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WHITE PAPER

**A Digital Taxonomy:
There Is No Such Thing As A Digital Ad**

BY ABIGAIL PUCCINI AND RATNA RALKOWSKI

A DIGITAL TAXONOMY: THERE IS NO SUCH THING AS A DIGITAL AD

BY ABIGAIL PUCCINI AND RATNA RALKOWSKI

Digital ad spend for Q4 2010 topped \$7 billion. Do advertisers really know if they're getting their money's worth? The world of digital advertising today has expanded upon the online advertising of yesterday. What used to consist solely of pop-ups and small, static banner ads now has endless possibilities, ranging from rich media, flash video, and branded, interactive experiences to ads targeting consumers' specific interests and locations. When evaluating the quality of digital advertising, it is a mistake to look at the digital world as a single advertising medium, because digital advertising is really an accumulation of *media*. The digital space allows for both the emulation of traditional media as well as the creation of new modes of communication. There is no one way to create a digital ad, therefore there should be more than one way to evaluate it.

This complexity has led to a muddled understanding of online ad effectiveness as a whole. As we enter 2011, and the digital space reaches nearly everyone, there is still a struggle to understand how to reliably evaluate digital advertising. Advertisers often rely on one-size-fits-all measures, such as click-through rates (CTRs) or action-based metrics through pixel tracking, to give them a basic understanding of how well an ad performs. For many digital ads,

however, relying upon these behavioral performance measures would be as incomplete as relying upon exposures to measure a TV commercial's total impact. With the digital age, perhaps we've become so focused on the mouse that we're forgetting the importance of the mind. In other words, a click doesn't necessarily reflect an ad's success. *For an ad to succeed, it must interact with the human mind.*

Because the digital advertising space is a set of media rather than a single medium, and because ads are for humans, not mice, we need better ways to approach digital advertising. Scientific measurement first begins with classification of the types of things that are to be measured. Through classification, a world of unwieldy combinations becomes manageable and then measurable. Being able to classify the digital space does the same; it allows for the meaningful measurement of digital communications effectiveness based on the specific ad itself.

One can also use mnemonics to make such systems easier to work with. Similar to how film makers use "The Five Cs" to remember cinematographic techniques—camera angles, continuity, cutting, close-ups, and composition—to help them build and evaluate films, we've developed "The Five I's" to understand digital advertising.

The 5 I's of Digital Advertising

- Interception
- Integration
- Invitation
- Itinerary
- Involvement

The Five I's can be applied to all advertising media. However, in the boundless digital space, this categorization is a necessary first step to bring order to the chaos.

segmentation algorithms to define its audience, and not every ad requires cookies to find it. To address targeting, *Interception* is the first category in the digital taxonomy. This answers the question, "how is the ad's audience intercepted?" That is, while consumers are out surfing the web, how does an ad intercept them from their path and move them into the brand's advertising space?

The least targeted digital ads appeal to a **mass market**. Just as GEICO runs ads across television channels, it also runs ads on popular websites to appeal to a general population.

