



IMPLICATIONS OF INTERNET ADVERTISING ON NEW MEDIA ENTREPRENEURSHIP: A BOON OR BANE?

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Abstract:

Internet advertising implies advertising using the internet as a platform. It is a marketing strategy which deals with attracting web traffic and delivering marketing messages to appropriate targets using the internet as a medium. Internet advertising has no doubt positively revolutionized the sector of commerce. It has simplify and made more effective the communication between entrepreneurs and their potential customers. This study discusses among other things the advantages of internet advertising which include: reaching significantly more people than the traditional advertisement media at a cheaper rate for large scale businesses especially the international ones. But on the contrary, internet advertising can expose marketing materials of a competitor which can be copied by anyone and use for purposes detrimental to such competitor's business. This paper argues that since there is no censorship on the internet, it is difficult or at worst impossible to scrutinize and regulate advertisements online making teenagers and young children to be vulnerable. This study proffers that one major threat that internet advertising may need to combat is policy. It is not that internet advertisement is illegal, but the freedom associated with it becomes limited when policies are formulated day by day. Also, from another perspective, the internet itself has become a threat to internet advertising due to emerging measures to curb and control unsolicited messages and adverts to be specific. This paper concludes that the level of optimism as regards the future of internet advertising is on the rise as it responds rapidly to technological advancement. There seem to be a very bright light at the end of the tunnel as internet is reaching to the nooks and crannies of the globe. So far, internet advertising has the highest ROI and is promising to improve, and at worst to maintain the status quo. Therefore, there is no doubt that alongside potential challenges, internet advertising holds for a bright future.

Keywords:

New media, internet advertising, traditional media, advertising online, media entrepreneurship

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1. INTRODUCTION

Efforts to enhance profitability in trade are as old as trade itself. “Trade refers to buying and selling of goods and services for money or money’s worth” (Gaurav, 2011). When people give out anything acceptable to the other party in exchange for their wants, trade has taken place. Human wants and the desire to satisfy them date back to the existence of humans resulting in the advent of trade. The earliest form of trade known as trade by barter has been in use before the invention of money, it is an age-old method that people adopted in exchanging goods and services (Nair, 2013).

It is important to state at this point that the word *trade* can be interpreted in different context as it has not only to do with commerce. In the broadest sense, it has to do with exchange. Everyday people exchange greetings; our interaction with each other is a form of trading in words. It is therefore important to state that the whole of this work is set to the context of commerce.

As trade took shape over time it became very important for vendors and producers to communicate effectively with their consumers in order to foster effectiveness of the commerce intention of both the vendors and the consumers. The communication may be targeted at different reasons which includes; fostering sales, improving consumer-producer relationship, assessing consumer needs, sensitizing consumers on latest products and services, etc. and through different media ranging from oral and face-to-face to the conventional and emerging new communication media. It is for this reason that the importance of communication in commerce cannot be over emphasized. It is paramount to achieving desired effect.

One of the ways in which this communication takes place in the world of commerce is advertisement. Of course, there are many other ways one of which is public relations. Public relation as a way of business communication is no doubt different from advertisement, although they are both commerce communication approaches. While the advertiser has full control of the message all the way to the recipient which is usually the mass media, the public relations professionals’ control of the message is only to the limit where the message is released to the media gatekeepers who decide whether or not to pass it to the audience and in which form (Anthony, 2013). The various modes in which communication takes place in the confine of commerce are not the scope of this paper except for advertisement which serves as the basis for the work.

Advertisement is a “paid non-personal public communication about causes, goods and services, ideas, organizations, people and places, through means such as direct mail, telephone, print, radio, television and internet” (Online Business Dictionary, 2014). The form of advertisement that is possible only by means of internet connectivity is called *internet advertisement*. This paper throws light on the concept of internet advertising and how it evolved. It also discussed the different types of internet advertising, and briefly looked into the strengths and weaknesses of internet advertising. It concluded by examining the threats to internet advertising and the future of it.



2. LITERATURE SURVEY

INTERNET ADVERTISING

Internet advertising as the name implies can simply be defined as advertising using the internet as a platform. It is a marketing strategy which deals with attracting web traffic and delivering marketing messages to appropriate targets using the internet as a medium (Corry, 2010). The term is known not by only a name as it can also be called online, web-based, or digital advertising. Although it is an electronic form of advertising, it cannot be appropriately categorized with other electronic advertisement medium because it is strictly operates digitally. It is therefore more appropriate to refer it to as digital advertising rather than electronic advertising.

