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Louisa Ha
Bowling Green State University, louisah@bgsu.edu

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Crossing Offline and Online Media: A Comparison of Online Advertising on TV Web Sites and Online Portals

Louisa Ha

Bowling Green State University

Abstract

This paper presents findings of a study comparing the advertising on the web sites supported by offline media and on the dot.com media that only have online presence. The study analyzes the advertising strategies of leading U.S. TV networks' web sites and online portals, which respectively represent web sites with strong offline media support and web sites with no offline media counterparts respectively. TV networks' advertising strategies were identified based on a spectrum of brand extension and brand integration strategies. The results show that even with the strong offline support of the TV networks, TV web sites are much more moderate in their display of advertising than online portals and use primarily brand integration as their convergence strategy in advertising recruitment. Forced exposure advertising is not common in TV web sites, which is contrary to the captive audience characteristic of the TV medium. Portal sites have a much stronger presence of advertising support. Their advertisers are also more diversified than those of TV web sites. Many TV web sites are still used as a marketing and promotional tool for TV networks rather than as a stand-alone advertising medium for advertisers. Portal sites have emerged as a full-fledged advertising medium completely capable of carrying different forms of online advertising to deliver advertising messages to target audiences for advertisers. Implications of the findings to advertisers, TV networks, and other online media are discussed.

Introduction

The World Wide Web offers a new arena of media content for consumers. After companies that have no offline media presence (the dot.coms) such as Yahoo! and Alta Vista provided Web users with their own media contents and a wide variety of consumer services and achieved considerable success, traditional media established their presence in the online world via their own web sites. Now almost all major media companies, especially TV networks, have their own web sites. Currently, both TV web sites and online portals operate primarily under a sponsorship model: Giving free access to the audience and relying on advertising and sponsorship for funding. According to the Interactive Advertising Bureau's (IAB 2001a) and the Gartner Group's (Pastore 2001c) estimates, the online advertising expenditure in the United States totaled \$7.9 billion (4% of total advertising expenditure) in 2001 and will reach \$18.8 billion by 2005. Such competition for advertising support between these "online only" media and "online versions of offline media" poses several interesting questions to the future of online advertising: whether online media with offline mass media counterparts, such as television web sites, have an edge over online media that have no offline media counterparts as an advertising medium; whether online versions of offline media exhibit a different advertising support pattern from portals; and whether the captive advertising approach in the television medium continue in online media.

Research Questions

As an attempt to shed light on such questions pertaining to the future of online advertising, this study examines the advertising practices of online portals and TV web sites. Specifically, this study will answer four research questions:

1. What is the general practice of online advertising on TV web sites and portal sites?
2. Will TV sites use more captive advertising formats than portal sites?
3. What convergence branding strategy do TV networks use?
4. Are there any differences in advertising clientele between online portals and TV sites?

Background

The Rise of Portals and Proliferation of Traditional Media Online

Online portals such as Yahoo! and Alta Vista are the early entrants to the online media market, enjoying the first mover's advantage with wide recognition by Internet users. Their traffic is the highest among all sites. Portals are web sites that offer a variety of resources and services to web users such as e-mails, chat forums, search engines, and online shopping malls (Webopedia 2001). There are three types of portals: consumer portals, vertical portals, and enterprise portals (Traffick 2001). In this study, we focus only on consumer portals. They have content and services that are free to the public. Portal sites originally were conceived as the gateway for Web surfing. Now the variety of their services has made portal sites also destinations for web site users (Pastore 2001b). Consumer portals such as Yahoo! and America Online are five of the top six Web properties in January 2001 and the time spent on those sites are far more than other sites with an average of 4.5 hours per month (Pastore 2001b). Although most of the portals rely on advertising as their main source of revenue, diversification to e-commerce, service charge, and sponsorship is a growing trend (Pastore 2001c).

Nevertheless, the traditional media giants are catching up. U.S. TV networks responded to the growth of the Internet by becoming members of the medium. They established their online versions such as ABC.com, CBS.com or FOX.com. The concept of "enhanced TV" that aims to use the Internet to provide a richer and better viewing experience for TV viewers has taken off since 2000 and became a primary reason for TV networks to continue to add new features on their web sites (Ha 2002). Nielsen's Netratings show the popularity of TV web sites. Seventy-two percent of Internet users visited one of the TV entertainment sites in the past month (Pastore 2001a). Web sites of cable TV networks received almost 44 million visitors and broadcast networks received 11.3 million visitors in July 2001 (Cable Advertising Bureau 2001).

