant question was included in the interview guide.

Another critical issue that is widely neglected is the existence of digital divides of several types. Kanso and Nelson (2004) mention the low Internet penetration as a limitation of online advertising. In fact, the bandwidth divide may potentially affect the types of adverts used, since some formats are more "heavy" than others, causing delays in the appearance of the Web page. Other divides, such as age or gender divides, could have implications for the types of products and services advertised on the Internet. These issues could potentially have severe effects for advertising and were discussed in the interviews.

Some other Internet characteristics are occasionally cited in the literature. Yoon and Kim (2001) mention the Internet's ability to deliver content with no time and space constraints, while Kanso and Nelson (2004) view that the ease of updating and the purchase facilitation are potential benefits of online advertising. These characteristics were not explicitly included in the interview guide but it was left to the interviewees to bring them up if desired.

2.2. Research Questions

The purpose of this dissertation is to identify the major features of the Internet, explain their theoretical importance for online advertising and test these theoretical claims through a series of expert interviews with practitioners in the communications industry. It could be viewed as an indirect assessment of the potential the Internet as an advertising medium, i.e. an exploratory study of its strengths and limitations that derive from its inherent characteristics. The first part of this paper's aim, that is, the identification and theoretical discussion of the Internet's attributes, is the content of the previous subsection (2.1.). The research questions that arise from this literature review include the following: What, according to the communications industry, are the Internet's main characteristics and how do they affect online advertising? How are the theoretically-identified attributes viewed by practitioners and what are their actual implications for advertising on the Net? In other words, assuming that the major features of the Internet include interactivity, ability to personalise messages, premature metrics, information-richness, goal-oriented nature, intrusiveness, rapid technological change and digital divides, what is the importance and actual effects of each one of these for online advertising?

This research was conducted within a highly dynamic context. The academic literature strives to keep up with the pace of the evolution of online advertising. The study was designed in such a way as to be more general, focusing on inherent characteristics of the Internet (with the exception of premature metrics) instead of investigating a contemporary phenomenon that may soon become obsolete due to the unstable technological and business environment. To my knowledge, such a study was not conducted so far. Therefore this dissertation adds to the advertising literature a discussion of the nuances and debated areas of Internet advertising, based on observations about the medium itself. Furthermore, it contributes to the new media

literature, providing an explicit account of the Internet's (and potentially new media's in general) characteristics. The same features may have severe implications for other areas of research as well, such as e-government for example.

3. Research Design and Methodology

3.1. Selection of Method

After stating the research questions in the previous Section, this one explains the research strategy followed. The first issue that had to be resolved was the selection of the appropriate research method. The goal of the study was to find out how each one of the characteristics of the Internet affects online advertising and to what extent these features are actually taken into consideration by communications agencies. The best respondents to provide such answers are practitioners in the communications industry. The nature of the research was not systematic and quantitative, so methods such as surveys and questionnaires were rejected from the beginning. Furthermore, such methods do not give the opportunity to the researcher to clarify certain points if desired (Gaskell, 2000). In addition, the aim was not to map characteristics of media texts, so content analysis was judged as unsuitable for the purposes of this study (Hansen et al., 1998). Another method that was rejected was the focus group, mainly because of the nature of the respondents (they were busy elite practitioners of the communications industry). As Gaskell (2000) points out, it is difficult to recruit such respondents to a focus group because of problems related to finding an appropriate time and place that suits all. As a result, the individual interview was selected as the research method of this paper.

The remaining question about the method was the choice of the specific type of interviews. Structured interviews tend to be more systematic and to leave less room for serendipity, hence they were rejected because of the study's exploratory nature (Chadwick et al., 1984). The idea was to ask open-ended questions to the respondents and to let them formulate their answers freely and bring up new issues for discussion. On the other hand, because the purpose of this essay was to provide concrete answers to specific research questions, and also due to my complete lack of experience in interviewing, the option of completely unstructured interviews was rejected. Therefore, the method used to explore the research questions was a series of semi-structured interviews. In particular, because the interviewees were practitioners in the

communications industry who were asked to provide their knowledge and insights on online advertising, the interviews conducted may be viewed as expert interviews. In such interviews “the interviewee is of less interest as a (whole) person than in his or her capacity of being an expert for a certain field of activity” (Flick, 2002:89).

The benefits of semi-structured interviews for studies such as the one conducted in this dissertation are various. Such interviews have a sequence of issues to be covered and some proposed questions, yet they enable the alteration of sequence and phrasing of the questions, as well as the addition or omission of questions, according to the respondents’ answers (Kvale, 1996). This kind of research often leads to unexpected information that other methods might not be able to discover (Berger, 1998). In semi-structured interviews “the goal is to explore a topic more openly and to allow interviewees to express their opinions and ideas in their own words” (Esterberg, 2002:87). This was precisely the objective of my research. The interviewees were asked about the features of the Internet and their implications for online advertising and were encouraged to emphasize whichever point they found most important. In other words, semi-structured interviews, as a qualitative research method, gives the opportunity to explore the range of views and the various representations of the topic under investigation (Gaskell, 2000).

Of course semi-structured interviews, as well as interviews in general, have certain disadvantages and weak aspects. If the interview only occurs once, the relationship between the researcher and the respondent is likely to be impersonal, leading to limited self-disclosure (Esterberg, 2002). Chadwick et al. (1984:108-9) reinforce this argument, emphasizing that “given the temporary nature of the exchange, the respondent may have little motivation either to participate in the first place or to give complete and accurate answers”. Another possibility is that the interviewer applies the interview guide too rigidly, without leaving the respondents to speak freely about what they perceive as being important (Gaskell, 2000). An important problem highlighted by Kvale (1996) is that researchers might be biased towards their own presumptions, thus ignoring any counterevidence for their beliefs and, in a sense, selectively listening to the respondent’s answers. Regarding expert interviews, Flick (2002) points out potential problems such as the expert proving not being an expert or the respondent talking more about his or her private life than about his or her expert knowledge. Some of these weaknesses were confronted with when preparing and conducting the interviews. My reaction to potential difficulties that

turned up is described below, in the summary of the procedure applied.

3.2. Description of Procedure Followed

After the selection of semi-structured interviews as the research method to be used, the next step was sampling. The population of reference was the practitioners in the communications industry, including advertising agencies, media planning and buying agencies, communications consultancies etc. An initial attempt to get in touch with some high-profile members of the population of reference had no fruitful results. After the realisation that barriers of access would be almost impossible to transcend, and with the encouragement of a member of the LSE Department of Media and Communications Faculty, I turned to the LSE Alumni Office. The objective was to find potential respondents that were LSE Alumni and would, in theory, be more willing to accept to be interviewed. This turned out to be a correct judgement, since the support and help I received from LSE Alumni was remarkable. The final sample consisted of six interviewees who all worked in the communications industry, covering almost every sector of the industry. They were contacted via email and then a face-to-face meeting was arranged. The respondents work for diverse companies, from leading multinationals to small start-ups and they occupy various positions, from creative development to consulting and from entry level to top management. The profile of the interviewees can be found at Appendix C.

Reflecting on the sampling strategy followed, it can be easily inferred that the sample of this research is basically a convenience sample, or a sample determined “by accessibility” (Kvale, 1996). There are many factors that may lead to convenience sampling, one of them being the availability of certain respondents that would otherwise be difficult to get in touch with (Bryman, 2004). Gaskell (2000) contends that in qualitative research it is better to use the term “selecting respondents” rather than “sampling”. The reason for this terminological differentiation is that “sampling” often implies a systematic procedure that enables for the generalisation of results. In fact, due to the “opportunistic” selection of respondents, the results of this study must be generalised with cautiousness. Ideally, the sample used for this study would comprise of more respondents who would also be better distributed across the range of the communications industry. However, due to the constraints of this paper, such an “ideal” sample could not be formulated.

The interview guide was prepared while contacting potential interviewees. It can be found in the Appendix A. The questions included derive from the literature and were phrased in an open-ended manner. At the beginning a couple of interesting, easy and straightforward questions were asked to make the interviewee feel comfortable, as suggested by Gaskell (2000). As for the rest of the guide, one or two questions for each one of the aforementioned, identified features of the Internet were included. The sequence and phrasing of questions were altered according to the flow of the conversation. Care was taken in order to avoid dichotomous and leading questions, as well as questions expressed in academic language (Esterberg, 2002). Some data about the respondent (name, company, position in company) were collected at the beginning of the interview in a separate “face sheet” (Bryman, 2004).

A number of ethical issues were taken into consideration before, during and after the interviews. At the initial contact with the potential respondents information about the project and myself were provided and it was specified that confidentiality could be provided if desired. Two of the interviewees made use of this possibility and will remain anonymous throughout the analysis (Interviewees 1 and 2). The promise of confidentiality also functioned as a driver for the creation of “rapport” between the researcher and the respondent (Chadwick et al., 1984). Since the interviews were recorded and later transcribed, another ethical issue that arose was the loyal transcription of what was said (Kvale, 1996). Given that the interviews were conducted in English and not in my native language, I listened to the conversations many times to achieve the highest possible degree of accuracy. In situations where it was not clear what was said, I followed Poland’s (2003) transcribing instructions, using parentheses to distinguish an ambiguous word or phrase and empty parentheses for any excerpt that was impossible to understand. Finally, I was confronted several times with the dilemma between the pressure of time and the desire to acquire more information (Flick, 2002). In these situations I tried to keep the conversation within the pre-agreed time limits by asking for shorter answers or by omitting a question.

4. Results and Analysis

4.1. Trustworthiness and Future Evolution of Internet Advertising

The first two questions of the interview guide were quite easy to answer, at least in theory, and aimed at putting the interviewee into the frame of mind of the

topic. However, some interesting insights came up even in these introductory questions.

Regarding the degree to which the Internet is acknowledged and trusted as an advertising medium, most of the interviewees agreed that it is so to a very large degree. Interviewee 1, who works as an Account Executive at an online media planning and buying agency, emphasized that companies which sell services, such as banks, believe more in the potential of the Internet than firms that produce physical products. The reason is that, for services that can be provided online, advertising may directly lead to purchases or other consumer actions, and this is something that can be tracked and measured precisely (via monitoring the user's clickstream). Interviewee 2, who is a Senior Research Analyst at a media agency, pointed out that the main factor that determines whether an advertiser will use the Internet is the attitudes of the firm's marketing managers. In his own words, "some people are just more naturally technophiles and some people are naturally technophobes...some people are very traditional and they cannot think beyond a thirty-second TV spot". In addition, Rishi Dastidar, a Consultant at Seren Partners, a customer experience consultancy, said that certain expressions of online advertising, such as Google AdWords and AdSense and banner advertising, are more trusted than the rest because "they have been shown to work".