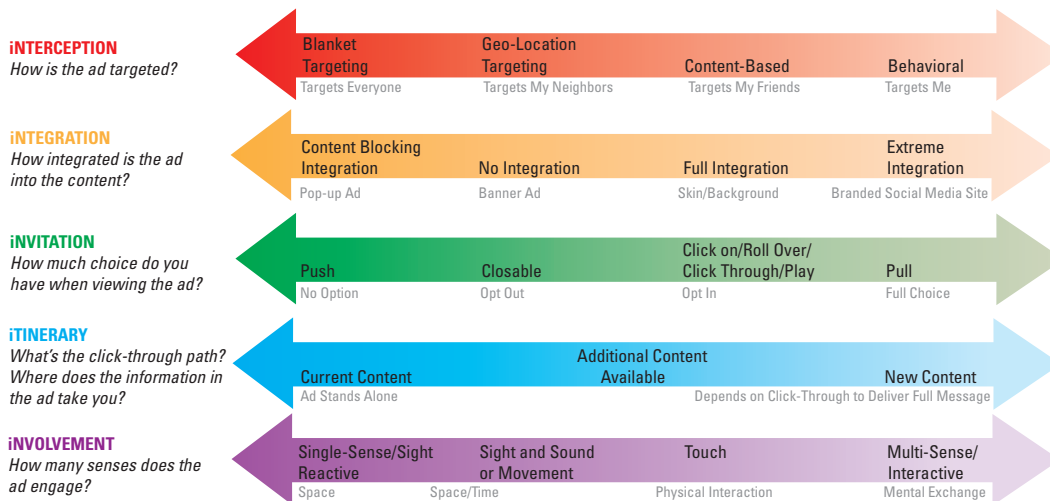
Interception

The web introduced unprecedented targeting capabilities, but not every brand requires complex



EXHIBIT 1: TITLE DEFINING DIGITAL ADS

Beyond real estate, digital ads can each be defined by where they fall on continua for five categories: **Interception, Integration, Invitation, Itinerary, and Involvement.**



In the next level of interception, the audience is intercepted based on its **geographic location**. Ads that target based on geographic location sometimes only run in certain markets or are customized for different geographies. For example, a digital ad for Kingsford charcoal includes a “grilling alert” that updates the temperature to match the viewer’s local weather.

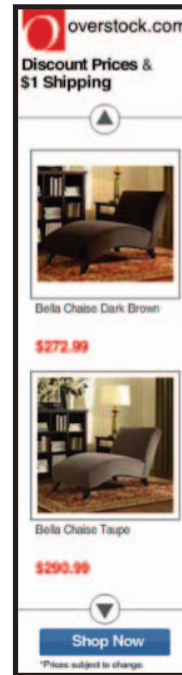


More targeted ads appeal to an audience that shares **common interests or activities**. These ads are usually placed with content that is relevant to those interests or activities. For example, Kenmore dishwasher ads are likely to appear on cooking.com and eTrade ads are likely to appear on wsj.com.



The most targeted digital ads use cookies to tailor advertising to a consumer’s browsing and searching **behavior**. For example, if a consumer is looking at a particular chaise lounge on Overstock.com, that

lounge might appear in ads in her Yahoo Mail over the course of the next few days.



Interception involves finding the right consumers by buying the right space.

Integration

Unlike TV and print, space in the digital arena is less restricted, and the boundaries between content and advertising are more flexible. The second “I,” *Integration*, answers the question, “how integrated is the ad with the content?”

Another way to look at integration is in terms of the level of interruption. Using an architectural metaphor, you can think of integration as living in Frank Lloyd Wright’s *Fallingwater* house, which organically blurs the lines between structure and nature.

Non-integration would be like living in a concrete and steel industrial structure that signifies human separation from what is natural.

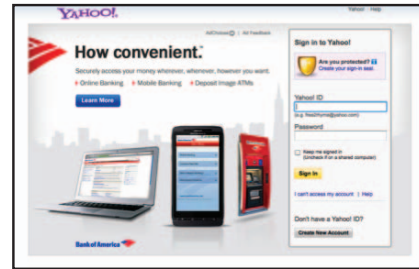
Content-blocking ads fully interrupt the viewer's experience with the content. Just as commercials block content on television, pop-up ads are the quintessential content-blocking ads in the digital arena.



Most web ads are not integrated with the content at all. Banner ads appear alongside content, but are not integrated with it. Like magazine ads, viewers can mentally skip them and focus on the content of the page with minimal interruption.



Some digital ads appear as "skins" or backgrounds for content, and thus are **fully integrated** in the experience. A background image advertising Bank of America behind your Yahoo Mail login is similar to floor ads at your grocery store, which are actually part of the shopping environment.