Portals and TV web sites now dominate the online advertising market. Among the top 10 sites in 2001 online advertising revenue as reported by the AdNetTrackUS database of the research firm CMRi (Pastore 2002), eight are portal sites (Yahoo, AOL, Excite, Lycos, Netscape, AltaVista, WebCrawler, MSN), and two are TV sites (ESPN and the Weather Channel). Hence, although targeting at specialized audience segments has often been mentioned as the main advantage of online advertising (Sherman and Deighton 2001; Zeff and Aronson 1999), advertisers are maximizing their advertising efficiency by placing ads in the online media with the highest traffic flow. Seemingly, advertisers are concerned more about the size of the audience than the relevance of the site content.

Literature Review

In the literature review section, we first review the advantages of offline media's online versions as an advertising medium based upon online business models and brand development theories, and then we review online portals' advantages as an advertising medium based upon the first-mover's advantage and the walled-garden effect theory. Finally, the captivity of advertising media and online advertising formats will be discussed.

Online Business Models of Offline Media

In a sense, the competition between TV web sites versus online portals is similar to the competition in retailing and service industries -- the rivalry between brick-and-mortar stores who have web sites and those e-tailers who have only online presence (Hensmans, van Den Bosch, and Volberda 2001). It has been argued that brick-and-mortar companies have an edge over the pure online companies in winning consumers through the synergy of online and offline presence. By aligning goals with multiple channels, explicit coordination and control, and joint development of the capability of the information technology of the online division and the offline

division, brick-and-mortar companies can achieve synergy benefits such as cost savings, differentiation through value-added services, improved trust, and market extension (Steinfeld 2002).

In discussing online business models of established companies, Nel et al. (1999) suggest that established companies tend to expand their business online as a supportive service to their existing offline business. Based on this theory, offline media such as TV networks establish web sites to support their current TV networks. The web sites are not stand-alone profit centers and they are expected to supplement the TV programs offered by the TV networks. Accordingly, media web sites are similar to other brick-and-mortar companies' web sites in that they use the sites to support and promote the brick-and-mortar brand, rather than to create a new Internet brand. When viewed from this perspective, TV web sites will not attract advertisers because the sites are not going to have original content that can support them as a stand-alone medium. However, such a view has overlooked the convergence effect of combining online and offline media for advertising purposes. Media companies have introduced many cross-platform advertising packages that use both online and offline versions of the media to make the medium more attractive to advertisers. For example, NBC used its cross-platform advertising package for its Winter Olympics program and achieved considerable success (Beard 2002). Advertisers can reach online users at work and at home in their online advertising on the NBC web site, and the promotion of the NBC web site during NBC TV network's broadcast of Winter Olympics drew TV viewers to the site.

Brand Extension and Brand Integration

To analyze offline media's presence on the Web, the author proposes that there are two main convergence branding strategies used by the TV networks: 1) brand extension and 2) brand integration. These strategies represent a spectrum: at one end of the spectrum, the web site is treated as a separate entity from a network; at the other end of the spectrum, the web site is an essential component of the TV network. The concept of brand extension as the reason for offline media to develop online presence has been discussed both as a general business strategy (Venkatramen 2000) and as a media business strategy (Ha and Chan-Olmsted 2001). As a brand's extension, a TV web site is an Internet brand of the parent TV brand. For example, ABC.com is the Internet brand of the ABC TV network. With the leverage of the parent brand's equity, the ABC.com site benefits from being named under the ABC brand. It is likely that a viewer of the ABC TV network will use the ABC web site as a result of his or her liking of and familiarity with the ABC brand. Other non-ABC viewers can also use the site if they want to explore the ABC brand or what the site can offer. So ABC.com, in essence, extends the reach of the ABC TV network, in a web site format, to any interested Web user. Some contents of ABC.com, such as movie reviews, may attract a web user so much that he or she becomes a regular user of ABC.com, even though he or she never or seldom watches ABC. Gradually, through regular use of ABC.com, the web user becomes interested in the parent brand, the ABC TV network, and watches more programs on the network. Already such networks as the Weather Channel have set up an independent website using its name, Weather.com, as its Internet brand and have reported great success (Flamer 2000).

Another explanation of the benefit of establishing an online presence is brand integration, which reiterates the supportive role of web sites to the TV brand. The sole purpose of establishing a web site is for helping the TV brand, such as increasing viewer loyalty to the TV network. The content of the web site is all related to the TV network's program, with no original content or other non-TV related content. The advertisers of the web site, for example, will only be cross-platform advertisers of the TV network. There should be no advertisers that only advertise on the online version (web sites). The web site is used to serve the current viewers of the TV network, not general web surfers who may just look for certain media entertainment or information services.

