Online advertising is becoming a redoubt of technology companies
Berta Dolader
Expansión
29 March 2002

The only Spanish companies that invest continuously in online advertising are the technology companies, which have huge resources available, and the dotcoms.

Advertising was the first business that started to operate on the net. However, just when it appeared that the Internet was starting to consolidate itself as a medium, a spectacular downturn in advertising investment took place, which has caused damage to both big and small companies trying to find a gap in the sector. According to Infoadex, in the conventional media, the fall in advertising investment in Spain was almost six percent over the last nine months of 2001. On the Internet there has been a drop of 24.7 percent. But that is not all. The consultancy firm Jupiter MMXI estimates that the cost of advertising spots online has fallen thirty percent during the last year.

What has been the cause of this phenomenon? Is it a simple reflection of the wider economic crisis? Although the Internet has not changed the rules of the game, the sector has gone through a profound transformation. The players in the advertising market on the Internet are not that different from those who participate in the world of traditional advertising.

However, the techniques, tools, and possibilities that this new medium offers are very different. Internet fever gave rise to new advertisers with specific advertising and communication needs. In its turn, the boom period of these advertisers caused the appearance of the so-called interactive agencies designed to exclusively serve new advertising formats like banners.

Coexistence
Nowadays, these agencies exist alongside the traditional agencies, which have had to jump to adapt themselves, much of the time through the creation of divisions or specialist subsidiary companies. That is the case of Ogilvy Interactive, which was created with the purchase of Avatar Studios of Barcelona, of Script of Madrid, and of Orbital, which belong to Tiempo BBDO.

We are dealing with a new scene in which the actors, the formats, and the advertising spots have multiplied, but not advertising investment or advertisers. Furthermore, the latest studies note that online advertising only reaches its maximum efficiency in combination with other media. A study carried out by the Internet Auditing Bureau (IAB), the portal MSN and the Advertising Research Foundation (ARF) concludes that multi-channel strategies are the most effective and require a level of investment in the net of fifteen percent of the total.
In the United States, the big advertisers like Nike, Burger King, Frito-Lay or General Motors have developed distinct online strategies with the objective of reaching the target youth audience more directly. For example, Frito-Lay is planning to stop broadcasting television adverts for Doritos during the Super Bowl and to triple its advertising investment on the Internet for this product instead. In Spain the situation is very different. In spite of the fact that eight out of ten Spanish companies have a web, according to the Study of Advertising and Marketing on the Internet carried out in 2000 by AGEMDI, only 27 percent of them actually advertise online. Of these, only 37 percent advertise continuously, and the majority is done by big companies. In 2001, the estimated investment for four of the ten biggest Spanish companies (Telefonica, Repsol-YPF, BBVA, and Endesa) rose to, between infrastructure, the creation of intranets, advertising and other services, 600 million euros.

These huge investment figures do not mean much, given that they come from multinational companies with huge resources. According to Infoadex, Spanish advertisers online present a slanted market: either they are technology companies with huge resources, like Telefonica Servicios Moviles, whose online investment reaches 2.52 million euros, or they are dotcoms, like Cassava Enterprises, the owner of Casino on Net, the biggest advertiser online, with a total investment of 4.57 million euros. In short, traditional Spanish companies are not big investors in online advertising, and still have a long way to go to reach the level of investment to be found in the United States.

"Is there a more appropriate type of advertiser to invest in online advertising?"

Consumers: closer and closer
Xavier Oliver, IESE teacher
If one considers the Internet as one more advertising medium, any advertiser that wants to make itself known, promote its products and services, and have a well-defined audience can use the Internet with success. The net is becoming an indispensable tool in segmenting the advertiser's target audience and for getting to know its audience better. It is the fundamental tool for setting up good data bases and for elaborating efficient CRM (customer relations management) policies. There is no other medium that offers that speed and capacity to penetrate so deeply into the habits of consumers. Thus, advertising directed at this audience can bring extraordinary results, unthinkable only a few years ago. However, if the target audience of a determined product is not yet to be found amongst surfers, it would be recommendable not to concentrate all one's advertising forces on the net.

Three basic pillars for the advertiser
Pedro Alberto Gómez, manager of PwC
This advertiser emerges from the coincidence of two critical aspects: the advertiser's customer's profile with the profile of the customer of the medium where the advert is placed, and the suitability of the objectives of the advertiser with the intrinsic properties of the Internet. To the social-demographic, typographic (habits and values), and technographic (relationship with technology in this case) profile of the target audience
of the advertising campaign must be added the special circumstances of the online consumer. This last characteristic is a necessary aspect, although imperfect, of the probable effectiveness of the investment to be carried out. The Internet has three distinguishing characteristics: interactivity, personalisation, and ubiquity. The advertiser's communication objectives must be based on these three pillars. If this does not happen, one will always be able to find another medium of communication which is more effective and economical than the Internet.