

Web Under Surveillance

With an industry-accredited research methodology and several committed clients, internet advertising is finally getting on the ad world's radar.

For those in the online ad business waiting for the pieces to finally fall into place, the first industry-recognised internet traffic reports released by RedSheriff couldn't have come soon enough.

Last October marked eight years since the first Netscape web browser was downloaded in New Zealand, but despite just about everyone who was ever going to be online already being there, the web as an ad channel remained mired in conflicting measurement methods and tainted by the tech wreck.

But that was yesterday. Today we can tell you with certainty that more New Zealanders this week will visit XtraMSN or Xtra.co.nz than any other site in the country. They'll also visit the Herald, Stuff and Nzooom for news and information, stop by at Seek if they're unhappy in their work, and sift through Trade Me if they want to buy or sell just about anything.

For The Internet Bureau's John Stewart, the New Zealand ad world's agreement on a local internet measurement system marks something of a new dawn for online advertising here.

"RedSheriff has bought a level of accountability and consistency to the whole process," he says. "We now have a standard way of measuring online audiences and that's incredibly important."

Stewart says the days of some online publishers posting unique user sessions while others counted web hits and the rest reported server logs, are now gone, and the advertising community can get down to some serious online business.

But what of the argument that the RedSheriff system discriminates against small publishers who can't afford to be included in the survey?

Stewart isn't buying it. "At the start of this process," he says, "we [The Internet Bureau, CAANZ and the Online Publishers Group] were aware that it was easy enough for the likes of Xtra and Nzooom to put their hands in their pockets and cough up a heap of money to buy the information they wanted. But we also needed a system that worked for the little sites — the niche players. So what we got from RedSheriff was a basic service where for about \$100 a month the small players can also be a part of it.

"Sure, they don't get the all-singing-all-dancing demographics stuff that the others do, but there is really no excuse for any site in New Zealand that sells advertising to not at least be able to provide basic RedSheriff information. Look at someone like Trade Me — they have a relatively low budget but they're a growing online player and they were one of the first companies to sign up."

At RedSheriff, which has recently taken on web veteran Mark Ottaway (ex-head of Wilson & Horton Interactive) as managing director, business development manager Marcus Lloyd says the top five (based on unique user sessions) NZ sites at the start of April were XtraMSN, Xtra, the NZ Herald, Nzooom and Stuff. No surprises there.

Interestingly though, Lloyd says while unique-user sessions is the dominant metric of online ranking, other ways of analysing the data can deliver a noteworthy interpretation. "If you wanted to do a ranking based on page impressions," he says, "the result would be quite different." (A page impression is the number of times a site visitor views a new or refreshed page — and each impression is an opportunity to display a different advertising message.)

"Using that measurement," says Lloyd, "Trade Me [which ranks at No. 6 using the unique-user sessions approach] at 53 million per month, would be higher than the combined impression total of XtraMSN (23 million) and Xtra.co.nz (23 million)." In these terms however, Lloyd notes that both sites would be dwarfed locally by Hotmail, which achieves around 106 million page impressions per month.

So who are all these people being impressed?

While RedSheriff handles the computer-ish side of online measurement, Phoenix Research takes care of the people profiling.

Asked who's online today, Phoenix research director Carola Cullum says the answer is basically everybody. Where once the online world was the home of tech geeks and few women, Cullum says it's now part of mainstream New Zealand life and whilst there is still a slight upmarket bias, usage is evenly spread. "It's everybody," she says. "Women represent half the population and they represent half the users."

Rural internet customers lag slightly behind the national average, she says (not surprisingly, as some rural communities have not been well served with bandwidth), but the difference is marginal. In terms of age groups, the over-60s buck the averages somewhat, accounting for 11% percent of online usage while making up 21% of the population. Other than that, Cullum says New Zealand's internet usage profile is on a par with the national population profile.