All the respondents expect an increase in the expenditure for online advertising in the following years. Julian Ingram, European Director and Managing Partner at McCann Erickson, expects an increase because of the certainty provided by the Internet, i.e. because the advertiser can test it and get a return on it. Moreover, Dmitry Tulba, Creative Planner at Lowe London, pointed out that the expenditure is going to rise, but it is going to be increasingly difficult to distinguish the Internet as a specific channel. As he said:

"...the boundaries between different mediums are blurring, so for example you have now broadband which is competing slightly with television, because there are quite a few services which might be considered as traditional television and they are online as well, so I think ultimately yes the expenditure is going to rise but it's going to be more kind of media-neutral expenditure on the communications..."

Another respondent, Victoria Peckett who works as an Account Manager at Harvest Digital, emphasized that the expenditure can only increase, because in her opinion the amount of online advertising is small considering the plethora of activities one can

fulfil online.

Summarising the first two introductory questions, it is obvious that the practitioners in the communications industry largely appreciate the Internet. All the interviewees agreed that the latter is widely acknowledged in the business world as an advertising medium, and the degree to which it is also trusted depends upon various factors such as the nature of the products or services of the advertiser, the perceptions of its employees and the specific online application. The respondents expect an increase in the online advertising expenditure, with some concerns expressed regarding the way in which one defines “online”.

4.2. Characteristics of the Internet Which Affect Online Advertising

The last of the general questions, the third one, asked the interviewees which features of the Internet they perceive as the most important and the ways in which they affect online advertising. This question was crucial in the interview process because the rest of the interview depended on the answer to this question. Not surprisingly, a variety of characteristics were mentioned by the respondents. The vast majority of them were among the ones identified in the literature. These features, that were among the ones recognised in Section 2.1., were discussed later, as there was a separate part in the interview guide for each one of them. However, a few new ones appeared in the answers to this question and were briefly analysed with probing questions.

Five out of the six interviewees highlighted interactivity as one of the most important features of the Internet, distinguishing it from other media. This is highly consistent with the literature, as described in subsection 2.1.1. Rishi Dastidar mentioned interactivity in the sense of being able to monitor consumers’ actions, thus knowing to what extent consumers actually engaged with the ad. In addition, Julian Ingram used the term “participatory medium” and emphasized the more intimate relationship that a firm can build with consumers online because of the user’s ability to “participate”. He added a second characteristic, which is related to interactivity, the one of being able to show an advert to a consumer who actually wants to buy (he specified that this applies mostly to search engine advertising). Dmitry Tulba referred to interactivity as the “two-way communication” enabled by the Internet and he listed a variety of benefits that derive from this kind of communication. Both Victoria

Peckett and Interviewee 1 mentioned interactivity among other key characteristics of the Internet. The respondents' views on interactivity will be more thoroughly discussed in the next subsection.

Besides interactivity, a number of other features of the Internet that affect online advertising were pointed out. Interviewee 2 mentioned the Internet's accountability, which is significantly improved compared with other media. However, he emphasized that, to a large degree, the Internet is "perceived as being accountable" because the metrics need further improvement, a point that was more deeply discussed later. Dmitry Tulba also highlighted the improved metrics, saying that "one of the best things about the Internet is that you can evaluate your efficiency straight away". The interviewees' emphasis on the metrics, as will be explained in a later subsection, is in accordance with the existence of numerous academic publications on this issue. Interviewee 1 believes that a key characteristic of the Internet is that consumers "can find out loads of information about products", something that is again consistent with the theoretically identified feature of information-richness. The latter was also mentioned by Victoria Peckett who listed a number of Internet characteristics including its accessibility, its instantaneous nature, its trustworthiness in making a payment and its capacity to enable building a relationship with consumers, for example by giving them blogs, news, downloads etc.

4.3. Interactivity

The respondents' views on interactivity did not focus on a specific aspect of it but each one of the interviewees mentioned another application or implication of interactivity. The wealth in the answers mirrors the large amount of publications that study the interactivity of new media. An interesting downside of interactivity, which was mentioned in the interviews but is not discussed in the literature, is that, because of the Internet's interactive nature, companies can receive negative publicity through content that users upload to websites. This content could include comments or photos in blogs, forums, review sites etc. Both Victoria Peckett and Interviewee 1 stressed the need for active monitoring of websites as part of a firm's online communications strategy. Interviewee 1 gave the example of the "Dell catastrophe", which started when someone posted a negative comment about Dell at one forum, then others posted various problems they had with Dell products and this evolved into an online

“I hate Dell movement”. This downside could also be interpreted as a negative aspect of the Internet’s information-richness, in other words some of the voices heard may not be favourable to the brand. On the other hand, I would add that one of the distinguishing characteristics of the Internet is precisely its democratic nature.

From the creative point of view, the respondents expressed various opinions. Victoria Peckett emphasized that companies can use the Internet’s interactivity to make the adverts more engaging, for example by providing games, competitions, interactive sites, and generally to give users “an experience as opposed to showing them a banner ad and expecting them to go there”. Interviewee 1 agreed that the creative aspect can be adjusted to be more interactive but she pointed out that the degree to which this possibility will be exploited depends on the brand and the target audience. On the other hand, Rishi Dastidar acknowledged that there are interesting applications of interactivity such as viral advertising (where users can send to their friends an ad that they found funny or interesting) but stressed that “there is no reason as to say why a well-crafted thirty-second TV spot cannot be as gripping to watch as something which requires you to actually do a lot more”. The importance of viral advertising was also suggested by Julian Ingram, who mentioned viral as an example of the Internet’s ability to enable the company to give something back to users in return for their involvement and potential purchase. Finally, Interviewee 2 agreed that there exist more possibilities online for the creative part but he added that, since all media are becoming more and more digital and interactive, the Internet is just one of the many places where advertisers can take advantage of such possibilities.

In the discussion about interactivity, a question was asked to the interviewees to explore the validity and importance of the claim made by Chandon et al. (2003:218) that “the Internet allows a potential integration between information seeking and commercial transactions”. Rishi Dastidar perceives this ability as being very important and he mentioned music downloads as an example of that, in the sense that one can read about the track, preview it, and then purchase it. He admitted that this process of leading consumers to immediate transaction is easier for digital products or services but he pointed out that offline brands will also start to “work out interesting ways of both engaging you and then selling you something”. Interviewee 2 said that this ability of direct response is “where the interactivity is most important”, while Interviewee 1 agreed that this ability is “essential”. Moreover, Julian Ingram highlighted that the ability to show a brand proposition when people are looking for it

is “the marketing director’s dream”. He also mentioned search advertising as the major expression of that, though underlying that search engines are not sophisticated enough yet. Some interesting objections were expressed by Dmitry Tulba, who emphasized that the importance of the aforementioned claim depends on the communications objectives, for example a firm might aim to raise the brand awareness, so the question of raising sales would be of secondary importance. Furthermore, he added that we must be careful about the role of advertising in general in terms of leading people, because “it may not be the result of online advertising that people go into an online shop and they shop there”. A similar observation was made by Interviewee 2 in his answer about the accuracy of the metrics, as will be explained in subsection 4.5.

4.4. Ability to Personalise Advertising Messages

The biggest contradictions between the academic publications and the practitioners’ opinions emerged in the discussion about the Internet’s ability to personalise advertising messages. This feature is largely appreciated in the literature, as explained in subsection 2.1.2. Some authors (e.g. Samarajiva, 1997) view personalisation as a necessity in the new economy of mass customisation, while others (such as Goldsmith, 2004) believe that consumers *demand* to be treated as individuals. The majority of the respondents’ answers on personalised advertising depart significantly from this point of view, revealing a deviation of the industry’ practice from what would be expected theoretically.

None of the interviewees was enthusiastic about the ability to provide personalised messages. They were all sceptical about the degree to which it can be done properly and also about the extent to which users actually desire it. Julian Ingram pointed out that the problem with personalisation is that not many people want brands to know everything about them and to understand what they really want. Interviewee 2 emphasized that one-to-one advertising better suits mobile communication and not the Internet. He explained that this is because the mobile phone is much more personal and people have it always with them. The importance of personalised marketing in small wireless devices is also highlighted by Mussi (2003), although the reason he mentions is the small size of their screens. Moreover, Victoria Peckett added that personalised communication is not used very much by agencies,

and that advertisers are careful about it because “there is a certain limit beyond which people find it more intrusive than useful”. In addition, Interviewee 1 said that personalising content is difficult to do well because of the danger of getting too personal and putting the consumer off.

Two of the interviewees were more favourable towards personalisation but they also expressed several difficulties and concerns. Dmitry Tulba stated that it is important to make people feel that they are approached individually, yet he wondered about the extent to which personalised messages that are generated mechanically are actually effective. Furthermore, he added that in certain occasions people relate to a brand because of the feeling that they belong to a certain group of people, and this is against the idea of personalisation. The latter observation was also made by Rishi Dastidar, who said that a part of the attraction of some brands is that you belong to a bigger audience and a bigger collective. Mr Dastidar also pointed out that the personalisation of promotional messages is very important but few brands do it well because of its complexity. He mentioned Tesco’s club card and Amazon’s recommendation system as the two most sophisticated examples of personalising content.

On the issue of the privacy and ethical concerns that arise from personalisation, the interviewees’ answers were highly consistent with the literature. Almost all the respondents agreed that these concerns exist and they are significant. When asked about the use of cookies to obtain personal data, Dmitry Tulba said that there are huge ethical issues because of the public’s lack of awareness of the cookies’ existence and function. He also added that, besides the ethical dimension, firms must acknowledge that it is not in their interest to use practices that are obscure and may harm their brand. Interviewee 2 agreed that there exist huge issues but most agencies are really cautious because of the operation of industry bodies that are monitoring all communications campaigns. Julian Ingram identified the possibility of the firm giving away consumers’ data to third parties (such as government bodies or other companies) as the most important issue. This possibility of the company passing along personal information to third parties is also highlighted by Andrade et al. (2002) as the main risk of a user’s self-disclosure on the Web.

The rest of the respondents were slightly more neutral about the use of cookies. Rishi Dastidar pointed out that there is a trade-off between privacy and efficiency, and that most users will prefer the efficiency of their page being cached so

that it is downloaded quicker. Victoria Peckett also recognised the same trade-off and she added that privacy concerns miss the point that the data collected through such mechanised techniques are anonymised. However, I would comment that even if the consumers' personal information were anonymous, I believe that there would still be significant objections and concerns from the users' side. Interviewee 1 suggested that cookies make the users' experience on the Web better because they only receive adverts that they are actually interested in. Again, I would add that the decision about what is good for the users is one that the users themselves should be able to make and that there needs to be more awareness about the techniques that companies use to obtain personal information.