According to PC magazine encyclopedia (2014), internet advertising involves delivering advertisement to users through websites, electronic mail, software that support advertisement, text messaging and internet-enabled cell phones. Different scholars have defined and described internet advertising in different ways, but a careful look at this definitions revealed that there are certain links between them. They have some parameters in common regardless of whom, from where and in which context it was considered. The first parameter is what I refer to as the *communication model parameter*. This includes the sender(s), message, and receiver(s). The sender is the advertiser usually an entrepreneur who wants to get across to the receiver, that is, target or potential customer which may be the heterogeneous and anonymous mass audience or a known targeted group. The advert is the message. The second parameter that connects all definitions of the subject matter is the *internet*. If an advertisement can be successful without remote delivery enabled by the 'Network of Networks', it cannot be an internet advertisement. The advent of the internet transformed business communication into what is known this day as internet advertising. A third parameter is the *goal* or the intent of the communication. Every advertisement is aimed at certain goals, but these goals differ from source to source. The key objective of most entrepreneurs is profit making. They advertise in order to influence the perception of customers and potential customers in favour of their goods and/or services. *Persuasion becomes the goal and desire to make profit, the drive*. There are some other non-profit-making establishments that advertise their products and/or services. Most of them are charity Non-Governmental Organizations (NGOs) and government establishments where profit is not the drive. Although acquiring their goods and/services may demand payment, their selling price equals if not less than the cost of production. They are non-profit oriented. It is therefore more appropriate to refer the so called advertisement endeavor of such non-profit making establishments as *sensitization* or awareness so as to differentiate from the other profit-oriented advertisements as popularly known.

For instance, if a banner on the Nigerian government international website displays "STUDY IN A NIGERIAN UNIVERSITY TODAY!" and another banner on Covenant university's website displays "STUDY IN COVENANT FROM YOUR COMFORT ZONE!", they will both have different motives. While that of the government will be aimed at sensitizing people on the existence of institutions and at the same time better the lives of citizens, the Covenant website



banner will be aimed at attracting more potential students so as to boost profit because it is a private profit making institution in Nigeria. There is a motive behind advertisements, either profit making or others. This paper refers to the profit-oriented adverts as *advertisement* and the non-profit-oriented ones as *awareness* or sensitization.

In an attempt to define the concept of internet advertising, every other parameter outside these three- the communication model parameter: advertiser, advert, and receiver(s); the internet and the motives- are secondary, and a result of the perspective and operational context of whosoever is doing so. I therefore put that:

Internet advertising is a practice where a sender called advertiser with a motive prepares a message called advertisement and makes it available to the receiver(s) called target audience via an internet enabled link.

3. EVOLUTION

It will be inappropriate to talk on the evolution of internet advertising without mention of how the internet came to be. The internet is the conveyor of the content and context of the kind of advertisement in question. Internet advertising is a transformation from conventional advertising as a result of the advent of the internet. Barry & Vinton (2014) put that:

“The internet today is a widespread information infrastructure, the initial prototype of what is called the National (or Global or Galactic) information infrastructure. Its history is complex and involves many aspects- technological, organizational and community. And its influence reaches not only to the technical field of computer communication but throughout society as we move towards increasing use of online tools to accomplish electronic commerce, information acquisition and community operations”.

SCIENTIFIC EVOLUTION OF THE INTERNET

The internet was birthed in a quest for protocols that can be used for information sharing via computers in USA. This was in 1969 after the Advance Research Project Agency (ARPA) University and representatives from department of defense had discussed it. ARPANET was the first protocol which connected four sites at the University of California at Los Angeles, the University of California at Santa Barbara, Stanford research institute and the University of Utah. At that time, it was used to connect hosts in universities, military and governmental locations. In 1983, the TCP/IP protocol was developed and the name *server* was introduced in Wisconsin University, Domain Name Server (DNS) was established the following year. 1986 saw the development of NSFNET to connect the rapidly increasing number of hosts. The growth and prosperity of the internet brought an end to ARPANET in 1989, before the introduction of HTTP in 1990. That was the protocol that set everything in place for exponential growth.



COMMERCIAL EVOLUTION OF THE INTERNET

The use of the internet for commercial purposes has its cradle in 1963, some few years before ARPANET protocol. This was when students studying at MIT developed the first computer game which they called *space war*. The game ushered in the commercialization of the internet as people who appeared online put information about goods they want to sell. After a while, the Commercial Internet Exchange (CIX) was developed in 1991 to further foster commercial use of the internet (Bogren, Erlinger & Hari, 1999).

In 1993 mosaic web browser was developed at the Illinois University by Netscape. This made the World Wide Web (WWW) into a public domain. The increasing popularity of the WWW strengthened business communication on the internet. (Bogren, Erlinger & Hari, 1999) exploring the commercialization of the internet put it this way:

“In 1994 shopping malls arrived on the net. You could order pizza from pizza hut online or bank at First Virtual Bank, the first cyber bank. 1995 saw the introduction of several emerging technologies such as Java and Java script, virtual environments and Real Audio which further enhanced the kind of product information which could be made available to consumers.”