Offshore evidence suggests, however, the number of new users is slowing. A recent study in the US by the Pew Internet & American Life Project has found that while there was huge interest in the web there during the '90s, more recently new sign-ups have decreased, and the number of people dropping out of the online world is rising. Cullum says locally the adoption rate is similar to that of the personal computer. "PC penetration grew very very fast here," she says, "and it's now plateaued out."

So now that everyone's online, what's in it for advertisers? XtraMSN's Anna Kermode says the RedSheriff data gives media planners a much clearer view of who is online, looking at what, and thus will enable them to more accurately target and develop a campaign profile. "It provides a transparent comparison between online advertising and other mediums," she says. "Advertisers will know what different placement and ad types they can use to get the best results."

Seek's Aaron Sowden says Seek's experience in Australia is that advertisers are looking for synergies and are thinking outside the square in their online placement. "Banking is a good example," he says. "Yes, Seek is a job site, but we're seeing banks placing ads on our site because they realise when people are looking at changing their jobs, they're also looking at many of the financial aspects of their life, so Seek is a good place for a bank to be."

Kermode also expects there to be a growth in integrated campaigns with an online and offline component. On this topic, Cullum says for advertisers launching integrated campaigns, research has shown a direct correlation between users of a publisher's online and offline vehicles. "The vast majority of people who visit NZHerald.co.nz," she says, "are regular readers of the print Herald."

And it continues. The research shows that national entities like TVNZ had a visitor profile to their NZoom site that to a large extent mirrored their national TV viewer profile. Visitors to INL's Stuff.co.nz were more likely to come from the Wellington region (due to the dominance of the Dominion Post there), while Herald site visitors were more likely to be from Auckland.

Whatever their reasons for being there, Stewart says a significant number of online clients are getting results and are beginning to do more than dabble. "Over the last three years," he says,

"The Internet Bureau has advertised on behalf of about 100 clients and probably a third of those would be regular advertisers now.

"We're seeing a lot of repeat business. We're finding the agencies and clients are a bit unsure about it at first, so they test the waters. Then those that find they have good success continue with it — and you'll see them advertising time and time again."

Stewart says sectors like travel, banking technology, classifieds and government have been well represented online. "I think the stuff Freedom Air has done over the last year or so has been excellent," he says, "they've absolutely embraced it. BankDirect has also consistently leveraged online to drive their business. We see these types of categories as being consistent players in the space."

Other sectors that have not been as active include retail and automotive (non-classified). "We're starting to see some retailers dabbling," Stewart says, "but I think they've been a bit slow. As far as automotive, there's a bit of activity in that space, and we expect that to grow."

The reason an online spend increase is expected in these sectors is not based on wild optimism, he says, but on another trend revealed in the Phoenix research.

According to Cullum there is a growing consumer expectation to be able to research expensive items online. "There's definitely a relationship between browsing online and buying offline," she says, "particularly for high-ticket items like furniture and whitegoods." So what is the conversion factor between online browsing and offline purchase? "Very roughly," she says, "about a third go on to buy online, a third buy it offline and a third don't buy it at all.

"That's very important because it means that the online sales are really only the tip of the iceberg. I think there's probably an opportunity for people in those sectors to make much better use of the online space — because their customers are actually out there looking."

In creative terms, with the initial rush to animate everything now over, Stewart says online executions continue to make good use of rich media "the Seek banners are a good example," he says. Despite the growth in text-only ads discussed in a recent AdMedia direct marketing feature, Stewart says he's looking elsewhere for the dominant trend.

"I suppose the key thing with all the text type stuff is that there's no branding," he says. "You can't have your logo with it. Our view is that the growth in the online space is actually with the larger-format advertisements and the reason for that is they give you the ability to carry a retail or brand type message. They have a much bigger impact and greater ownership of the page — and that allows the agencies to use the creative elements that they've also used in press and print."

And how much are these agencies likely to spend this year? "I'm picking last year was around \$8 million to \$10 million," says Stewart, "and the first quarter we've had this year is very strong — so we're expecting a total spend of \$10 million to \$12 million this year as being quite achievable."

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— John Stewart, The Internet Bureau

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