No matter whether the phenomenon of offline media on the Web is a result of brand extension or brand integration, offline media need to integrate their web sites either as a sister brand or a promotional tool for the network. In recruiting advertisers, online versions of offline media enjoy several advantages as an advertising medium that online portals do not have: 1) familiarity with the brand and 2) cross-media advertising support from the offline media counterpart. Many TV networks are household names for the American public. Some leading major networks, such as ABC, NBC and CBS, have more than 50 years of history. The viewership base of TV in the United States is about 100 million households and an average American family watches 60 hours of television weekly. Almost every household has a TV set with more than 75% having multiple TV sets (Baran 2001). No portal site can rival the sheer size and usage volume of the TV audience. The U.S. audience's familiarity with TV brands gives TV an advantage as an advertising medium because such familiarity can foster trust and credibility in the medium. "As seen on TV" is a common phrase used in advertising or labels in product packages to increase the credibility of the brand. When an advertisement appears on a TV network's web site, it is likely that the TV medium's credibility can be transferred to the web medium.

Another advantage that TV web sites enjoy is the low-cost and heavy cross-media promotion by their offline television counterparts. As a sister Internet brand or supportive site of the network, a TV network's web site can be displayed during a TV program or a station promotional spot with almost no cost to the network or the site. A recent study by Ha and Chan-Olmsted (2001) showed that people

visit a TV web site primarily because of the promotion on television. Such cross-media promotion comes much harder for portals that have to pay for full advertising charges to get the same commercial airtime.

The Walled-Garden Effect and Advantages of Portals as an Advertising Medium

Despite the seemingly strong position of TV networks in setting up their web sites as discussed above, portal sites have other advantages as an advertising medium that TV networks lack: 1) first mover advantage of portals on the Web, 2) the walled-garden effect of portals, 3) the high audience traffic driven by search engines and e-mail services of portals, and 4) portal's focus on Internet business allows them to be on top of the technology and better understand Internet audience behavior.

Even though their history is much shorter than TV networks, portal sites are the earliest ones on the Web either as a search engine (such as Alta Vista), a browser service (such as Netscape), or an online service (such as American Online) that are frequently used by Web users. When these portals launched their service, they started out with an advertising-supported model, trying to maximize audience size and deliver advertising for advertisers. Such early presence on the Web gave portal sites a first-mover advantage as they enjoyed the highest top-of-mind recognition among Internet users as an Internet brand (dot.com). As Shamdasani, Stanaland, and Tan's (2001) study shows, a web site's reputation is very important for the advertising effectiveness of low-involvement products. The relevance between web site content and product category is only important for the advertising effectiveness of high-involvement products.

Although many portal sites have origins as a search engine or a browser, now they have evolved into mega-sites that provide a variety of services, satisfying the information, entertainment, and communication needs of their visitors. For example, all portal sites now contain news headlines, search services, and product information to fulfill the information needs of the visitors. Netscape, for example, recently redesigned its news channel and increased many content partners to strengthen the content of the portal (Netscape 2001). In terms of entertainment, various online games, music and videos can be downloaded from portal sites. To communicate with friends or people of similar interests to the visitor, the visitor can use the e-mail service (free if they are not online services), free greeting cards service, chat rooms or instant messaging features. In addition, portal sites set up designated channels with regular updates on a specific topic such as automobile, shopping, music, careers, technology, and entertainment. Such all-in-one services provided by the portal sites offer one-stop convenience for web users that TV web sites cannot offer (Miller 1998). This one-stop convenience has also been described as a "walled-garden" that controls the flow of visitors by confining them to the links and services provided by the portals (Schonfeld 2000). Such loyal visitor base has immense value to advertisers as portals can ensure repeated exposure to their advertising messages.

Apart from enjoying the reputation as Internet brand leaders and the creation of a walled-garden for Web users, portals also have very high traffic flow that make them a highly cost-effective medium for audience delivery (Sterne 1997). Search services and e-mail services are the two major attractions on portals that can draw regular traffic in high volumes and provide customized advertisements for advertisers. For example, according to Jupiter's Media Metrix ratings for January 2002, Microsoft Network (MSN) has 36.3 million unique visitors, and Yahoo! has 33.3 million unique visitors (Sullivan 2002). When someone signs up for the portal sites' e-mail service, he or she is required to provide consumer profile information to the portal site. Portal sites can use such information to provide targeted advertising for advertisers that are interested in certain consumer segments.

The fourth advantage of portals is its focus on Internet presence so that they do not need to worry about any counterpart offline. Ries and Ries (2000) hail such specialization as an immutable law of success of branding on the Internet. Portal sites have powerful servers and large teams of technical support staff that are unrivalled by TV web sites. Despite such technological know-how, they do not push for flashy design and heavy graphics. All of them strive to be the best in being user-friendly by making the site simple and easy to navigate. They use the state-of-the-art customization tools so that users can customize what they want to see on the start page and use tracking programs such as cookies to greet returning visitors (Kleinschmidt 1999).

