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WEEKLY INSIGHT
Pop-ups are down
Annoying consumers has a price: they do not come back anymore. That is the conclusion of many Web companies, such as AOL or Google, who have banned pop-up advertisements from their search sites over the last few weeks. The measure, based on different consumer satisfaction surveys, is surprising in the context of the current crisis, where revenue is the most important thing.
The latest company to adopt this decision is Ask Jeeves, who this week has announced that it will focus its revenue model on sponsored links.

Highlights
- With the resolution to ban pop-up advertisements from its search site, Ask Jeeves joins the trend started by EarthLink and iVillage, and adopted by AOL last week. Google has also decried the use of pop-up ads, while MSN and Yahoo! limit the number of such ads delivered to any one visitor.
- The move will cost AOL $30 million in earnings, an amount that is less important if the cost is compared to the loss of revenue should a million subscribers log off to sign up with rival services. In July, AOL Time Warner reported that AOL added 492,000 subscribers, compared to 1.3 million new subscribers over the same period last year.
- According to a Nielsen/Netratings survey, Advertisers purchased and launched more than 11.3 billion pop-up ad impressions for the first seven months of 2002. However, this percentage comprises just 2% of the online advertising market.

Press Review
From News.com
"Pop-up ads have a negligible impact financially, but the benefits of pleasing your member base could prove quite..."
substantial in terms of enhancing customer retention, stimulating new growth and possibly causing members to stay online longer," said Fred Moran, an equity analyst at Jeffries & Co.

(...) For the Internet at large, getting rid of pop-ups goes against the tide. Pop-ups and intrusive promotions have proliferated on the Web, and are now commonplace by-products of surfing. While pop-ups were taboo during the boom years, the more difficult financial environment and the online advertising slowdown have prompted some content providers to embrace just about any format that brings revenue." [Full Story]

From Gartner
“Eliminating pop-up advertisements, which many AOL customers found intrusive and annoying, indicates AOL’s new user-centric attitude. The company’s greatest strength was its enormous customer base, but it began eroding when AOL stopped listening to its concerns. In 2001, former AOL President and Board Member Ted Leonsis formed a task force to look at why members cancel the service. As revenue began to fall, AOL increased the frequency of pop-ups, and customers began to complain more loudly than usual. A study showed that when the number of pop-up ads was cut in half for a group of members, their satisfaction improved notably.” [Full Story]

From Darwin Magazine
“I understand that advertising isn’t going away. In fact, it’s becoming more sophisticated. As Nike Nyhan told me, it’s part of capitalism. And yes, we accept it in many forms: Incessant radio jingles, slick print ads, hideously painted buses and trolley cars, and sports venues whose names change according to the most recent mergers, acquisitions or bankruptcies. But pop-ups?

(...) If pop-ups as we know them today don’t survive, then what Nyhan describes as “interruptive advertising” will. We’ve bought into TV and radio commercials that interrupt our favourite programs at regular intervals. Why wouldn’t we do the same for the Web? [Full Story]

Commentary by...
Javier Vello, Senior Manager, PricewaterhouseCoopers
Towards advertising on demand
Users’ complaints have forced AOL to ban pop-up advertisements. Although this kind of intrusive publicity can be a source of revenue in the short term, it should not be the core business of these services providers, who must find better advertising alternatives.

For example, if most users who connect to Internet do so to look for information, why not work on advertisement formulae that help users in their searches?

It’s difficult to get everything right to make an advertising campaign successful, not to mention standardising it. And it is even more complicated to do so on the Internet, a media which is still analysing its users’ habits. The same person who patiently tolerates every advertisement that interrupts his favourite film, leaves a website which takes more than a few seconds to load.

Consequently, the ability to personalise the message and have the user accept it or not will make the logical evolution of online advertising become a concept “on demand”. Why then renounce pop-ups if they adjust to the needs of most users? For the moment, AOL’s decision shows that access providers are becoming aware of the strength of their customers, which is strength, clearly one of their most important assets. Whatever formulae companies choose must count on their clients’ approval.

REPORTS
Prepaid customers, forgotten by 3G
Title: Enabling Prepaid Mobile Content and Data Services
Source: Analysys Research
Date: 2002
Abstract: Although prepaid customers account for 63% of active mobile users in Western Europe, mobile operators remain unprepared for the provision of mobile content and data services to this important group. This is one of the major findings of an Analysys Research report.
The consulting firm warns mobile operators that they are restricting their potential market for content and data services
if they delay in enabling them for prepaid users. There are several key capabilities that prepaid charging systems will require for international roaming for GPRS, revenue assurance, flexible pricing and revenue sharing, and effective customer care.

**91% of financial departments use Internet**

**Title:** The Internet and the Changing Financial Service Marketplace  
**Source:** AFP Research  
**Date:** September 2002  
**Abstract:** According to a report of a U.S. association of financial professionals, 91% of treasury and finance professionals report that the Internet plays a role in their company’s use of financial services. The survey shows that 80% of companies use the Internet to obtain information on financial services while 64% of companies use the Internet to communicate with service providers of financial products. 70% of companies use the Internet to transact business.  
According to this association, the use of the Internet tends to be centred on those treasury and finance activities that are less complex, such as cash management (86%), investments (52%) and foreign exchange (45%). Financial professionals expect to continue to expand their use of the Web for these services in the next 12 months.  
**Key barriers** to transacting business on the Internet include security concerns (98%) and the inability to authenticate counterparty (97%).  
Among the biggest benefits from using the Internet are the ability of treasury and finance professionals to perform more of their own data inquiries and greater access to real time information.