The respondents agreed to a remarkable degree on the issue of whether online advertising needs to be further regulated. Almost all rejected the idea of regulation, and some of them proposed other solutions for ethical and privacy concerns. Dmitry Tulba said that there is lack of regulation because the Internet is developing very quickly and any regulatory efforts may soon become obsolete. He added that some advertisers "use the Internet as the medium of freedom" but stressed that it's almost inconceivable to implement any regulation at this point. In accordance with the arguments cited in 2.1.2., Rishi Dastidar emphasized the importance of giving to the users the right to opt-in for certain services, rather than to opt-out. A preference for opting-in was also expressed by Julian Ingram, who added that it is in the interest of the companies themselves to behave in a responsible manner. As he said, the Internet "is fundamentally a liberating and democratic medium...but...with freedom always comes responsibility".

4.5. Premature Metrics

Another issue that was thoroughly discussed in the interviews was the debate about which metric is the most accurate or effective. The respondents expressed a variety of opinions on the metrics, some of which are supported by the literature.

The majority of the interviewees view online metrics very positively, especially when compared to the metrics used in other media. Julian Ingram pointed out that, whereas the advertising industry is "metric-weak", the Internet offers a large number of choices such as clickthrough, impressions, duration on page etc. Interviewee 2 brought the example of radio where the measurement of the audience is

still conducted with individual diaries that listeners complete by themselves and he said that, compared to traditional media, the Internet is much more accountable. The example of radio was also mentioned by Rishi Dastidar, who argued that online metrics are much more accurate.

A view expressed by many interviewees, and is not widely acknowledged in the literature, is that there is no such thing as the single best metric. Instead, the choice of the metrics to be used to assess the effectiveness of a campaign depends on the objectives of the campaign. This statement is not supported by academic publications, which mostly seek to prove that one particular metric is better than the others. One author that embraces the above statement is Chatterjee (2005), who points out that the clickthrough may not be suitable for any type of campaign. One of the respondents who expressed this opinion is Interviewee 2, who stressed that for a branding campaign, the impression-based cost-per-thousand (CPM) would be more effective, while for a direct response campaign the cost-per-action solution would be more suitable. In addition, Dmitry Tulba pointed out that the selection of metrics depends on the communication objectives, and ultimately “the most successful metrics are the ones that the client is happy with”. Julian Ingram also highlighted the importance of using a metric that is appropriate for the specific campaign, and he emphasized that companies often “tend to evaluate what can be measured and not what should be measured”.

A lively debate among academics, as described in subsection 2.1.3., is whether the Internet is only about immediate action and clickthrough or it could also be used for branding and attitudinal benefits. Interviewee 1 emphasized that the clickthrough works very well and that, in case an advertiser wants to measure effects on the brand, there are companies that do “brand tracking” and they can provide such information. In addition, Rishi Dastidar said that clickthrough is probably the most accurate metric and added that the robust measurement of shifts in perceptions is difficult to do online at the moment. Another view was that of Victoria Peckett, who reported that the majority of clients prefer direct response metrics such as number of sales or registrations. However, she pointed out that advertisers increasingly see the value of branding activities as well.

An interesting opinion was expressed by Interviewee 2. He emphasized that the entire communications industry is making a “huge mistake”: when using pricing models such as cost-per-click or cost-per-action, agencies do not know to which other

media are consumers exposed. In this way, they can never be sure if it was the online ad that led to a click or a purchase, or whether this was the result of a television or radio or other advert. To counter this flaw, he proposed a method based on ethnographic research, which would give agencies the opportunity to measure all media consumption at the individual level. This of course raises important ethical questions, and when the respondent was asked about such concerns he clarified that this can only be done with the consumer's consent. As discussed in 4.3., a similar opinion was stated by Dmitry Tulba, who pointed out that "it may not be the result of online advertising that people go into an online shop and they shop there". Moreover, this argument slightly resembles the one mentioned in subsection 2.1.3., that when the same ad is displayed in many websites, advertisers do not know which view of the ad led to a click (Chatterjee et al., 2003). This is an issue that is important for advertisers, since they would like to know which of the media they use had the actual effect on the consumer. However, it is imperative to keep any attempt of resolving this problem outside the limits of individual space and private life.

Another issue that was discussed was whether the uncertainty about the metrics hinders the development of the Internet as an advertising medium. Many scholars have argued that there needs to be standardisation of the metrics for online advertising to become more widespread (Dreze and Zufryden, 1998; Interactive Advertising Bureau, 2004; Kanso and Nelson, 2004; Novak and Hoffman, 1997). Some of the respondents agreed with this statement while others had the opposite opinion. Interviewee 2 agreed that this uncertainty is a problem, suggesting that the assessment of online metrics is a complex issue but "a lot of people in the industry tend to avoid complexity". Moreover, Dmitry Tulba pointed out that different clients have different requirements and this is a barrier to the metric standardisation. He added that the use of the Internet for advertising purposes might also be hampered by lack of understanding, by advertisers, of how it operates and how it impacts their business.

On the other hand, the rest of the respondents queried that the evolution of online advertising is slowed down by the lack of standards. Interviewee 1 characterised the Internet as "one of the most reliable mediums for advertisers". Julian Ingram added that there is no evidence of online advertising being hampered, since it is growing at such a high rate. Furthermore, Rishi Dastidar emphasized that eventually things will settle down since "what the last 10 or 15 years of online

development have shown us is that people find their way around”. Finally, Victoria Peckett stressed that to some extent standardisation has already come, since everyone in the industry knows what “impression” or “click” means and advertisers know what to expect.

4.6. Information-Richness

The theoretically identified feature of information-richness was also discussed in the interviews. As explained in 2.1.4., the implications of this characteristic are viewed very positively by scholars. This is also true for the practitioners of the communications industry. However, a few negative aspects were also mentioned.

From the advertiser’s point of view, several implications were brought up by the respondents: Interviewee 1 pointed out that the Internet’s information-richness enables firms to give to consumers useful information about their product and to build a brand image. Victoria Peckett also emphasized the ability to give a specific profile for the advertiser. A similar statement about the opportunity to build a brand’s image as a result of the information-richness is expressed by Kanso and Nelson (2004). Interviewee 2 argued that the information-richness makes it imperative for advertising messages to be relevant and not to deceive consumers.

From the consumer’s perspective, the interviewees agreed that the existence of loads of information on the Internet enhances buyer power. Victoria Peckett said that customers can make more informed choices, they can visit price-comparison sites and they can find out whether others recommend it or not. Moreover, Interviewee 2 also referred to price-comparison and review websites and added that the consumers were never so well informed.

A number of negative aspects of the Internet’s information-richness were highlighted in the interviews. Rishi Dastidar argued that we live in an information-overloaded society and he mentioned Lord Saatchi’s statement that brands should not deliver complex messages but they need to be known for just one word. However, Mr Dastidar also emphasized that the information overload makes people more sophisticated as consumers of media, and that ultimately what the overload means is that it is very important for a firm to have a recognisable brand. Julian Ingram agreed that our society is overloaded and stressed the advertisers’ difficulty of finding moments to communicate with people in a way that doesn’t feel intrusive. He further

argued that this is precisely what is important about the Internet's information-richness, the fact that if users want more information they can look for it, whereas if they are not interested they are not forced to get it. In other words, the Internet is information-rich at one's own will. Victoria Peckett emphasized that the wealth of information available on the Internet may also contain negative comments about a company. A similar statement was expressed by Interviewee 1, who also argued that the consumers' ability to compare prices, features etc is great for companies that have a good product, but it could be harmful for firms that don't have very good products. However, she emphasized that this is for the benefit of the consumer.

4.7. Goal-Oriented Nature

A large number of researchers, as shown in subsection 2.1.5., have argued that Internet users are very goal-oriented, in the sense that they go online to accomplish a specific task and they do not want to be delayed by ads. This claim was largely rejected by the respondents. It should be noted, however, and this applies to all deviations of the interviewees' answers from the literature, that the users' perceptions and acceptance of the Internet have changed in the last 2-3 years. As most articles used for this dissertation were written in the period 2000-2005, the reader must bear in mind that some differences in opinions may be partly explained by the rapid evolution and change of the Internet.

The interviewees largely contested the universal goal-oriented nature of the Internet. Dmitry Tulba said that this is a "gross generalisation" and added that it depends on the specific audience and context. Interviewee 1 stated that online advertising is actually more effective than people think. In her own words, "it's actually astounding how much people do respond to advertising even if they don't think they do". Moreover, Rishi Dastidar, admitted that some users may be very goal-oriented but he pointed out that if an advert is not intrusive and does not irritate them, they might click on it after they have finished their task. In addition, he said that some years ago, with slow dial-up Internet connections, people would spend less time online so they would be less likely to pay attention and click on adverts.

A number of authors have argued that users can be classified according to their motives, so some of them would be more goal-oriented and some not (see, for example, Chatterjee, 2005; Yang, 2004). This view was also embraced by some of the

respondents. Julian Ingram emphasized that all technologies have a classic adopting curve. Early adopters are more sophisticated and may get annoyed by advertising, whereas later adopters are less goal-oriented. Interviewee 2 drew the distinction between people using the Internet at work and those using it at home. Furthermore, Victoria Peckett argued that there exist different states of mind that users can be into, and the most important thing for advertisers is to target the advertising properly depending on the state of mind of the specific site's visitors.

4.8. Intrusiveness

The issue of intrusiveness is largely discussed in the literature and it was also acknowledged by all the respondents as a problem of online advertising, which is, however, becoming less and less important. Interviewee 1 clarified that no company should send unsolicited emails and she argued that pop-ups are fading out. Interviewee 2 added that unsolicited emails are usually related to sex, implying that such emails are not used by any serious advertiser. A similar statement was expressed by Rishi Dastidar, who emphasized that credible brands do not send unsolicited emails. Furthermore, he added that pop-up ads are dying out, partly because of their lack of effectiveness and partly because they are often referred to as malware or spyware, thus they are now necessarily viewed as a problem by users. Julian Ingram agreed that unsolicited emails “are a real problem”, because they may fill up the inbox and stop the user from receiving an important email. Dmitry Tulba said that intrusive techniques exist and are harmful for advertisers because users get irritated.