Captive Audience vs. Active Advertising Audience

Advertising media can be differentiated into two main categories by the captivity of audience. Captive audience media, such as television, force advertising exposure on the audience through embedding advertisements during the natural continuous flow of TV program content. Active or self-paced audience media, in contrast, give the audience the choice of pace in consuming the media content. Audiences can skip advertisements easily because skipping the ads will not disrupt the flow of the media content. Examples of self-paced media are print media. Online media such as the Web are a convergence of captive and self-paced media. Web visitors can self-select the web site content to view, and skip the banners or other ad forms easily. The technology of the Web, however, also can force advertising upon the Web users by showing pop-up windows that block the view of the user on the computer screen or

using other forms of push technology (Sterne 1997). Such pop-up windows may be activated through clicking a button or typing a keyword, even before the user can enter the web page.

There is one big difference between online advertisements and advertisements in traditional media. The ads online may take the audience away from the media content and other advertisers because they are clickable and the audience can immediately visit the advertiser's web page (Hofacker and Murphy 2000). The traditional media can keep the audience because the audience is usually not asked to take action right away. TV viewers can delay making a phone call in response to a direct response TV commercial by writing down the phone number and continue to consume the content. But Web users do not risk losing the content because they can go back to the site at the click of a button after visiting the advertiser's web page.

Online Advertising Formats

The Interactive Advertising Bureau establishes advertising unit standards for the online advertising industry in the United States. According to their latest standards, ad units can basically be categorized into 1) banners (full, half, vertical), 2) buttons, 3) micro-bars, 4) pop-up rectangles, and 5) skyscrapers (IAB 2001b). Advertisers and web site publishers are not limited to these choices, however. They can choose a variety of hybrid advertising-sponsorship formats such as tabs on a page or an icon such as "powered by XXX."

If online advertising is to be captive, as in television, then advertising displayed on the Web must be forced upon visitors' eyes, leaving them no chance to miss the ads. Cho, Lee, and Tharp's (2001) experiment tested different levels of forced exposure to banner ads. In their study, the highest level of forced exposure is the ad shown before visitors can enter the page they originally want to visit. The second highest level of forced exposure is the ad shown before visitors can enter the page, but they can move to the desired site at any time they want. The third level of forced exposure is a pop-up window containing the ad. The least forced exposure is the regular banner ads placed in different parts of the screen without blocking the editorial content. These researchers found that ads with the highest forced exposure are most effective in increasing advertising awareness and facilitating the clicking of the banner ads. Even though forced exposure ads may be a more effective way to get the ad message across, will online media (either the TV web sites or portals) risk the potential objection of Web users by forcing an ad on the visitors? Where are the online ads located on the screen? Interactivity and vividness have been shown to be important factors in predicting the positive attitudes toward web sites (Coyle and Thorson 2001; Ha and Chan-Olmsted 2001). This study will analyze the advertising formats and location of online ads to shed light on these issues.

Technological development on the web and the demand for integration of advertising to the editorial content of the site has led to the growth of new advertising formats. For example, "Smart banners," which are activated when someone searches a keyword related to an advertiser, can locate the right consumer at the right time (Dou, Linn, and Yang 2001). Paid text link listings in search services also target consumers who are searching for information on the product of the advertiser. Hence, this study also examines the presence of other forms of advertising in web sites.

Prior Studies on Media Web Sites and Portal Sites

Most analyses of media web sites have focused on local media and the media site contents, not their advertising. For example, Lin and Jeffres' (2001) study compared the web sites of local newspapers, local TV stations, and local radio stations. They found that each medium has a distinct emphasis on the Web. Radio sites tend to promote the radio station, have links to the government, and contain technical features. TV sites tend to link to other electronic media and emphasize audience feedback. Newspaper sites tend to link to community sites and other print media. Studies specifically on local TV stations' web sites found that their sites are mainly for community services and online news (Chan-Olmsted and Park 2000; Kiernam and Levy 1999). The only exception to the local scope of media sites studies is the study of enhanced television strategy models of national TV networks and cable TV networks' web sites by Ha (2002). She found that some sites target web visitors in general, some sites target only their loyal viewers (fans), and some sites target both casual viewers and loyal viewers. Other content analysis studies of online advertising investigate the impact of culture on online advertising practices (Ju-Pak 1999) and advertising recruitment problems such as Pashupati and Raman's (1999) study on Indian online newspapers.