Extreme integration occurs when the content *is* advertising. Branded social media sites and branded mobile phone apps, in which the ad and content are one, would be examples of extreme integration.



Invitation

Invitation addresses the level of freedom or choice the consumer has when interacting with the ad, or how the viewer is *invited* to see the ad. This category taps into the level of commitment required from the consumer for the ad to successfully communicate its message. Invitation influences irritation and annoyance more than other categories.

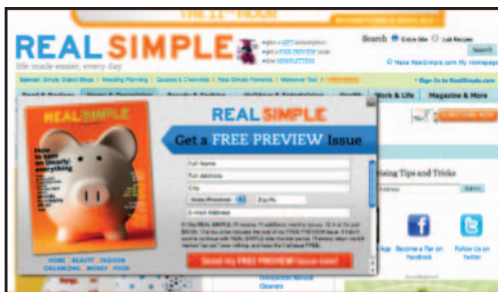
Push ads are on one end of the continuum. These ads provide consumers with information they are *not* seeking and do not give consumers the option to avoid them. An example would be a pre-roll video ad

coming up before watching an online newsreel.



Closeable and **skipable ads** give consumers the ability to opt out of the advertising experience. Examples of these types of ads including pop-up and expanding ads, which push themselves on consumers and require them to refocus their attention or take action to move on to the content of the page.

Ads at the extreme end of the invitation continuum *give consumers full control* over how they interact with the ad. Branded social media sites and branded mobile apps, which in themselves are advertising experiences, would fall on this end of the spectrum. These ads *are* the information the consumer is looking for.



Pull ads move to the other side of the continuum. Consumers can *opt in* to the advertising experience with interactive and click-through ads. Here, the consumer 'asks' the advertiser for more information or a way to take action upon what they've seen.



Itinerary

Itinerary answers the question, "what is the ad's itinerary?" or "do you have to leave the web page

to get the full advertising message?" From the consumer's perspective, this continuum addresses the required level of curiosity.

Stand-alone ads don't depend on the consumer to click through to new content in order to get the full advertising message. Some online ads are intended to increase brand awareness or reinforce brand perceptions, while other web ads communicate all the intended product features and benefits on their own. For example, Claussen pickles runs a banner ad talking about how their pickles will thrill your senses. While the ad includes a button to replay the ad, it has no link to a Claussen website. The call to action is to find the pickles in your grocery store. **Effectiveness for these types of ads cannot be measured by click-through rates.**

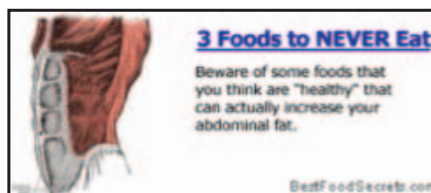


Other ads communicate a complete message without depending on click-through, but do have **more information available**. For example, Budget advertises in online display ads that you can save \$25 on one-way rentals. While there is a button to click through and "book now," one does not need to

click for the ad to reinforce the brand and give viewers the idea that they can save money with Budget. Again, this ad's success cannot be fully evaluated by click-through rates.



Ads that act as **teasers** depend on consumer click-through to communicate the advertising message. One common online ad boasts knowledge of "The Three Foods You Should Never Eat" for great abs. The viewer doesn't know who the advertiser is, or even what the product is, without clicking through. These types of ads require the viewer to be curious enough that they'll take the effort to explore more.



Involvement

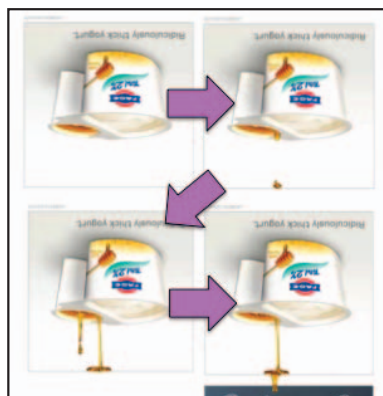
The final continuum is perhaps the most complex in that it addresses the consumer's psychological

and behavioral interaction with the advertising. *Involvement* answers the question, “how involved is the consumer in the advertising experience?” or “how many senses does the ad engage?” Does the ad elicit a reactive response, or an interactive response?