As far as the future of intrusive practices is concerned, Interviewee 1 argued that “the industry is getting much better” but she noticed that some new intrusive formats arise, such as expandable banners that look like banner ads but when the user puts the mouse on them they expand and cover the rest of the page. In addition, Interviewee 2 stated that, in the benefit of consumers, advertising is increasingly becoming more subtle. Victoria Peckett emphasized that online advertising is moving towards less intrusive and more engaging. However, she added that a specific format may be regarded as intrusive at one website and as acceptable at another, depending on the demographic and mindset of the audience and also on the context of the webpage.

The coincidence of views between scholars and practitioners on the issue of

intrusiveness is remarkable. A conclusion that can be drawn is that this feature, which is discussed and criticized by both academics and the well-established communications agencies, is mainly exploited by a small number of advertisers of dubious ethical values.

4.9. Rapid Technological Change

The characteristic of unstable technology is among the ones not deeply discussed in the literature. In fact, I believe that this is a gap in the literature that needs to be highlighted. A relevant question was included in the interview guide and, as expected, a large number of implications, both positive and negative, were brought up.

Among the positive implications of the rapid pace of technological change is the one mentioned by Julian Ingram, who argued that advertisers are always trying to find new ways of communicating with their customers, thus they are excited by the constantly emerging new technologies and the new potential advertising channels. He referred to mobile advertising as an example of that. Interviewee 2 identified as a consequence of the rapid development of technology the fact that more and more agencies and advertisers are repositioning themselves as digital agencies and digital advertisers. He was sceptical about this repositioning, stating that “almost invariably that’s total rubbish, it’s just marketing speak”. However, he highlighted a positive implication that this shows, that is the recognition of the importance of going online. Dmitry Tulba suggested that advertisers are always fascinated about new technology, especially those that build their brands on these technological advances, such as high technology companies.

Apart from the positive implications of rapid technological change, some negative consequences were mentioned. Victoria Peckett commented that clients sometimes are overly enthusiastic and they want to use new technologies, such as video streaming, even when these are not suitable for their communication strategy. Moreover, she added that the rapid pace causes a degree of uncertainty on the side of the communications agencies, since it is not clear yet how the industry is going to work in the future. She mentioned the example of interactive TV, emphasizing the uncertainty about which agency will be responsible for such a campaign, a digital agency or a television agency. Furthermore, Rishi Dastidar argued that there is a

problem of “brand managers not necessarily understanding the technology and so being overly relied on their agencies, which in turn may not be able to understand the technologies fully”. He pointed out two reasons for this situation, the fact that most people in media agencies are too far away from new technology in terms of age, and also that things have not settled down yet. In addition, Mr Dastidar stressed that the above problem leads to brands being cautious and conservative towards new media and to a powerful pull towards TV, which advertisers understand better and know how it works.

4.10. Digital Divides

The last of the Internet characteristics discussed in the interviews was the existence of digital divides, i.e. divides in the degree of access to, and use of, the Internet. This feature is not much analysed in the literature. Kanso and Nelson (2004) suggest that the low Internet penetration is a limitation of online advertising. In the United Kingdom, where this research was conducted, the Internet penetration is at significantly high levels. However, other types of divides exist, as revealed in the interviews.

The respondents expressed diverse opinions on the issue of the digital divides. Interviewee 2 argued that, both in terms of gender and in terms of age, the use of the Internet is pretty balanced (with a slight youth bias), and he characterised the Internet as being “pretty representative of the population as a whole”. He also stressed that young people today consume less media, so their Internet use accounts for a big part of their total media consumption. This leads youth-oriented advertisers to be very interested in the Internet as an advertising channel. Dmitry Tulba agreed that the divides are closing in the UK, saying that broadband penetration is really high both in terms of age and in terms of regions. As he pointed out, this implies additional audience and exposure for online advertising and better integration of the Internet with other media.

In contrast with Interviewee 2 and Mr Tulba, other interviewees emphasized the existence of several types of divides, yet they were optimistic about the future. Rishi Dastidar highlighted the existence of a broadband divide, but he commented that very quickly 80-90% of the households in the UK will have broadband access, not only via personal computers but also via mobile phones, digital television etc.

Victoria Peckett emphasized that certain groups of people are still underrepresented in the Internet, such as lower socio-economic classes, older generations and also disabled people. She stated that as more generations grow up the age divide is going to close, and she also reported that “websites now have to be complied with the Disabilities Act to make sure that a blind person could still go online”. Finally, Interviewee 1 expressed the view that a gender divide does not exist any more in the UK, but the age divide is a “big issue”. Like Ms Peckett, she commented that the age divide will be gapped as more generations get older, and she further noticed that what this implies for advertising is that there will be more websites for brands to target the older audience.

4.11. Strengths and Weaknesses of Online Advertising

The last question that was asked to the interviewees was their view of the strengths and weaknesses of the Internet as an advertising medium. This was intended to serve as a summarising question of the previous discussion and also to shed light to the secondary purpose of this paper, that is to assess the potential of online advertising.

A number of diverse strengths were brought up by the respondents. Julian Ingram highlighted the importance of the Internet’s ubiquity and democracy. Interviewee 1 emphasized its trackability and also the possibility of users interacting with brands and finding information. Similarly, Victoria Peckett mentioned the Internet’s accountability and interactivity, and also the excitingly fast technological change and the ability to reach billions of people worldwide. Interactivity was also pointed out by Dmitry Tulba as the main strength of the Internet. Rishi Dastidar suggested the users’ ability to engage with the medium more strongly and to instantaneously share this engagement with other people. In other words, he suggested the importance of word of mouth, which can be exploited, for example, by viral advertising. An unexpected strength was brought up by Interviewee 2. He commented that the use of online advertising is reinforced by the small average job tenure of marketing managers. As he explained, the reason for this is that managers prefer to launch online advertising campaigns because they give them tangible, trackable results in the short-term and so they can more easily gain a promotion or a bonus.

In terms of weaknesses, some interesting insights came up in the discussion.

Rishi Dastidar diagnosed a degree of “creative immaturity”, stating that Internet adverts have not yet become as iconic as television or poster ads. Julian Ingram also underlined the creative side, reporting that online creativity is still held back by speed and pipe size constraints. An interesting view was that of Victoria Peckett, who commented that precisely the Internet’s accountability may also lead to problems such as clients expecting too much of it because of the plethora of feedback and data that they get. As she explained, this is in contrast to other media where advertisers do not actually know how their campaign is doing and hence they are uncertain about what to expect. Dmitry Tulba emphasized the lack of understanding among clients because of the novelty of this advertising channel. Interviewee 1 suggested that a negative aspect is the fact that brands need to be constantly monitoring whether there are negative comments about them in blogs, forums and the Web in general. Finally, the weakness that Interviewee 2 singled out as the most important was the fact that the audience is dispersed on the Internet, so it is not a suitable advertising channel for firms that aim to reach mass audiences.

4.12. Summary and Practical Implications of Results

The objective of the interviews conducted for this dissertation was to empirically explore the importance of certain theoretically identified features of the Internet for online advertising. Apart from the cases where coincidence of views was observed, the results also revealed a range of interesting juxtapositions, both among the practitioners in the communications industry and between the practitioners and the academic literature.

The respondents’ opinions on interactivity strongly resembled the views proposed by scholars. Thus, a conclusion that can be drawn is that the characteristic of interactivity deeply differentiates the Internet from other media and it severely affects online advertising. A practical implication of this is that advertisers and agencies should exploit more this feature, both from the creative point of view and from the e-commerce point of view.

The possibility of providing personalised advertising messages is met with more enthusiasm by researchers than by the communications industry. While many studies stress the need for personalised advertising, the respondents were more cautious and conservative than expected. This is because of the complexity of

personalising content, and also because of the users' privacy concerns, which are perceived as being of paramount importance by both academics and practitioners. What this implies for advertising is that agencies will not make the step towards massively personalised messages, unless they are absolutely confident that users desire it and accept the techniques through which the content is generated.

On the widely debated issue of online metrics, the respondents largely believe that the metrics available for the Internet are much better than those available for traditional media. In contrast to the majority of publications that explore the effectiveness of a specific metric, the practitioners argued that the suitability of a metric depends on the communications objectives. Regarding the standardisation of metrics, most of the interviewees answered that it is not something of major importance and that online advertising is growing anyway. The confidence of the interviewees on online metrics probably means that more and more online campaigns will be launched because of the medium's trackability and accountability.

The Internet's inherent information-richness is viewed very positively by both academics and practitioners. However, some negative aspects were brought up during the interviews, such as the fact that the contemporary society is already information-overloaded and also the possibility of suffering negative criticism from certain websites. The practical implications of these comments are that 1) providing information will increasingly become more selective to avoid frustration and 2) firms may start to monitor and intervene in opinion-leading websites.

Many studies suggest that Internet users are very goal-oriented and hence advertising has no place online. Others distinguish between different types of users, some of which are more exploratory than others. The former argument was largely rejected by the respondents, while the latter one was also embraced by some practitioners. As a result, online media planners should be very careful about the selection of websites, paying attention to the mindset that a specific site encourages.

The use of intrusive advertising formats is widely criticized in the literature. Surprisingly, the respondents expressed similar thoughts on this issue and largely agreed that such techniques are unacceptable and frustrating. This suggests that online advertising is going to become less intrusive and more discrete, leaving only a minority of advertisers using intrusive techniques.

The issue of the rapid pace of technological change is neglected in the literature, but it was perceived as very important by the respondents. Among the

negative consequences underlined was the uncertainty caused for both the advertisers and the agencies. In fact, the rapid technological change is one of the factors that are likely to be hindering the further diffusion of online advertising.

Another feature of the Internet whose relation to advertising is not much discussed in the literature is the existence of digital divides. The importance of such divides was not viewed equally by the interviewees. The most significant divides seem to be the broadband and the age ones, which however are expected to be gapped in the future. What this implies for advertising is that online advertisers will increasingly be able to achieve more and better-targeted exposure for many types of audiences.

5. Limitations of Study and Suggestions for Further Research

A number of limitations of this dissertation must be underlined. The hardest to cope with was that the field of online advertising is so dynamic that the relevant literature very quickly becomes obsolete. The majority of the publications cited in this paper were written between 2000 and 2006, yet many of them seem irrelevant today. I tried to overcome this by “borrowing” only excerpts that were more general. Moreover, as stated in 4.7., the results were analysed keeping in mind that any differences in perceptions might also be the result of more general attitudinal and technical alterations concerning the Internet, that took place in the last one or two years. As far as the method is concerned, I believe that the research strategy followed was the appropriate. However, it should be noted that a more representative sample would consist of more respondents and better dispersed across the communications industry. Another limitation of the methodology used may be that the interview guide was not pretested. The reason is that it would be awkward to ask a suitable respondent (i.e. a practitioner in the communications industry) to participate in a “test interview”, especially given the difficulties in finding any such respondents. Finally, a constraint of this paper was its word limit of 15000 words. Taking into consideration the number of interviewees and the wealth of insights provided, I believe that the slight exceeding of the limit is totally justifiable.