This study is the first national study that compares U.S. portal sites and TV networks' web sites. In the context of media convergence, this study assesses the impact of offline media presence in affecting their web sites as an advertising medium to advertisers. The author hopes to illustrate properties of online advertising media (portals vs. TV sites) and the potential of cross-platform advertising for advertisers and advertising researchers. With the lack of studies on the online advertising practices of major web sites that receive the bulk of the online advertising revenue, this study also provides a general picture of the use of online advertising in the United States. Most importantly, this study will show the convergence branding strategy of TV networks by the advertiser portfolio of the TV

sites.

Method

To compare the advertising presence and practice of online portals and TV web sites, a content analysis was conducted. Because the portal industry and TV industry are highly oligopolistic (Carveth, Owers and Alexander 1998; Miller 2000), only leading networks and top online portals were selected in this study. These sites represent 80% of the Web audience traffic. Such high traffic makes them attractive to advertisers for efficient audience delivery. Indeed, the top ten sites accounted for 75% of the total online advertising revenue (Pastore 2002). In addition, the leading networks and portals serve as trend-setters whom other smaller rivals will follow if these smaller companies see advertising as a main source of income. Consequently, the sample of TV web sites consisted of the three major broadcast networks and 19 leading cable networks. The sample of online portals included the top ten portals in the October 2001 traffic measurement according to NetRatings and all major online service providers such as NetZero and Prodigy (See Appendix 1 for the list of networks and portals). The home pages of the TV web sites and the online portals were analyzed in the month of November, the peak shopping month in the United States. Home page was selected as the sampling unit because it is the most visible page of the site with highest traffic. Also by analyzing the home page only, the researcher could control for the large variation of site sizes in web sites. It should be noted that web sites of the online service portals that were analyzed were pages open to the public, not proprietary pages to their subscribers. In general, the unit of analysis was the individual ad of each selected site. But in the specific analysis of the branding strategy and the total number of ads in the home page, the unit of analysis is the home page of web site.

The coding was performed by 24 web-proficient undergraduate students, who were trained by the author in a class on the IAB online advertising formats, television, and web site programming. They coded the ads on the home page of one portal site and one TV network's web site. Intercoder-reliability was obtained through double coding a 10 percent sub-sample of the TV and portal sites (i.e., 14 advertisements). The sites were coded within the same one week-period. The coders printed a hard copy of the web pages to ensure coders were coding the identical screen during the double coding. The number of ads in the home page was counted and then seven categories of items for each ad were analyzed: 1) web site type, 2) type of advertisers, 3) location of the ad, 4) advertising format, 5) presence of other forms of advertising (such as paid text links and featured sites), 6) presence of animation, and 7) presence of prize or giveaway feature. Cohen's (1960) kappa, the most widely used reliability coefficient (Zwick 1988), was employed in this study to calculate inter-coder reliability. The item with the highest kappa was web site type (kappa=1.0). The item with the lowest kappa was the presence of other forms of advertising (kappa=0.55). The average kappa across items was 0.85.

Results

Advertising Practices

The advertising formats shown in the portal sites and TV sites in this study are quite similar to the industry-wide ad format pattern presented by Jupiter Media Metrix, which calculated the popularity by online impressions (Pastore 2002). In Jupiter Media Metrix's study, there were more banners than small ad formats, such as micro-bars and buttons (32.9 billion impressions vs. 23.7 billion impressions). As shown in Table 1, there were more banners than small ad formats, such as buttons and micro-bars, especially on TV sites (47% vs. 40.7%). Large ad formats, such as rectangles and skyscrapers, were the least likely to be used by portal sites and TV sites.

Table 1 Forms of advertising displayed in home pages

	<u>TV Site Ads (n=35)</u>	<u>Portal Ads (n=27)</u>	<u>t</u>	<u>p</u>
Average number of banners on Home Page	1.96	2.77	-1.32	0.09
Total number of ads	43	36		
Total number of sites	22	13		
<u>Banners</u>				
a) full banner	31.3%	11.1%		
b) half banner	9.4%	22.2%		
c) vertical banner	6.3%	0%		
<u>Small Ad Formats</u>				
d) micro bar	9.4%	11.1%		
e) button 1 or 2	31.3%	29.6%		
f) square button	0%	0%		
<u>Large Ad Formats</u>				
g) skyscraper	0%	3.7%		
h) rectangle	12.5%	18.5%		
<u>Non-IAB Ad Formats</u>				
Click on icons	9.5%	0%		
Featured Sites	0%	15.4%		
Text links to Advertisers	14.3%	69.2%		
Tabs across page	4.8%	0%		

Note: The n refers to the number of ads analyzed on the home page of site, not the number of sites.