**More than a half of users open permission e-mails**

**Title:** Building Brand Loyalty With Email  
**Source:** Quris  
**Date:** October 2002  
**Abstract:** The research results outlined in this study reinforce that email can play a strategic role in fostering customer satisfaction, repeat business, long-term loyalty and referrals to friends – all key components of a strong consumer brand. Quris asked respondents to think of one or more companies they believed conduct quality permission email programs: 67% like the companies they were thinking of; 58% regularly open messages from such firms, and 54% prefer such companies to competitors.  
On the other hand, two thirds of the sample said that their expectations are higher for email from well-known firms. In addition, 56% of respondents believe that the quality of permission email programs influences their opinions, positively and negatively, about the companies sending them email. The authors recommend three key actions for market leaders: invest in developing the email channel; look for opportunities to integrate email into your core service offering; and take advantage of every email message you send to build your brand.

**Growth rate of Internet networks decreases for first time**

**Title:** Global Internet Geography 2003  
**Source:** Telegeography  
**Date:** 2002  
**Abstract:** Since the invention of the Web browser, international IP bandwidth deployments have more than doubled each year. In 2002, however, the rate of growth slowed to just under 40 percent. On some major routes aggregate capacity even shrank.  
According to Global Internet Geography 2003, **Europe**, which accounts for 82% of the world’s cross-border bandwidth, experienced an international capacity increase of only 35%, a steep decline from the 191% growth rate recorded in 2001. **Latin America** grew only 65% in 2002 after skyrocketing 471% in the previous year, while **Asia’s** Internet bandwidth crept up 55% for the year, compared to 122% in 2001.  
Telegeography’s analysis suggests a highlyconcentrated market: in most regions the top ten carriers control more than 70% of the Internet bandwidth.
COMPANIES
Spain's Internet Quality Agency is born
IQUA, Spain’s Internet Quality agency founded by the Audiovisual Council of Catalonia, the Spanish Telecoms Market Commission (CMT) and the Audiovisual Council of Andorra, has been formally established in Barcelona. Its main objective is “to promote and encourage self-regulation on a global and sectorial basis, to act as a mediator or arbitrary platform in the case of conflict, and guarantee quality on the net as far as content and technical features are concerned.”
From Europemedia.net [Full Story]

Yahoo, profits and resigns
The portal, that has produced two consecutive quarters of net profit, has announced that John Costello, its head marketer, will leave just shy of his one-year anniversary with the company. His hiring was highly publicized by Yahoo as he brought with him a pedigree in the non-Internet world. On the other hand, Jim Fanella, senior vice president of its business services unit, will resign from his position for personal reasons.
From News.com [Full Story]

WE RECOMMEND
New interactive television... or the TV-text success
Interactive TV has taken off in Europe in an unexpected way: via mobile phones. Through these advices, “reality TV” shows let spectators vote; news shows encourage viewers to send in comments; games shows allow viewers to compete; and music shows take requests by text message. Rather than presenting content to viewers, an increasing number of programmes involve content that reacts to the viewer's input. In addition to interacting with television, short messages are very lucrative. In Spain, some shows invited to text in their answers at a cost of euro1, for a chance to win a euro300 prize. On a typical day, 6,000 people take part. Operators typically take 40-50% of the revenue from each message, with the rest divided between the broadcaster, the programme maker and the firm providing the message-processing system.
WAP failed because operators were reluctant to share revenue with content providers. Having learnt their lesson, operators are changing their tune and that is the reason why the union of television and text message suddenly proved so successful. According to the Economist, it does not mean that the traditional approach to interactive TV is doomed: indeed, it demonstrates that there is strong demand for interactive services.
From Economist [Full Story]

Hightech supermarkets
To compete with the U.S. chain Wal–Mart, who is famous for its early and effective use of supply chain technology to keep costs and prices low, supermarket chains, in addition to revamping their own supply chains, are investing in technologies that will boost customer loyalty and enhance the shopping experience.
In this way, even some smaller chains are getting into the CRM fray. Price Chopper, for example, provides real-time information to customers on their loyalty points balance. Moreover, this small supermarket is able to mine customer data in order to send out targeted offers: if a customer who has shopped regularly at Price Chopper stops, the company can send that customer offers to entice her back.
To increase shopping opportunity, supermarkets have started to use Internet kiosks, which offer store information and allow shoppers to preorder cold cuts from the deli counter or locate hard-to-find items. Other chains are testing wireless Internet tablets that allow customers to order deli items from an aisle, log on to the Internet while they are shopping and find out what's on sale in the store. Other shops are studying the possibility that clients can pay without taking out their wallet by using a biometric fingerprint system.
From CIO [Full Story]