



the essential guide to online advertising in South Africa

edition 1: 2007



introduction

The aim of this short guide is to provide you with an objective, independent overview which will assist you in making an informed and educated decision regarding online marketing for you or your clients.

who is the Online Publishers Association?

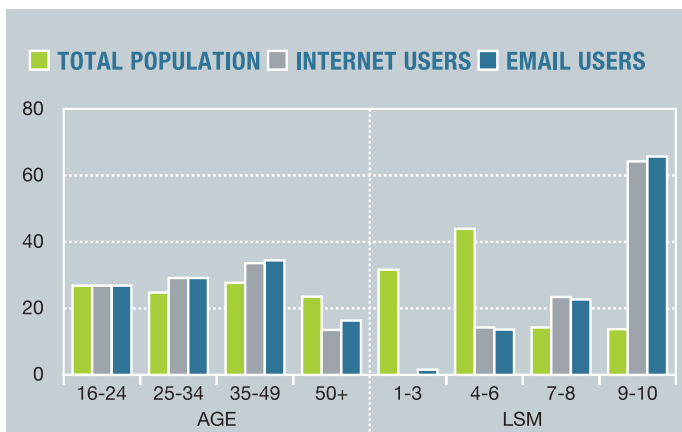
The OPA (Online Publishers Association, South Africa) was founded in May 2003.

The OPA is an industry organization dedicated to representing high-quality South African online publishers before the marketing and advertising industries, the press and the public.

Members of the OPA ascribe to the highest standards in online publishing with respect to editorial quality, integrity and accountability. Consequently, they enhance the credibility and trust necessary to support sustainable businesses.

how does Online compare?

QUALITY AUDIENCE / DEMOGRAPHICS: The South African online audience is an affluent one, with close on 65% of users within the LSM 9-10 bracket.



Source : SAARF AMPS © 2006RA

TARGETING: With online media and e-mail marketing, you can not only target highly specific demographic and industry groups but specific geographic, behavioural, professional and company-specific subsets among others.

CONTROL: Online advertising offers complete control over your message, your audience, your reach and much more. When you advertise on television, in a magazine, in the newspaper or in other offline venues, you can never be sure how many individuals see your message. Online advertising, particularly through banner advertising, lets you choose the exact number of people who will see your message and how often it will be seen.

SPEED: Offline advertising is slow! You can begin an online campaign reaching thousands or millions of potential customers literally in hours. Developing an offline ad takes time - sometimes weeks or even months and placing that ad can be delayed by weeks at a minimum. In the one or two months it takes to develop and place a magazine advertisement, you can begin, analyse, optimise and complete a massive online campaign.

OPTIMISATION: Once your advertising efforts have begun offline, there is precious little you can do to tweak or change your message. With online advertising, if desired, you can alter your ad creative on a daily basis to test messages and find the perfect fit at an incredibly low price. There is very little sunk cost and changes can occur on the fly.

DIRECT RESPONSE: Online advertising offers your audience the ability to respond directly and immediately to your offers, and furthermore you can track this response. Offline advertising offers no response capability beyond perhaps a phone number to call or a coupon to clip.

COST: Online advertising is one of the least expensive routes available to market your products and services, whether measured by total cost or cost per thousand impressions (one impression = one ad view). Online marketing also benefits from extremely low start-up costs and development expenses. You can launch a highly effective online marketing campaign for only a few thousand rand - a price that won't even cover the development of most offline advertisements.

why advertise online?

The proliferation of the web has enabled astute advertisers and marketers to tap into a medium which offers creative and effective solutions. Online advertising is one of the most powerful and interactive advertising mediums available today.

AN ONLINE MEDIA STRATEGY ALLOWS YOU TO BECOME MORE INTIMATE WITH YOUR CONSUMER

Consumers are not just going online more often and for longer periods of time, they are also switching online for increasingly diverse and/ or intimate parts of their lives. They surf, buy, e-mail, absorb news, bank, search and indulge their hobbies to name a few. With an online media strategy, you can pick or choose each or any of these moments, depending on which is most relevant in terms of the nature of the conversation you wish to have with your audience. It is the only medium which truly offers a two-way, engaging and active conversation between consumer and brand.

THE BRAND BUILDING PHASE

Online marketing offers unique consumer interaction with your brand and gives you the opportunity to bring your brand to life in new, interactive and memorable ways.

THE CONSUMER ENGAGEMENT PHASE

Online marketing allows you to walk with your consumer anywhere they go online - from work, home or school. That means you can target your message in areas where your audience is most interested or receptive, allowing you to create alliances or synergies with promotions, concerts, new and exciting channels and events that have a synergy with your brand and consumer.

THE TRANSACTION PHASE

Online means you can influence people at the right time - right when they are in an active mindset, wanting to find out more, make comparisons and/ or buy.