There were a total of 79 ads shown on the home pages of the selected TV sites and online portals during the study period. On average, portal sites had 2.77 online ads on their home pages (range = 0-6), but TV sites only had 1.96 ads on their home pages. Such a difference, however, is only statistically significant at the 90% confidence interval ($t=1.32$, $p=0.09$). Portal sites also showed a much higher variety of ad formats than TV sites. Apart from the standard IAB ad units, almost 70% of the portal sites used text links to link visitors to the advertisers, and about 15% of the portal sites featured sites of sponsors on their home pages. Very few TV sites had ad formats other than the IAB units. Only 14.3% had text links to advertisers. None featured sites of sponsors.

The most common location of online ads (including banners and other formats) was top-centered (25%) for TV web sites (Table 2). For portals, the location of the ads was much more diversified. More than one-third of the ads (38.5%) were not located at the six most visible locations of the screen (top-centered, top right hand corner, top left hand corner, bottom right hand corner, bottom left hand corner and bottom center). Many of these ads were placed on the side margins, not at the corner positions.

Table 2 Location of the advertisements (home page only)

	<u>TV web site ads (n=35)</u>	<u>Portal Ads (n=27)</u>
Top right hand corner	12%	26.9%
Top left hand corner	8%	7.7%
Top centered	28%	11.5%
Bottom right and corner	8%	0%
Bottom left hand corner	16%	3.8%
Bottom centered	8%	11.5%
Other locations	20%	38.5%
Total	100%	100%

Note: The n refers to the number of ads analyzed on the home page of site, not the number of sites.

Captivity of Online Advertising

Both portals and TV sites showed little interest on the part of the networks or portals in making their audiences captives of their sites' online advertising. As shown in Table 3, the vast majority of these sites only had ads that were placed at a corner of the screen that would not block the view of the user. Portals were slightly more likely to put forced exposure ads on their visitors than TV sites. Remarkably, the MTV network did not have any form of advertisement on its site at the time of coding. Quite a notable number of TV networks' advertisements were for their own TV programs, not for advertisers' products. In addition, TV networks were much more likely to use more gimmicky devices, such as animation or sweepstakes, to attract visitors' attention. As shown in Table 4, TV networks' sites had more animated advertising banners and used more promotional techniques such as prize giveaways and sweepstakes on their web sites than their portal counterparts ($t=1.56$, $p=0.075$).

Table 3 Degree of forced exposure in advertising (home page only)

	<u>TV site ads (n=35)</u>	<u>Portal site ads (n=27)</u>
Low (banners on web page)	86.5%	92.3%
Medium (pop-up windows)	4.5%	7.7%
High (banner ad shown before entering the page)	4.5%	0
No Advertising	4.5%	0

Note: The n refers to the number of ads analyzed on the home page of site, not the number of sites.

Table 4 Special Features Used in the Web Advertising (home page only)

	<u>TV site ads (n=35)</u>	<u>Portal Site ads (n=27)</u>	<u>t</u>	<u>p</u>
Animation/Blinking images or texts	52.4%	41.7%	.45	.38
Prize/Giveaways	19%	0%	1.56	.075

Note: The n refers to the number of ads analyzed on the home page of the site, not the number of sites.

Convergence Branding Strategy of TV sites and Comparison of Advertising Clientele

As shown in Table 5, the majority of the advertisers on TV web sites were traditional TV advertisers such as insurance, banks, automobiles, computers or technology-related products. In addition, there was a remarkable presence of self-advertisements by TV networks. To help identify the convergence branding strategy of TV networks, the networks sites were divided into three categories: 1) pure brand extension (sites that have only dot.com, computer technology product advertisers), 2) pure brand integration (sites that have only traditional TV advertisers or self-advertisements or no ad at all) and 3) hybrid strategy (sites with a mix of traditional TV advertisers, dot.coms and computer technology advertisers). As shown in Table 6, more than one half of TV sites (59%) are using the pure brand integration strategy. Nevertheless, there were several small dot.com advertisers that had not appeared on television

but had ad presence on a few TV web sites such as Webmillion (a gaming site), a genealogy site, 888.com (a casino site), Sunblast (a software site), broadway.com (online sale of Broadway tickets) and [spymaster](http://spymaster.com) (a software site). The presence of these online only advertisers indicates that some TV sites explored a different clientele from their offline advertising clientele. Stricter regulations on television advertising may partially explain why casino and gaming sites can be found on TV web sites. Aside from regulations, affordability of online advertising can also explain the presence of smaller advertisers (such as the genealogy site) and online sale of Broadway tickets. Here, we can see that some TV networks are exhibiting a hybrid of brand extension and integration strategy by offering their sites' ad spaces to smaller advertisers and advertisers that are prohibited from television. Only two TV sites in our sample (ESPN and History) chose a pure brand extension strategy from the advertising recruitment perspective.