4. TYPES OF INTERNET ADVERTISING

The fastest growing media outlet for advertising is the internet (Internet Advertising, 2014). It is one of the several types of advertising but varies in scope and variety. There are diverse kinds that can be classified as internet advertising for the primary reason that they require internet connectivity to achieve their purposes.

Different scholars have helped enumerated internet advertising in different ways. Thorne (2014) included Banner Ads, Pay-Per-Click (PPC), search, and Cost-Per-Thousand (CPM) as the major types of internet advertising available. Megan (2014) also listed different kinds of internet advertising as follows: Google search Ads, AdWord Ads, Bing Ads, Pay-Per-Click (PPC) Ads, Facebook Ads, Twitter Ads, Tumblr Ads, Banner Ads, Google display Ads, Flash Ads, Reddit Ads, mobile Ads, In-Game Ads, AdMob Ads, Email Ads, Gmail Ads, video Ads, YouTube Ads, Instagram Ads, and vine Ads. Another nomenclature puts website Ads, Email Ads, direct mail Ads, and mobile device advertising as internet advertising types (Internet Advertising, 2014).

It is usually difficult to categorize all these forms of internet advertising because as much as they are, they each have distinct and unique features that distinguishes one from the other. In this paper, I have grouped these diverse types into five (5) categories base on the similarities in their technologies. These include:

- a. Banner advertising
- b. Search advertising



- c. Social media advertising
- d. Email advertising
- e. Mobile device advertising

BANNER ADVERTISING

This is an image-based internet advertising in which graphics usually rectangular in shape are stretched on a website. Most times, when banners are used, they are aimed at promoting brands and/or redirecting visitors from the host's website to that of the advertiser. The banner displayed on the host's site has an underlying algorithm that navigates users to the advertiser's site just at a click. The host negotiates with the advertiser on an agreed billing system for displaying the banner on its site. The billing system or method of payment may include:

- i. Cost-Per-Impression (CPI): This allows the host to earn on every visit to its site. A mere loading of the page where the banner is will attract payment regardless of whether or not the user interacted with the banner. This method of payment is not optimal because the host site may be a popular site with high traffic where the original service rendered by the host may be the concern of the user. The advertiser continues to pay so far the host's site was visited, even if the banner was not noticed or given attention by the users.
- ii. Cost-Per-Click (CPC): This enables the host to earn only when visitors click and are redirected to the advertiser's site. This ensures that the banner was actually given attention. This gives a more optimal result compared to the CPI because advertisers don't pay for *brand recognition*. Any payment would mean that the host landed the visitor on the advertiser's site through a mouse click.
- iii. Cost-Per-Action (CPA): This method attracts payment only when; user clicks on banner, get redirected to the advertiser's website, and then carry out an action like adding products to cart and/or actually making purchase. This is the most optimal payment method, although most websites may not be willing to host advertisers proposing it at a low cost, knowing that brand recognition which is actually free with this method goes a long way in boosting sales. At least hosts with less traffic can agree to display advertiser's banner at a considerable CPA.

The issue of banner visibility on the host's site in the CPI payment method can be taken care of by specifying position and banner size. Larger banners occupying strategic positions are more likely to increase Returns on Investments (ROI) than the smaller ones, although CPI rate may increase because the principle of space on print media also applies here.

SEARCH ADVERTISING

This is another category of internet advertising which came to lime light when advertising on the web began to decline rapidly. Google search Ads, AdWord Ads and Bing Ads are under this



category. Search engine technology has proven to be very efficient in advertising. “Because of its ROI, search engine market grew to US \$23 billion in 2003” (Arandilla, n.d.).

Initially, Google drove a lot of traffic but did not have any return for that until the inception of the 20s when it came up with its AdWord, enabling sales through text advertisement as advertisers pay so as to be linked to highly queried words or phrases relating to their market so as to be given priority on the quarry result of related searches. Google employed the PPC payment model in billing advertisers on AdWord. Links preceded by a square-shape bounded character “Ad” at the topmost of quarry results in Google searches are examples of AdWords.

SOCIAL MEDIA ADVERTISING

This category encompasses all forms of social networks such as Facebook, Twitter, Instagram, Tumblr, and the like. This kind of advertising came up with the advent of interactive media technologies that enabled virtual communities. Social media remains one of the most efficient advertisement medium because of its high ROI. Arandilla (n.d.), wrote that “*if you haven’t heard of social media, then you’ve probably been living under a rock for the past five years!*” I agree to that because social media is the only media that prototyped the human nature to the farthest extent. The reason is that humans have been proven by science to be social beings. Therefore, social media and its offers being consistent with human nature pierced through cultural, educational, political, and ethnic barriers into the society and there is rarely anywhere where internet-enabled social interacting devices are not found.