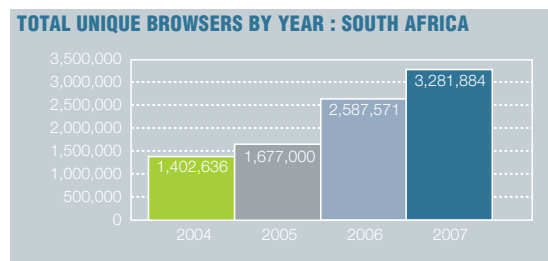
MEASURABILITY AND ACCOUNTABILITY

Online allows marketers to measure return on investment through appropriate tracking technology.

Ad Impression: the counting methodology for the number of times an ad is displayed. This is the industry standard measure for selling online advertising.

Unique User/Unique Browser an individual browser session: IP address. This is a popular standard for measuring the popularity of a web site, or how many individuals an ad has reached.

size of audience



This figure is audited by * Nielsen/ NetRatings - the counting methodology used by all OPA members.

The latest stats are available online by visiting www.opa.org.za/readership



size of audience (cont.)

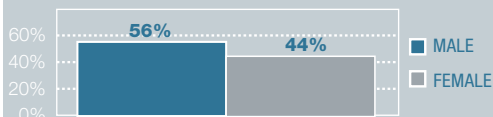
* Nielsen//NetRatings is working with the SA OPA to provide a single currency for advertisers, agencies and publishers to use for media planning and buying. A single online currency enables true comparisons to be made by advertisers. Coupled with demographic information, advertisers and agencies can ensure that campaigns reach the intended target audience.

Being able to reach this audience increases the effectiveness of campaigns and encourages advertisers to allocate more of their advertising budgets online. To find out more or gain access to this system, visit www.netratings.com or contact Andrew Felbert at Netratings via e-mail: Andrew.Felbert@netratings.com Direct: +44 (0)20 7014 0590 or Mobile: +44 (0)77 9271 9307 and Fax: +44 (0)20 7014 0591

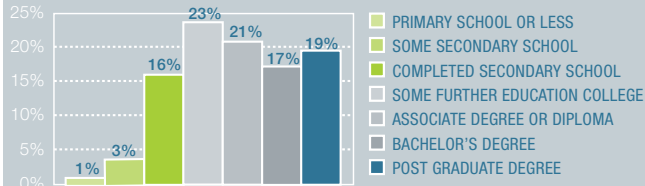
audience demographics

South African web users are predominantly from higher income groups based in the key urban areas of the country: Johannesburg, Cape Town and Durban. They typically are well-educated (80% have completed further education) and work in the office, where most internet usage (59% of access) takes place. Gender split: approximately 60% of site visits being from males and 40% being from females.

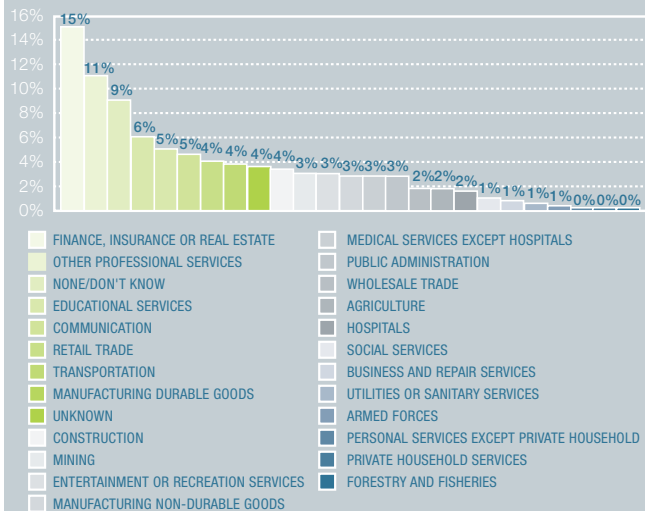
GENDER: SA USERS



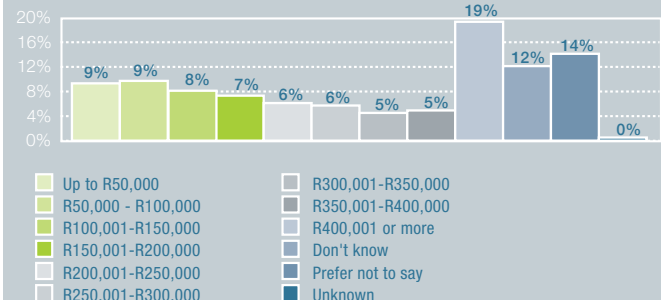
LEVEL OF EDUCATION: SA USERS



INDUSTRY TYPE: SA USERS



HOUSEHOLD INCOME: SA USERS



Source : Nielsen / NetRating

online ad revenue

Online advertising revenue of OPA members reached R174-million in 2006 and is predicted to pass the R200-million mark in 2007.