In comparing the advertising clientele of TV sites and portal sites, home pages of TV web sites and portals showed quite similar proportions of the traditional advertisers. But there is one big difference between TV sites and portal sites. The difference is the notable presence of self-advertisements on TV sites, but such self-advertisement presence was very minimal on portal sites. There can be two explanations for this phenomenon. One possible explanation is that TV networks view their sites primarily as a self-promotion tool than an advertising medium for their advertisers. Another possible explanation is that those TV networks were not able to attract advertisers so that they used their own ads to fill up the space to serve as an example for prospective advertisers. When examining the networks that use self-ads only, they are all thriving networks that should have no problem in recruiting advertisers: FOX, TBS, Disney and MTV. So the former explanation is more plausible. TV networks seem to reserve their advertising space of the web site for self-promotion.

Table 5 Advertiser Types (Home page)

	<u>TV web sites (n=35)</u>	<u>Portal Sites (n=27)</u>
Dot.coms/Web Sites	32.4%	29.6%
Computer/Technology related	11.8%	14.8%
Traditional Advertisers	44.1%	51.9%
Self-Advertisements	11.8%	3.7%

$$\chi^2 = 1.52, df=3, p = .68$$

Note: The n refers to the number of ads analyzed on the home page of site, not the number of sites.

Table 6 Convergence Branding Strategies of TV Sites

	<u>TV Web Sites (n=22)</u>
Pure Integration	13 (59.1%)
Hybrid	7 (31.8%)
Pure Extension	2 (9.1%)
	22 (100%)

Discussion and Conclusion

Many advertisers and researchers have doubted the effectiveness of web banners as an advertising format on the Web. For example, Dahlen's (2001) experiment showed that web banners are more effective for novice Web users, but not so effective for experienced Web users. Indeed, this study has shown that online advertising has grown from ad banners to a wide variety of formats to facilitate

visitors' acceptance of commercial messages. Although a vast majority of the ads were still IAB standard ad units, there were also many different ways ads were presented on a web page with textlinks to advertisers as a close second choice on portal sites. In addition, both TV web sites and portals were very cautious in placing their ads on the sites. None of the sites showed excessive advertising presence. At most, only six small size ads could be found on a portal site. The generally low amount of advertising found in this study may also reflect the cutback of advertising by advertisers after the September 11 tragedy in the United States. Indeed, the IAB reported a one billion dollar drop in online advertising revenue in 2001 from 2000 and there was a 7.5 percent drop in the online advertising revenue of the fourth quarter of 2001 from the third quarter of 2001 (PricewaterhouseCoopers 2002). Hence, the results of the study should be considered as a lower estimate of advertising presence during a peak shopping time. A longitudinal study can track the changes of on advertising presence in TV sites and portals over time.

Although most ads were placed in the most visible six locations of a web page, almost 40% of portal sites ads were placed in other less visible locations. Very few sites dare to use a captive audience model (pushing the ads in front of the Web visitors) as they fully understand the mobility of the Web audience. Many researchers and practitioners in the advertising industry community still subscribe to a passive/captive audience mode as the only effective way to capture audiences by developing all sorts of forced exposure advertising technology. It is important to understand that web surfing is a deliberate choice. The user, not the web site publisher, determines the pace of the web visit. There is no such thing as "passive surfing" on the Web. Hence, web publishers should not count on incidental exposure or passive viewing of their web sites. Readers should be cautioned that the sites of online services portals that we analyzed in this study are open to the public, not the proprietary web pages that their subscribers will see. Those proprietary web pages have more forced exposure such as pop-up ads as the sites won't risk losing the Web visitor that needs the gateway page to conduct other daily routine such as checking e-mails or visiting other web sites. Yet forced exposure is not a well-accepted norm of online users. Indeed, many ad filtering software programs are now available in the market. The public outrage against pop-up ads also prompted portals such as AOL to recently announce dropping third-party pop-up ads (Davidson 2002).

Although both online portals and TV sites are protective of their editorial domain and keep advertising presence to a low level, there are significant differences between them in their advertising practices. TV sites exhibit the use of primarily brand integration strategy as they use the sites primarily to promote their network TV brand. The presence of advertising is just a supplementary income to those sites. Online portals, in contrast, maximize their advertising income by using a variety of ad formats and a multitude of specialized channels to foster target advertising and sponsorship. The variety of ad formats shows the sophistication and capability of online portals as a full-fledged advertising medium that can deliver both a general ad audience (in their home page) and a targeted ad audience (in specific channel pages). Such progression from general to specific can be a highly effective segmentation strategy because ads can be for general use, such as building brand image; or for specific use, such as inducing trial or response. The user-friendliness of the portals enables them to capture the largest audience as no download is required to see any features and the graphics are kept to a minimum that allows fast display of the screen. TV sites are much more technology-dependent: Several sites required download of Shockwave, Real Player, or other software in order to access certain features of the sites. Such high-tech design of TV sites can be a deterrent to Web visitors who have low connection speed or are impatient to wait for software download.