The issue of online advertising can be viewed from several perspectives, both economic and social. This study adopted an economic point of view, assessing Internet advertising from the advertisers’ and agencies’ side. Throughout this paper, a

few gaps in the literature were identified. Further research could explore the least studied features of the Internet and the ways in which they affect advertising. Such features include the rapid technological change, the digital divides and the global accessibility and reach of the medium. Another study that could be conducted is the replication of this dissertation in about five years, in order to explore changes in the characteristics of the Internet that are perceived by both academics and practitioners as being important for online advertising. Finally, a number of proposals for further research can be provided if Internet advertising were to be assessed from a more social point of view. Such proposals include the exploration of users' perceptions of online advertising, and also the empirical testing of any theoretical claims regarding the users, such as their actual willingness to interact with online adverts, their interest in exploiting the medium's information-richness etc.

Conclusion

The objective of this paper was to identify the major features of the Internet, as discussed in the literature, and to test their importance for online advertising by interviewing practitioners in the communications industry. Reflecting on the results of the study, it can be concluded that certain characteristics of the Internet, such as the interactivity and the ability to monitor users' behaviour, are perceived by both academics and practitioners as being critical for the differentiation of online advertising from traditional types. Other features, such as the ability to personalise messages, exist as a possibility but are not currently valued largely from the industry. Certain downsides of Internet advertising, such as its potential intrusiveness and the users' privacy concerns, are acknowledged by practitioners, and the communications industry is expected to resolve such issues in the benefit of the consumers. As for the secondary purpose of the dissertation, to assess the potential of the Internet as an advertising medium, the results depict that online advertising has a very large potential, enjoying many benefits from the medium's attributes (such as the improved metrics and the ability to interact with an advert) and thus signaling the dawn of a new era of corporate communications.

References

- Adomavicius, G. and Tuzhilin, A. (2005) "Personalisation Technologies: A Process-Oriented Perspective". *Communications of the ACM*, 48 (10), pp. 83-90.
- Adorno, T. and Horkheimer, M. (1972) *The Dialectic of Enlightenment*. New York: Herder and Herder.
- Afuah, A. and Tucci, C. (2001) *Internet Business Models and Strategies: Text and Cases*. New York: Irwin McGraw-Hill.
- Andrade, E.B., Kaltcheva, V. and Weitz, B. (2002) "Self-Disclosure on the Web: The Impact of Privacy Policy, Reward, and Company Reputation". *Advances in Consumer Research*, 29, pp. 350-353.
- Ansari, A. and Mela, C.F. (2003) "E-Customisation". *Journal of Marketing Research*, May 2003, pp. 131-145.
- Appadurai, A. (1990) "Disjuncture and Difference in the Global Cultural Economy", pp. 295-310 in Featherstone, M. (ed.) *Global Culture*. London: Sage.
- Baltas, G. (2003) "Determinants of Internet Advertising Effectiveness: An Empirical Study". *International Journal of Market Research*, 45 (4), pp. 505-513.
- Berger, A.A. (1998) *Media Research Techniques*. Thousand Oaks: Sage.
- Bezjian-Avery, A., Calder, B. and Iacobucci, D. (1998) "New Media Interactive Advertising vs. Traditional Advertising". *Journal of Advertising Research*, July/August 1998, pp. 23-32.
- Briggs, R. and Hollis, N. (1997) "Advertising on the Web: Is There Response Before Click-Through?". *Journal of Advertising Research*, March/April 1997, pp. 33-45.
- Bryman, A. (2004) *Social Research Methods*. Oxford: Oxford University Press.
- Carlson, M., Ryan, M. and Weledniger, R. (2000) "The Five Golden Rules of Online Branding". Released by Dynamic Logic, AdRelevance and 24/7 Media, October 2000.
- Chadwick, B.A., Bahr, H.M. and Albrecht, S.L. (1984) *Social Science Research Methods*. New Jersey: Prentice-Hall.
- Chandon, J.L., Sabar Chtourou, M. and Fortin, D. R. (2003) "Effects of Configuration and Exposure Levels on Responses to Web Advertisements". *Journal of Advertising Research*, June 2003, pp. 217-229.
- Chatterjee, P. (2005) "Changing Banner Ad Executions on the Web: Impact on

- Clickthroughs and Communication Outcomes”. *Advances in Consumer Research*, 32, pp. 51-57.
- Chatterjee, P., Hoffman, D.L. and Novak, T.P. (2003) “Modelling the Clickstream: Implications for Web-Based Advertising Efforts”. *Marketing Science*, 22 (4), pp. 520-541.
- Chellappa, R.K. and Sin, R.G. (2005) “Personalisation Versus Privacy: An Empirical Examination of the Online Consumer’s Dilemma”. *Information Technology and Management*, 6, pp. 181-202.
- Cho, C. (2003) “Factors Influencing Clicking of Banner Ads on the WWW”. *CyberPsychology and Behaviour*, 6 (2), pp. 201-215.
- Cho, C. and Cheon, H.J. (2004) “Why Do People Avoid Advertising on the Internet?”. *Journal of Advertising*, 33 (4), pp. 89-97.
- Davies, S.G. (1997) “Re-Engineering the Right to Privacy: How Privacy Has Been Transformed from a Right to a Commodity”, pp. 143-165 in Agre, P.E. and Rotenberg, M. (eds) *Technology and Privacy: The New Landscape*. Cambridge: MIT Press.
- De Graaf, J., Wann, D., Naylor, T.H. (2005) *Affluenza: The All-Consuming Epidemic*. San Francisco: Berrett-Koehler Publishers.
- Dreze, X. and Hussherr, F. (2003) “Internet Advertising: Is Anybody Watching?”. *Journal of Interactive Marketing*, 17 (4), pp. 8-23.
- Dreze, X. and Zufryden, F. (1998) “Is Internet Advertising Ready for Prime Time?”. *Journal of Advertising Research*, May/June 1998, pp. 7-18.
- Economist, The (2005) “Classified Calamity”, 19 November 2005, p. 67.
- Economist, The (2006a) “The World in Figures: Industries”, *The World in 2006*, January 2006, p. 116.
- Economist, The (2006b) “Special Report: Internet Advertising”, 8 July 2006, pp. 69-71.
- Esterberg, K.G. (2002) *Qualitative Methods in Social Research*. Boston: McGraw-Hill.
- Flew, T. (2002) *New Media: An Introduction*. Oxford: Oxford University Press.
- Flick, U. (2002) *An Introduction to Qualitative Research*. London: Sage.
- GartnerG2 (2005) “Copyright and Digital Media in a Post-Napster World: 2005 Update”. Report by GartnerG2 and The Berkman Centre For Internet and Society.

- Gaskell, G. (2000) "Individual and Group Interviewing", pp. 38-56 in Bauer, M.W. and Gaskell, G. (eds) *Qualitative Researching With Text, Image and Sound*. London: Sage.
- Goldsmith, R.E. (2004) "Current and Future Trends in Marketing and Their Implications for the Discipline". *Journal of Marketing Theory and Practice*, Fall 2004, pp. 10-17.
- Gordon, M. and De Lima-Tuner, K. (1997) "Consumer Attitudes Towards Internet Advertising: A Social Contract Perspective". *International Marketing Review*, 14 (5), pp. 362-375.
- Gotham, R. (2002) "The Future of Online Advertising". *Journal of Business Strategy*, 23 (3), pp. 9-10.
- Hansen, A., Cottle, S., Negrine, R. and Newbold, C. (1998) *Mass Communication Research Methods*. New York: New York University Press.
- Hoffman, D.L. and Novak, T.P. (2000) "How to Acquire Customers on the Web". *Harvard Business Review*, May/June 2000, pp. 179-188.
- Interactive Advertising Bureau (2004) "Interactive Audience Measurement and Advertising Campaign Reporting and Audit Guidelines". Released in September 2004, Version 6.0b. Available online from: <http://www.iab.net/standards/pdf/2292%20IAB%20global%20live.pdf>, accessed on 16 August 2006.
- Kanso, A.M. and Nelson, R.A. (2004) "Internet and Magazine Advertising: Integrated Partnerships or Not?". *Journal of Advertising Research*, December 2004, pp. 317-326.
- Kotler, P. (2005) *FAQs on Marketing*. London: Cyan Communications Limited.
- Kvale, S. (1996) *Interviews: An Introduction to Qualitative Research Interviewing*. Thousand Oaks: Sage.
- Lievrouw, L.A. and Livingstone, S. (eds) (2006) *The Handbook of New Media: Updated Student Edition*. London: Sage.
- Ling, M., Lawler, K., McBain, N. and Moscardini, A. (1999) "Economics of Advertising: Emerging Functions of Internet Advertising". *Netnomics*, 1, pp. 127-136.
- Lister, M., Dovey, J., Giddings, S., Grant, I. and Kelly, K. (2003) *New Media: A Critical Introduction*. London: Routledge.
- Livingstone, S. (2005) "Critical Debates in Internet Studies: Reflections on an

- Emerging Field”, pp. 9-28 in Curran, J. and Gurevitch, M. (eds) *Mass Media and Society*. London: Hodder Arnold.
- Manchanda, P., Dube, J., Yong Goh, K. and Chintagunta, P. K. (2006) “The Effect of Banner Advertising on Internet Purchasing”. *Journal of Marketing Research*, February 2006, pp. 98-108.
- Mansell, R. (1999) “New Media Competition and Access: The Scarcity-Abundance Dialectic”. *New Media and Society*, 1 (2), pp. 155-182.
- Mansell, R. and Steinmueller, W.E. (2000) *Mobilising the Information Society: Strategies for Growth and Opportunity*. Oxford: Oxford University Press.
- McMillan, S.J. (2006) “Exploring Models of Interactivity From Multiple Research Traditions: Users, Documents and Systems”, pp. 205-229 in Lievrouw, L.A. and Livingstone, S. (eds) *The Handbook of New Media: Updated Student Edition*. London: Sage.
- Millwood Hargrave, A. and Livingstone, S. (2006) *Harm and Offence in Media Content: A Review of the Evidence*. Bristol: Intellect Books.
- Murthi, B.P.S. and Sarkar, S. (2003) “The Role of the Management Sciences in Research on Personalisation”. *Management Science*, 49 (10), pp. 1344-1362.
- Mussi, S. (2003) “Providing Websites With Capabilities of One-to-One Marketing”. *Expert Systems*, 20 (1), pp. 8-19.
- Novak, T.P. and Hoffman, D.L. (1997) “New Metrics for New Media: Toward the Development of Web Measurement Standards”. *World Wide Web Journal*, 2 (1), pp. 213-246.
- Palmer, D.E. (2005) “Pop-Ups, Cookies and Spam: Toward a Deeper Analysis of the Ethical Significance of Internet Marketing Practices”. *Journal of Business Ethics*, 58, pp. 271-280.
- Poland, B.D. (2003) “Transcription Quality”, pp. 267-286 in Holstein, J.A. and Gubrium, J.F. (eds) *Inside Interviewing: New Lenses, New Concerns*. Thousand Oaks: Sage.
- Porter, M. (2001) “Strategy and the Internet”. *Harvard Business Review*, March 2001, pp. 63-78.
- Putrevu, S. and Lord, K.R. (2003) “Processing Internet Communications: A Motivation, Opportunity and Ability Framework”. *Journal of Current Issues and Research in Advertising*, 25 (1), pp. 45-59.
- Rust, R.T. and Oliver, R.W. (1994) “The Death of Advertising”. *Journal of*