Social media websites are interactive in nature, participants have the freedom to comment, rate the comment of others, like pages, share posts, chat, etc. most businesses now have Facebook, Twitter and LinkedIn pages as it proves to be the best in terms of ROI. According to Craig (2014):

There are 85 million monthly active users of Black Berry Messenger (BBM), 30 million 2go users, 1.28 billion Facebook users, 200 million users of Facebook messenger, 255 million Twitter users and WhatsApp has 500million users.

It can now be imagined how effective and efficient it will be to advertise using this media. Adverts on social media spread at a contagious rate and advertisers need not to pay a dime.

EMAIL ADVERTISING

This category sends messages to users via web mail. Gmail, Yahoo mail, Hotmail, etc. falls under this category. Notifications about promotions, new brands, discounts, etc. can be sent to subscribers’ email inbox. Gmail Ads is a little different in that it acts more intelligently by scanning through user’s email to discover the user interests and topics relevant to them and then generates contextual Ads related to such topics or area(s) of interest. For example, students who have sat for different scholarship examinations of which they received several mail messages from the different scholarship awarding organizations are more likely to receive Ads pertaining



to scholarships from Google Ads. Email advertising gives advertisers a high level of certainty that target users will receive their messages.

MOBILE DEVICE ADVERTISING

Realistically in this era, we often have no conscious awareness of friends or neighbor not having an electronic mobile device. These devices are the targets of most advertisers today because they are found almost everywhere. Advertisers can be sure that their messages reach as far as these devices can be found. A typical and handy example is the message advertisers send to mobile subscribers through the appropriate telecommunication service providers. An MTN subscriber can receive text advertisement from an advertiser through and with the consent of the service provider. Just as the social media advertising it is very effective. This kind of advert is usually billed using Cost-Per-Thousand (CPM) model, although can employ CPC when links to advertisers site are sent with the Advert message.

5. STRENGTHS OF INTERNET ADVERTISING

Internet advertising has no doubt positively revolutionized the sector of commerce. It has simplify and made more effective the communication between entrepreneurs and their potential customers. Among its several advantages includes: reaching significantly more people than the traditional advertisement media at a cheaper rate for large scale businesses especially the international ones. This is because the more customers that a business serve, the more efficient internet advertising will be in terms of cost.

The concept of segmentation is also strength of internet advertising such that adverts can be narrowly targeted to get messages across to the most appropriate audience. This is in contrast to the atomic bomb phenomenon of the traditional advertising.

Internet advertisement supports interactivity as users can interact with the object of the advert. This is unlike in traditional advertisement where it is only a one-way communication and in most cases transient.

6. WEAKNESSES OF INTERNET ADVERTISING

Although the strength of internet advertising cannot be over-emphasized, it comes alongside its weaknesses and pitfalls.

According to Ingram (2014), *“the internet advertising gold-rush has begun to introduce Ad clutters to the web. Web users are so inundated with banner Ads and spam emails that they have begun to ignore internet advertising just as much as Ads on traditional media”*

The internet also exposes one’s marketing materials like pictures, video clips, etc. to be copied by anyone and could be used for purposes detrimental to one’s business.



There is no censorship on the internet. This makes it difficult or at worst impossible to scrutinize and regulate adverts. Teenagers and young children are vulnerable. What is the possibility of curtailing a teenager from stumbling on adverts that promotes the use of Viagra?

7. CONCLUSION

At this juncture if weighed, internet advertising is a powerful tool that catapulted advertising to the next level. It has led to tremendous improvements in the effectiveness, efficiency, and increase in ROI on the part of the advertisers. However, the customers are not left out. Most customers who often desire information updates on brands, promotions, etc. can now have access to them without the risk of travelling to get these information.

One major threat internet advertising may need to combat is *policy*. It is not that internet advertisement is illegal, but the freedom associated with it becomes limited when policies are formulated day by day. From another perspective, the internet itself is becoming a threat to internet advertising. This is due to emerging measures to curb and control unsolicited messages and adverts to be specific. Software like the anti-spam have already entered the market and some sites especially social networking sites now have mechanisms put in place to disallow users from posting comments that are suspected to be advertisement-inclined.

Never the less, the level of optimism as regards the future of internet advertising is on the rise as it responds rapidly to technological advancement. There seem to be a very bright light at the end of the tunnel as internet is reaching to the nooks and crannies of the globe. So far, internet advertising has the highest ROI and is promising to improve, and at worst to maintain the status quo. To further emphasize optimism as regards the future of internet advertising, Suzan Wojcicki, Google's senior vice president of advertising and Neal Mohan, Google's vice president of display advertising established that, *advertising as the lifeblood of the internet is undergoing tremendous change* (Robert, 2013).

There is therefore no doubt that alongside potential challenges, internet advertising holds for a bright future.

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