Implications to Advertisers

One may wonder how this study may offer insights on the effectiveness of online media as an advertising medium for advertisers. The strong presence of traditional large advertisers on the leading sites in this study has shown that these advertisers realize the benefits of cross platform advertising, either on both TV and its TV sites, or on TV and a portal site. Compared to the advertising clutter level of other traditional media such as magazines and television, the top sites that we analyzed seem to be at a low clutter level that will not turn away visitors. Most of the ads were not forced exposure. Visitors can choose to view the ads at their own pace, or click through them if they are immediately aroused by the ads and want to learn more or act upon them. Using the TV advertising terminology, online ads are both a direct response infomercial and an image ad for the audience, depending upon whether the audience has an immediate need to purchase the product. Although most online ads have low click-through rates (Sherman and Deighton 2001), their presence on the sites helps them establish an association between the product and the site content. For example, Compaq's use of the button "powered by Compaq" on various sites analyzed in this study can establish its market leadership image on the sites, even if none of the visitors click on that button. To computer shoppers, if they saw the button, they would be very likely to click on it to explore if Compaq may offer the products they want.

Implications to TV Networks

TV networks need to sell to advertisers that a TV web site's advertising environment is better or more relevant to advertisers than portal sites if advertising is to be a major source of income for the TV sites. At present, online portals certainly are enjoying an edge

over TV web sites in attracting advertisers. What will the future hold? It depends on how TV web sites will transform itself. If TV sites are to continue their brand integration strategy, making the site more a proprietary marketing tool for its network brand than an open advertising medium for advertisers, portal sites will continue to lead in attracting advertisers. But if TV networks will shift from a brand integration strategy to a brand extension strategy in recruiting advertisers for their sites, they can be very potent competitors to portal sites. The networks can create a strong cross-platform appeal to advertisers who want to capitalize on both the captivity of the TV medium and the interactivity of the Web medium to capture consumers. They can also attract non-TV advertisers by creating content specifically for the online audience or strengthening the content of their sites so that they can be a sustainable advertising medium by themselves.

Implications to Other Online Media

Finally, this study also has significant implications to other smaller media content sites or portals-to-be. The current domination of the top sites in advertising revenue already shows that advertisers have much more faith in sites with high traffic flow. The relevance of the site content to the advertised product is much harder to measure than the audience traffic among web sites. In fact, sometimes advertisers may want to advertise to novice users of the products rather than sophisticated or experienced users. Novice users may be more susceptible to advertising influence than experienced users whose usage experience is a better determinant of their purchase preference. Hence, a site with too specialized content may not be as attractive as a more general information site with some degree of specialized contents such as portals. Smaller niche content sites must demonstrate that they cover a large percentage of a specific segment with detailed visitor information in order to catch advertisers' attention. Cost-efficiency is necessary to attract advertisers. At least one thing seems certain if what the market leaders are doing is correct: The golden rules of online advertising are to keep the amount to a level acceptable to the audience and put in a format that meshes well with the editorial content.

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Appendix 1

LIST OF NETWORKS AND PORTALS IN THE ANALYSIS

TV Networks**A. Broadcast**

ABC

CBS

FOX

B. Cable

ABC Family

Arts and Entertainment

CNBC

CNN

Comedy Central

Disney

E! Entertainment

ESPN

History

Lifetime

MTV

Nickelodeon

TBS

TLC

TNT

USA

VH1

Weather Channel, The

Portal Sites**A. Online Service/Internet Service Provider**

America Online

CompuServe

MSN

NetZero

Prodigy

B. Other Portals

Alta Vista

E-Universe

Excite

Go.Com

Looksmart

Lycos

Netscape

Yahoo!

About the Authors

Louisa Ha is associate professor in Telecommunications at Bowling Green State University, Ohio. Her research interests are media convergence and media management, online advertising and interactive media, and international advertising. She received her Ph.D in Mass Media from Michigan State University and has published over 33 refereed journal articles. Her international advertising research center web site, at <http://www.bgsu.edu/departments/tcom/faculty/ha/intlad1.html>, established in 1996, documents international Internet advertising research since 2000. She can be contacted at louisah@bqnet.bgsu.edu.



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