- Advertising*, 23 (4), pp. 71-77.
- Samarajiva, R. (1997) "Interactivity As Though Privacy Mattered", pp. 277-309 in
Agre, P.E. and Rotenberg, M. (eds) *Technology and Privacy: The New
Landscape*. Cambridge: MIT Press.
- Silk, A.J., Klein, L.R. and Berndt, E.R. (2001) "The Emerging Position of the Internet
as an Advertising Medium". *Netnomics*, 3, pp. 129-148.
- Van Wel, L. and Royakkers, L. (2004) "Ethical Issues in Web Data Mining". *Ethics
and Information Technology*, 6, pp. 129-140.
- Yang, K.C.C. (2004) "Effects of Consumer Motives on Search Behaviour Using
Internet Advertising". *CyberPsychology and Behaviour*, 7 (4), pp. 430-442.
- Yoon, S. and Kim, J. (2001) "Is the Internet More Effective Than Traditional Media?
Factors Affecting the Choice of Media". *Journal of Advertising Research*,
November/December 2001, pp. 53-60.

Appendix A-Interview Guide

Initial Discussion:

- Thank you for your willingness to help me
- Information about myself and my project
- Could you provide some information about yourself (name, company, position)?
- Would you prefer to remain anonymous or can I use your name in the analysis?
- Do you have a problem with me using a voice recorder so that I can remember more accurately our discussion?

Recorded Part:

- General Questions
 1. Would you say that the Internet is widely acknowledged and trusted in the business world as an advertising medium?
 2. Given that online advertising represents only a small percentage of the total advertising expenditure, would you expect an increase in the coming years?
 3. Which characteristics of the medium do you consider as the most important and how do they affect online advertising?
- Interactivity
 4. One of the most often-cited attributes of the Internet is its interactive nature. Consumers are not passive but they have the ability to interact with an ad and with a website. What are the implications of interactivity for online advertising? To what extent do you believe that advertisers and agencies are taking advantage of interactivity?
 5. Another expression of the Internet's interactive nature is that it integrates information providing to actual commercial transactions. Do you think that this is a critical factor differentiating the Internet from other media or is it an ability of minor importance?
- Personalisation

6. The Internet offers the opportunity to personalise advertising messages on a one-to-one basis. How important is this ability? Do you think that agencies should exploit more this opportunity?
 7. A prerequisite for the personalisation of promotional messages is the collection of information for individual consumers. This may be done voluntarily (e.g. through the use of registration forms) but a common practice is the use of cookies and other technological measures that can provide information about users without their knowledge or consent. What ethical/privacy issues do you believe that arise from personalisation? How could they be resolved? Do you believe that there is a need for further regulation of the Internet in terms of advertising?
- Novel Metrics
8. The Internet is a relatively new medium, and the metrics for the effectiveness of online advertising have not matured yet. Among the different kinds of metrics that have been used (impressions, clickthrough rates, pay-per-purchase etc) which do you believe are the most accurate or the most effective?
 9. Do you believe that this uncertainty about the metrics and the lack of standards hinder the development of the Internet as an advertising channel?
- Information Richness
10. Given that the Internet is one of the most information-rich media, how valuable is this characteristic for online advertisers?
- Goal-Oriented Nature
11. It has been argued that Internet users are very goal-oriented and that they either get frustrated with the presence of adverts in Web pages or they simply ignore them. To what extent do you agree with that? Would you say that there is a taxonomy of users according to their online behaviour?
- Intrusiveness
12. In their effort to capture consumers' attention, many agencies use intrusive forms of ads such as pop-ups or unsolicited e-mails. Do you agree with these

practices? Do you think that advertisers should use any technique to capture users' attention, even if it becomes annoying and persistent?

- Rapid Technological Change

13. The Internet is a space of rapid technological change. What are the implications of this for advertising? Is there a degree of uncertainty among clients?

- Digital Divides

14. There exist several differences in consumers' access to and use of technology. Some typical digital divides are bandwidth divides, age and gender divides etc. What implications do digital divides have for Internet advertising? Would you say that the further closing of such divides will bring changes to online advertising?

- Closing Questions

15. After our discussion on the attributes of the Internet, what would you point out as the strengths and weaknesses of the Internet as an advertising medium?

16. Would you like to add anything else?

Thank you!

Appendix B-Example of Interview Transcript

TRANSCRIPT 3 – RISHI DASTIDAR

- My first question is: would you say that the Internet is widely acknowledged and trusted in the business world as an advertising medium?
- Is it trusted as an advertising medium... Yes, in the main it is, in the sense that it's now a recognized part of any major media spend in any major campaign. You can't really take in credibly if there isn't an online element or an interactive element to a campaign. I think, within the idea of online there are elements that are more accepted and have been shown to work rather than others, like for example the Google Adwords and Adsense, technologies like banner advertising clearly are here and are here to stay and they work. Some other things like interactive TV, for example Red Button during advertisements have been tried and you can say they haven't really taken off as well, so within the broad definition of online there are some things that clearly are working and some for which there has been less take up and less take off.
- Hmm, so would you expect an increase of the advertising expenditure on the Internet in the following years?
- Yes in the main, I guess in part it's going to be tempted by the fact that, as there is always going to be emerging new technology as we keep going forward, there is going to be difficulty in saying "what do we actually spend", so the things that have been shown to work over the last couple of years will be the ones that will attract more money, so it's going back to banner advertising and Google, those are the things that have been shown to work so they will continue to attract money absolutely. I do think it will displace some traditional media spend but I don't think it will displace a lot of it, mainly because if you are a brand manager you want to exploit as many channels as possible and clearly you want to do this on the basis of efficiency and what's actually reaching the target market, in the main if you are thinking about an FMCG broad consumer brand with a very wide target audience then you want to maximise as much as possible so if you have a chocolate bar or whatever you are going to maybe (tweak) some television spending and shift some

online but you are not going to fully go away with television spending.

- So which features of the Internet would you say are the most important and how do they affect online advertising?
- The main one, no matter what part of online or new media we are talking about, is that one of interactivity. Traditionally, in a broadcast model, you've never been able to really know what's working in terms of an advert, both in terms of recall and then in terms of has it led to action actually, whereas the very interactive nature of the medium means that you can accurately get this, you know, you as the consumer have to be active, you have to click on the banner, or you have to click on the link, or you have to fill in a form, or you have to actively avoid the (railway), so these things actually mean that you get a very quick and a very accurate reflection of what people are doing around your advert, and that compares with the last 50 years of broadcast advertising where you don't really have any idea, you have to work on the basis of diaries, you know viewers recording what they've watched and there is no real way of knowing whether they have actually engaged with the advert, you know the key difference is that of engagement, so brands can actually start to take people in a much more richer and deeper story than they could previously.
- You talked about interactivity in terms of the feedback that you get from the consumer but what about interactivity in a way that the ad is more fun, more engaging, the user gets to do stuff, you know, as part of the advertisement-
- Am, that's a different issue, it's one of, you know, exploiting what's possible, there is no reason as to say why a well-crafted 30-second TV spot cannot be as gripping to watch as something which requires you to actually do a lot more, but, you know, it depends whether you as an advertiser are happy to be someone who is quite invasive, or someone who is actually relaxed about it, a lot of brands go very () crazy, for example, and that can actually ultimately irritate people because, say if you are reading a page on the Guardian website and you just have things floating across, then you know, I'll try to get rid of you so that I can continue to read the article, and if I can click on you by accident then I'm going to try to get rid of you straightaway so that's not necessarily particularly engaging at any point so, as ever it's how imaginative you are and what you can do with it so, a number of brands have done interesting things with virals and those sorts of, you know, short MPEGs-

- What?
- Short MPEGs, you know short video clips, and ok the new media in a sense are distributed over the Internet, but in theory they are not actually that dissimilar from the traditional broadcast spot, you know different length, different quality but you still don't have that much of interactivity in terms of the actual theme, the difference this time being that if you, say, enjoyed the video clip, you can e-mail it to someone and say "have a look at this, it's quite funny" and so on and so on so you build up this word of mouth as well, as opposed to having a TV ad in the evening, get to work the next day and say "did you see that ad last night?", so that's a quicker response time as well but I don't think yet that the creativity of online advertising is a match for what you can see on the TV and people haven't yet explored and exploited yet what to do with the creative opportunities that are there but, you know, it will come as people get more used to it.
- All right, what about the Internet's ability to integrate, in a sense, information seeking and actual commercial transactions? How valuable do you think that this is?
- That's actually the thing that is going to be most interesting, in the sense that one can seamlessly put together a coherent narrative where one can go from a selling process and whatever it is, a piece of text or whatever, to immediate transaction. All traditional forms of advertising is possible to do is at best a coupon or a discount voucher that has been sent through the post, whereas here, you can look at, I guess music downloads are the perfect example of that in that you could read about the track, you can preview the track, and then push a button and then you've purchased the track, some of that content isn't necessarily advertising content but it acts as content that advertises the product, so that's a very big change, and it's one that, at the moment people say things that are digital or things that are virtual have exploited the best because obviously it's easier for them to do so, but we'll start to see more offline brands, hard product brands starting to work out interesting ways of both engaging you and then selling you something and making you act at the same time.
- Hmm, let's talk a little bit about the metrics, among the different metrics that are used, because it's a relatively new medium and the metrics are not mature

yet, for example among the impressions and clickthrough and pay-per-action, pay-per-purchase, which would you say are the most accurate or effective?