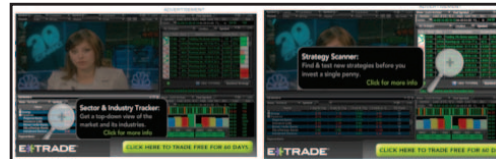
Ads that **only exist in space**, and thus only engage sight with words and pictures, elicit the most *reactive responses*. Static display ads fit into this category in the digital world, as most print ads fit into this category in the analogue world. The only “movement” in these types of ads is that of the consumer’s eye scanning the images and words to process them.



Ads with motion and/or sound **exist in time and space**, and thus add a layer of complexity in terms of neural engagement. Digital ads in this realm range from simple animations to films.



The next level of involvement is interactive, eliciting **touch**. These more interactive ads range from having simple links and replay buttons to rollovers that allow consumers to more fully “explore” the ads.



Of advertising media, digital dominates in terms of its ability to provide **fully involving ads**, where the consumer has a “mental exchange” or dialogue with the digital branded experience. For example, branded social media experiences often allow consumers to contribute to conversations, make comments, upload their own photos, build profiles, etc. In these most interactive ads, the line between the ad’s identity and the consumer’s identity becomes blurred.



While the development of more targeted, more integrated, and more interactive ads is often more expensive and sophisticated, that’s not to say that the ads are necessarily more effective. The quality of the creative for an ad with loose targeting can

exceed that of the most targeted ad. A simple ING Direct banner ad can be more effective at meeting its advertising objectives than an interactive ad that invites you to take an IQ test. (Has anybody ever figured out what those ads are even for?) In the digital world, one size does not fit all, and a categorical way to classify these ads enables the measurement of each digital ad against its specific objectives and executional tools.

Let's apply this classification tool to a standard ad anyone might see while surfing the web. This ad for the TV show 'Glee' fits along each of the continua within the taxonomy.



Interception: This ad is blanket targeted. It appears on mass-appeal websites like Yahoo. It is not directed to any particular locations, interests or individuals.

Integration: This display ad is not integrated with the content of the webpage.

Invitation: The ad has options to click through to the official Glee website, play a video or follow it via social media sites. This would make the ad a *pull* ad that invites the consumer to 'opt-in' for more content or interaction with the brand.

Itinerary: This ad has additional content available, placing it in the middle of the scale between standing entirely alone and requiring more content to deliver its message. Note that click-through and pixel tracking alone would not be enough to measure the ad's full impact. The ad's message, that Glee is on tonight at 8pm on FOX, can be delivered without the viewer taking any recordable mouse action.

Involvement: This ad is interactive. The consumer can choose to play the video that exists within the ad. This involves sight, sound, movement and touch, engaging the viewer on multiple levels without having to leave the ad content itself.

Classifying this Glee spot helps us to understand what tools have been employed to create, target and execute this ad. By understanding each objective within the ad, we can evaluate each piece to see how it works both individually as well as in sum. This allows for optimizing the ad as a whole, or just the pieces of the ad that don't work well. The best pieces can be replicated in later development of new creative with the knowledge of why and when they should be used again.

With the incredible investment in digital development out there today, it is important know what your digital dollars are buying. The digital arena has penetrated nearly every aspect of our daily lives as consumers, and advertising, good and bad, comes along with it. Click-through and pixel tracking are simply not enough to understand advertising in this pervasive context and what it is doing for your brand. The digital taxonomy gives us a categorical framework with which to approach digital ads so we won't, metaphorically speaking, try to use an abacus to measure humidity, or throw the baby out with the bath water. Your ad may be doing so much more for you than an average click-through rate can measure.

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