- Am, I can't really take a view on that because I don't necessarily engage enough with the data to be able to say one is better than the other, so it wouldn't be right for me to say so... That said, I think as a general point, the metrics in this field are broadly much more accurate than the metrics that were available to you in other types of advertising. If you just take for example the current method of measuring radio audiences in the UK, it's a sample of 2000 households who've been asked to keep a diary and record what it is that they've listened to, and hopefully in part of that they've caught an advert, and then that's multiplied to become the radio audience, and then on that basis calculate (), whereas in online it's every single click is counted, so the broad point is that it's far more measurable, if I was to tentatively suggest, clickthrough is probably the most accurate because it's the one that can be most easily counted, but you know, that's a very tentative-
- Yes, but you know what some people say about the clickthrough that it only measures behavioural effects and it ignores attitudinal effects, branding effects, like differences in perceptions as an effect of the ad.
- Yes, I think it's going to be hard to measure any shift in perceptions for a couple of years yet, if you consider the fact that it's only the last 10 to 15 years or so that we've been able to reasonably, robustly measure shifts in perceptions in the offline world, so in that sense I personally wouldn't be expecting to see any major change to that caused by online, it's right in the sense that as much as there is engagement, there is emotion involved in that, but you can't do such measurements easily repeatedly at the moment so it's still a bit at the start, I think it's a bit of (red-hairing) actually-
- A bit of?
- (Red-hairing), the impact on brands of changes in perceptions, the work that the brands do in the online field, is still something that again goes back to the offline world, very few brands exist or live solely on the online world, so worrying about perception measurements just on the online world is ().
- Would you say that this lack of standards and the uncertainty about the different metrics that exist hinder the development of the Internet as an advertising medium?

- No, not really, what we saw, especially through the bust after the bubble, was the fact that, the fact that it was in part measurable meant that it was easier to justify a case for it, so the fact that the metrics might not be as sophisticated as traditional TV methods, I don't think that this is actually anything to worry about. I think that what the last 10 or 15 years of online development have shown us is that people find their way around, if there is an issue about measuring things properly, then people devise a way of doing it.
- Another characteristic of the Internet is the ability to personalise promotional messages on a one-to-one basis. How important is this characteristic and to what extent is it actually used by agencies?
- It's very important and it's not so much agencies but actually brand owners who have to bear responsibility of taking it forward and very few brands do it and very few brands do it well, because it is intensely difficult and complex.
- Why is it difficult?
- Mainly because of the complexity of the data that you as a customer give to a brand. Most CRM systems are still actually not that sophisticated. They are still pretty much databases which aggregate data that identify you as a customer, identify your transaction history, and that's really about it, there isn't necessarily the joining up of that standard data and then the softer stuff that might suggest what it is that you might like to buy or you might like to do so between the various different ways, Tesco with the club card and Amazon with its recommendation systems are probably the most sophisticated things that we have at the moment in terms of showing the degree of personalisation that is available out there and you can do certain things to make consumers feel that they are talked to in a more personal manner but it's not true personalisation, not yet. I have no doubt that it will come but it's not necessarily something that is going to happen overnight, but is it something that can and should happen, but it ties up to wider things as well around theories of mass customisation and things like that because, you know, talking to you as an individual consumer is fine but it presupposes that we are going to be buying stuff in a highly individualised way which is not necessarily true and also there is a degree to which whether consumers actually want to be talked to in a highly individualistic way, for some brands that's going to be actually bright, for other brands it's not because that's not what their brand is

about and part of the attraction of brands is often the fact that you are part of the bigger audience and the bigger collective and so you don't necessarily want to miss all that-

- Ok-
- There is always an inherent tension between, you want a brand to know you personally but equally, you don't want to be so individual that you can't relate back to the brand, so yes there needs to be more personalisation, no it's not being done as fully as it could be at the moment, but I would argue there is a degree to which it wants to be done, and I don't think that someone will ever fully want something that is so personalised that you're hermetically sealed off from the experience and the things that you knew.
- And another issue is that a prerequisite for the ability to personalise messages is the gathering of information for the individual consumer, and this can be done either voluntarily, through registration forms etc, or kind of involuntarily through the cookies and other technological techniques, so what ethical or privacy issues do you think that arise from that?
- There is a number and it's going to be something that is going to be increasingly important, I think, and brands that don't behave in a responsible manner will start to get punished over it. I think most people have accepted cookies, people don't view it as a dangerous thing-
- Or maybe they don't know about them-
- It's probable that they don't know about them, but equally want to, am, in every debate about privacy there is always a trade-off between privacy and efficiency, and at the moment say on the cookies front, people will take the efficiency of their page being cached so that it's downloaded quicker, and most people don't think that a lot of infringement, but what I, as someone who works in marketing find intensely annoying is when, in any particular form that it might be, I have to UNCHECK the box so that I don't receive additional mails, ok it's a very subtle difference in terms of what the user has to do between opting-out and opting-in, but it's a very, very bad presumption, because the users have to do something that they shouldn't have to be doing, and it takes away what we've been discussing earlier in terms of the advantage of being active and engaging and opting-in-
- So you are against opt-out-

- Yes, I think that one should always give the user the right to opt-in and not the right to opt-out because it's a presumption that you as a brand are not really in a position to make and I think it's unhealthy. Now if you as a brand owner have a very healthy relationship with your customers, then it's not an issue at all, my classic example is one that uses the Guardian, I am a regular Guardian reader, I am a regular user of their website and I will often opt-in for certain things because I fully trust the Guardian and they actually stick to the letter of their policy in terms of not sharing my details with third parties, not unnecessarily bombarding me with things that I don't want and so on and so on, so they act responsibly so that means that I am happy to opt-in to certain things when it suits me. A counter example is Business Week, I recently signed up for a number of their newsletters and I deliberately said I don't want to opt-in to be mailed so I unchecked the box but I am now receiving e-mails for things that I haven't signed up for, which are still coming from Business Week, so they haven't shared with third parties, but they are already taking my name and thinking "he might like this", and actually know that I signed up for a very specific need, cause I need to read your newsletters for work, I don't want any more from you thank you, so it is that discrepancy, and through that behaviour it has become a brand that I trust less. When you tie that into wider theories about identity theft and things like that as well, a responsible brand is going to be one that says "we do take your data seriously" and actually demonstrating that they take your data seriously by making sure that everything is opt-in. I wouldn't be surprised if in a couple of years some of the more really ethical brands actually start saying "we will never share your data with any third parties, we will just refuse to because it's the relationship that we have with you that is important and we are not trying to make a (back) of you by sending our database elsewhere", so I wouldn't be surprised if that happens at all.
- So would you say that there is a need for further regulation of the Internet, in terms of advertising I mean?
- This is tricky, I've not kept up to speed with the debate about the revised Television Without Frontiers Directive, and I was interested to see Ofcom's position because a couple of weeks ago () said that the Directive as it stands is unworkable, because I think in the main it is unworkable. However you define

the Internet and however you define what advertising is, we are in a system now where ex post regulation has to be the way forward, you cannot realistically go for ex ante. The analogy, when the Internet first started, with newspaper advertising was the one that was applied, and it is the one that still holds today, and as things are starting to get more sophisticated, how do you judge it, if I was, say, a chocolate brand that devises a five-minute piece of mobile TV that's then sent to your mobile, and it's targeted to a hundred people, a) is it advertising, b) is it another form of content, and c) why should the regulator be concerned with such a narrow piece of advertising? Both philosophically and practically, although the practical is more important, I don't think it's workable. Now the flipside of that is that brands have to be responsible about the way in which they do things, the way they do advertising and the way they put their content forward. Broadly, I think the system does work, there are very few cases as far as I can remember where you can specifically point to an online ad and say that's (breached) regulation, now it may work as part of a wider campaign, there's been an element that has been offended but that's probably because the overall tone of the campaign in whatever medium it is, it has been executed and it's been problematic, of course those distinctions will hold as long as people are still treating TV over the Web in a manner that is () to TV, but if arguments for things like the license fee start to break down, then similarly arguments for the control of advertising will start to break down as well. One way of looking that is quite dangerous is, say the technology that Disney, among others are working on, Philips rather in particular, in terms of embedding adverts to programs and not allowing you to fast-forward through them, now that's interesting because under the terms of the US Digital Millennium Copyright Act, if you were to try and hack that and break the code so that you could skip forward to the ads then you would be infringing quite a (swinging) Act, and then we are into a situation where, ok I am now being forced towards this ad, now that's not going to make me feel very pleasurable towards the brand, you know the fact that I can't surpass it, I can't come back to it and watch it later. The fundamental truth is that as much as people might be looking to avoid ads through TiVO or whatever, people will still stop and watch, and engage with a good ad, something which is well-crafted, something that is funny, that is

entertaining, so more than ever the premium is on creativity, the premium is on attention-grabbing, that doesn't necessarily mean attention-grabbing by shock, but if it's something that's sharp, that's relevant, that's right for the audience, people will not deliberately get out of their way, you know people will get out of their way to avoid bad messages, people do not want to be stopped ()

- All right, another thing about the Internet is that it is probably the most information-rich medium. This is regarded to be a good thing, you know our society is regarded to be the Information Society. How valuable is this?
- What price information...two perspectives, one, a couple of weeks ago Mauro Saatchi, Lord Saatchi came out and said that precisely because of information overload brands don't have the time to mess about delivering complex messages, they need to be able to cut through the clutter and be known for not just the one big idea but the one word. He is right to the extent that it's one word that brands need to be known for because (), we're more sophisticated than that, we don't need to grow up on that basis, that's nonsense, and the very fact that all this information, in the main, is making us more clever and more sophisticated as consumers of media and consumers of advertising, so we will positively engage with those messages which we think are right for us but also flatter us to the extent that they engage with us and say "hey you are clever and you understand us". So in that sense the information overload is positive, but what it does also mean is that the importance of brand as the organising principle behind advert is of double, triple importance, you know brands are shortcuts, brands are editors, when you've got thousands of choices out there, when you've got thousands of different things to navigate, the premium that there is on having something that is recognisable, whether it's a complex or a simple idea behind it, is a huge amount of value, so in a sense the fact that we are drowning in information means that brand's importance becomes greater, and so the method and the way in which you actually communicate those brands becomes relatively more important as well.
- So would you say that this information-richness of the medium, of the Internet, is not so important because of the information overload and because of the plethora of data that surround us?
- I think part of the talk of the Net being information-rich is because we've

grown up with the last 10 or 15 years of HTML, which is text-heavy, and I am pretty sure that that will start to fall away as things get more (), now of course you can look on (Ewan McLuhan) and some other information theorists and work out how much data you are actually getting from a picture as opposed to a piece of text, but I think a lot of this argument will fall way as the Net does become more image-driven, more video-driven and that sort of content, so I don't think that will be an issue, and people are adaptable, you know years ago people would (accept) all that scrolling through and all that going back and selecting articles, people would do that and the technology helps in the sense that stories are selected automatically for you and dropped down in your inbox and things like that, so it helps you to navigate if you know how to use it properly as well.

- Another thing, about the population of the Internet, many commentators believe that the users are very goal-oriented and they either get frustrated of the presence of the ads or they ignore them. To what extent do you believe that?
- Let's unpick that statement, from a user experience or usability perspective yes, Internet users are very goal-oriented, absolutely, because you are generally logging on to complete a task, to check my bank balance, check my flight details, read the latest news, so absolutely you are goal-oriented. If an advert is intrusive and deliberately stops you from achieving that goal, then yes you are going to be absolutely fucked off without question, but if an advert, you know, stays within its boundaries, and is well-written, well-produced, eye-catching, then there is no reason as to why I won't complete my task and then go on and investigate the ad, or even sometimes the ad looks more interesting than the article so I'll go and do that, so I don't necessarily view it as an (), I think it's just as simple a statement as that, yes people have things to do on the Internet and yes they are going to be focused on that, but if you work with that context, there is no reason as to why people won't look at your ad once they've finished that task, once they've finished with what they want to do.
- Would you say that there is a taxonomy of users, like some of them surf for fun and so they accept advertising more, others are more, I don't know, focused on what they have to do...

- I think that's difficult to say, mainly because there is such a broad penetration, the way that people use the Internet is completely different now. I think what you can characterize is a change between...a situation where because of the speed and because of the cost, people were online for only 1 or 2 hours everyday, as compared to now where with pretty much pervasive broadband penetration in cities and the fact that it's always on, you behave differently online so, if I can use myself as an example, even 3 years ago I was on dial-up, and very slow dial-up, so I would probably spend about an hour online, now that would mean that I would have to do my e-mails, clear my inbox, try to read a little bit of paper, and that's it, that's all I'd have time for, that's all I'd have information for, so an ad is going to be pretty special to cut through that, you know to make me, distract me from doing that-
- Of course-
- Now, with broadband at home, my laptop is on all the time, it is always connected, so when I go back to it, there is always 5 or 6 bits from the Google deskbar in terms of headlines, Firefox is always open, Guardian tab is always open, my e-mail tab is always open, and I am far more likely to linger and do other stuff so I will check e-mail, I will check deadlines, I will update my blog, and then once I've done that, I am probably quite likely to go and have a wander, have a browse-
- I see what you mean-
- So, just in that very fact that there is more time, you know that you spend online, it's more likely that people are going to find more adverts and engage with them, but it's also a different mindset as well, in that there is not necessarily any time pressure now on people to say "I've got to have these tasks done", and if it's all around you, as an atmosphere, and you know it's always on, then yeah, there is no disappointment with you as such.
- All right, you talked about intrusiveness; there are some types of ads that are kind of intrusive like pop-ups or unsolicited e-mails. What's your opinion about that and do you think that it's fading out, or is it possible to increase in the future?
- I think pop-ups are dying out, it's interesting because you can argue that pop-ups are dying out for two reasons, one is their lack of effectiveness, because they aren't generally effective in terms of getting people to click on them (),

and that leads to the second reason which is actually their reclassification. When Microsoft and people start to call things like that “malware” or “spyware”, it makes it a problem in the users’ minds and they say “ok, that’s not something I want to engage with and it’s something I want to get rid of”, so now most decent packages come with spyware blockers, pop-up blockers and things like that, so I think it necessarily will decline because the market has decided that “we are not interested in this form of advertising, thank you very much and we are () barriers for it”.

- Ok, so would you say that there are other forms of advertising that are intrusive now or the Internet is becoming less intrusive in this sense?
- Am, spam is still prevalent, but I don’t know any credible brand that sends unsolicited e-mails. If you are sending unsolicited emails that means you are either a (pedal of) porn, or you are (pedalling) fake drugs or Viagra or whatever, so you are not serious, so why I am going to listen to you anyway? I think () has talked in the past about permission-based marketing and that’s the age that we are in now.
- What about the rapid technological change that exists in new media and the Internet in particular? How does this affect advertising? Is there a degree of uncertainty, I don’t know about the types of ads used or-
- There is uncertainty about a couple of things, one is the very practical one of what technologies do we actually use to communicate? What media do we actually use and how do we actually do it? There is also a very physical problem of brand managers not necessarily understanding the technology and so being overly relied on their agencies which in turn may not be able to understand the technologies fully, I mean I would be very surprised if any new media agency fully claimed to understand the ramifications of how TiVO and MySpace and things like that actually trully work and what that means, because a) most people in agencies are too far away from it in terms of age and b) things haven’t settled down yet. And that points to the other reason that brands are still quite cautious and conservative, and aren’t necessarily going to commit to something when they don’t know what the effect is going to be, that’s why there is still such a powerful pull towards TV, all people who are in charge of brands in big corporations have grown up with the technology, they absolutely know how it works, you know as opposed to “get a MySpace page

for my brand? How does that work? What does that mean? What does this actually do?”. Those are things that still need to be (restled) with.

- Yes but another interviewee told me that you don't really have a choice, I mean to avoid the Internet, not to go online if your competitors go, do you agree with that?
- No, that's absolutely right, but you () that by saying “does a brand have to be everywhere, in all media at all times?” And that's clearly not the case.
- Hmm.
- There will be some brands for whom it's absolutely right that they are as close to the (bleeding) edge of technology as possible and doing everything so, MTV is a classic example of that, MTV is not a television channel any more, MTV is a youth-oriented channel, a youth-oriented brand that supplies all its content through an absolutely bewildering amount of channels, of platforms. You name a platform, MTV have got something coming out from it, probably platforms that you've not thought of. Whereas, someone like Burberry, what need do Burberry have to be on MySpace? Is Burberry's target market 14-year olds? Probably not, so the point is the filter that is the brand still has an impact, now clearly Burberry will have a website, Burberry will make some use of online advertising and some use of online engagement, but they are not going to be everywhere-
- Yeah.
- Brands still dictate that decision and good brand managers, good agencies will know what their audiences are and who are using those technologies, so yes it is right but you don't have to be ().
- This leads to the last attribute that I want to discuss about, the digital divides like the age divide of the population of the Internet, what implications does this have? Or bandwidth divides, how do they affect the types of ads used?
- I am not sure that it does to be generally honest, again it depends on the type of brand that you are, so if you are a large, relatively well-established-
- (Waiter interrupts to say that the café is closing in 5 minutes).
- Consumer brand, your goal is to be in as many places as possible and to reach as wide an audience as possible, and so what's the quickest way of doing that, television is still the best way of doing that, but yeah, if you are a youth-oriented brand, if you are a fashion brand on the cutting edge, then yeah, you

are going to want to be as close in as possible, and chances are that demographic will be quite spending and quite young, so they will be precisely those ones that are on the right side of the broadband divide. Am, but I think it's going to become a () overtime, because I think that ultimately most people are going to be online in one form or another, I mean there is often the danger of people thinking broadband means PC, but it doesn't, broadband is 3G, broadband is digital satellite and digital cable as well, so you know, very quickly 80 or 90% of the households of the country will be online in one form or another, so you know, it will be a richly diverse experience but one that brands will navigate through much as the users will.

- Ok, all right just a summarising question, last one, after this discussion on the attributes of the Internet what would you point out as its strengths and weaknesses as an advertising medium?
- The strength is the fact that you can, one engage with it much more strongly, but the other is share that engagement with people and do so in an almost instantaneous manner, so if I see something great I can send it to you and you can spread the word and so this word of mouth is a hell of (). The weakness is that, at the moment, creatively I don't think there've been things that have really stood out and become as iconic as television ads or big poster ads, now I think that will come with the time, but there is a degree of creative immaturity which still needs to be worked out, but that will come as people who have grown up with the medium start to play with it, start to make it their own as opposed to try and translate TV skills or print skills into this new environment.
- Ok, all right, great, thank you very much, thank you.
- Ok!

Appendix C-Profile of Interviewees

Serial Number	Name	Company	Position	Company Description
Interviewee 1	-	-	Account Executive	Digital Media Agency
Interviewee 2	-	-	Senior Research Analyst-Futures	Media Agency
Interviewee 3	Rishi Dastidar	Seren Partners	Consultant	Customer Experience Consultancy
Interviewee 4	Victoria Peckett	Harvest Digital	Account Manager	Digital Media Agency
Interviewee 5	Dmitry Tulba	Lowe London	Creative Planner	Advertising-Media Agency
Interviewee 6	Julian Ingram	McCann Erickson	European Director and Managing Partner	Advertising-Media Agency

Appendix D-Glossary of Terms¹

Banner: a graphic image displayed on an HTML page used as an ad.

Clickthrough: the action of following a hyperlink within an advertisement or editorial content to another Web site or another page or frame within the Web site.

Cookie: a file on the user's browser that uniquely identifies the user's browser.

CPM (Cost-per-thousand): media term describing the cost of 1,000 impressions.

Impression: a measurement of responses from a Web server to a page request from the user browser, which is filtered from robotic activity and error codes, and is recorded at a point as close as possible to opportunity to see the page by the user.

MPEG: the file format that is used to compress and transmit movies or video clips online.

Opt-in: refers to an individual giving a company permission to use data collected from or about the individual for a particular reason, such as to market the company's products and services.

Opt-out: when a company states that it plans to market its products and services to an individual unless the individual asks to be removed from the company's mailing list.

Pay-per-Click: an advertising pricing model in which advertisers pay agencies and/or media companies based on how many users clicked on an online ad or e-mail message.

Pop-under ad: ad that appears in a separate window beneath an open window. Pop-under ads are concealed until the top window is closed, moved, resized or minimized.

Pop-up ad: ad that appears in a separate window on top of content already on-screen.

PVR (Personal Video Recorder): set-top box that stores up to 30 hours of TV programming and works with cable and satellite systems. Viewers can pause or rewind live TV shows, record a season's worth of episodes, and skip past commercials.

Rich media: a method of communication that incorporates animation, sound, video, and/or interactivity.

ROI (Return On Investment): net profit divided by investment.

Spam: slang term describing unsolicited e-mail.

¹ Source: Interactive Advertising Bureau (2006) "Glossary of Interactive Terms", available online from <http://www.iab.net/resources/glossary.asp>, accessed on 11 August 2006, slightly amended in length where necessary.

Viral Marketing: 1) any advertising that propagates itself; 2) advertising and/or marketing techniques that “spread” like a virus by getting passed on from consumer to consumer and market to market.