It took the online publishing industry 9 years, from 1994 to 2003, to grow to the R60-million revenue mark, yet it has almost trebled that amount in the subsequent 3 years.

Source : Nielsen / NetRating

advertising options

PLACEMENTS

Various forms of online advertising are available, such as:

- Web sites - stand alone or through networks,
- ROS (Run of Site), section or page specific
- Newsletters
- Search engines

CREATIVE OPTIONS

Websites

Various online advertising options exist that can include colour, graphics and often animation, together with the ability to click through to the advertiser's own website.

The most popular unit size offered by local publishers for this form of advertising are:

Banners, Buttons, Rectangles, Leaderboards and Skyscrapers.

The size of each is measured in pixels, as follows:

- Medium Rectangle – 300x250 pixels
- Banner – 468x60 pixels
- Button – 120x60 pixels
- Skyscraper – 120x600 pixels
- Leaderboard – 728x90 pixels

Eg:

The screenshot shows the homepage of the online publishers association. A blue box highlights a 468 x 60 banner ad. A vertical blue box on the right highlights a 120 x 600 skyscraper ad. Another blue box at the bottom right highlights a 120 x 60 button ad.

Sizes offered vary by publisher. In addition, each publisher has set guidelines on the maximum pixels or kb size (weight) of creative, as too heavy an ad can slow down the speed of the publisher's web site.

These ads are generally provided in .gif (with or without animation) or .jpeg formats and can be placed anywhere on a web page. Html or Flash formats are also popular.

The pricing model for this type of ad can be CPA (Cost Per Acquisition), CPC (Cost Per Click) and most commonly, CPM (Cost Per Thousand) impressions. However, they can be purchased exclusively, meaning the ad is shown permanently over a set period of time for a flat fee.

advertising options: web sites (cont.)

Whilst these are the most popularly accepted sizes, publishers offer a variety of different options for ad sizes and advertising opportunities. Some of these options can include:

SPONSORSHIPS

Web site sponsorship can include a variety of options, from a logo and company message, through to content sponsorship. The advertiser has limited control and submits its own content to the site as well as having an advert on the page. These sponsorships will be for fixed periods and are usually exclusive, meaning no other advertiser can host an ad on the particular page being sponsored.

POP-UP OR POP-UNDERS

These are the small windows that appear when you first load a website. Pop-ups appear on your screen in full; pop-unders appear on your desktop after the site has been closed or minimized. Surveys have found that most internet users find pop-up adverts intrusive and annoying.

TEXT LINKS

These are a line of text with a set number of characters which links through to the advertiser's web site.

INTERSTITIAL ADS

More popular in international online markets, this type of advertising pops up as you move between pages on a site.

FLOATERS/ICATCHERS

Floater or iCatcher generally follow the user's cursor movement on a page or can float around on a web page. As they can cause some annoyance, they should include a close option.

RICH MEDIA

Rich media offers far more branding opportunities than any other online advertising format. This format of advertising can include movement, sound or video and is usually interactive, meaning that the user can interact with the ad by playing a game, for example.

TEXT

Text ads are predominantly used on Search Engines, although publishers also offer text options. Text ads can also be displayed using the content option on Search Engines, meaning that text ads can be displayed on a relevant environment within a web site, generally referred to as contextual ads.

advertising options: newsletters

Various newsletter advertising opportunities exist. These can be in the form of an ad unit such as a banner and/ or text ad within a subscriber-based newsletter. Alternatively, an advertiser can 'rent' the database which enables advertisers to utilize the entire space within the newsletter with their marketing message. This is generally referred to as a promo mailer. However, a caution - ensure that the list owner has permission from each subscriber to send third party offers or you run the risk of being flagged for spam. NEVER email a marketing message to any subscriber who has not provided his or her permission.

pricing models

A variety of pricing models exist for online marketing. These can include:

CPM (Cost Per Thousand)

The most common and popular pricing model, where impressions are sold in bulks of thousands (CPM). Advertisers pay for each time an ad is served to a browser, with pricing in cost per thousand impressions/ ad views.

Eg 100,000 banner impressions which sell for R100, CPM will cost R10,000.

CPC (Cost Per Click)

Advertisers pay only for the clicks on an ad, regardless of how many times it was viewed.

pricing models (cont.)

CPA (Cost Per Acquisition)

This is when the advertiser pays only for a specific action, whether it be a lead, competition entry, sale, download etc.

FLAT FEE

A flat fee is generally paid for an exclusive placement, eg. a sponsorship, whether the ad position is occupied by only one advertiser.

HYBRID

Any combination of the above.

targeting options

Various ad targeting opportunities exist which vary from publisher to publisher. The most commonly offered, are:

- Geo-targeted (by country)
- Day of week (eg. serve only Monday-Friday)
- Time of day (eg. serve only between 8am and 5pm)
- Frequency capping (limiting the number of times an ad is served per unique browser)

ad serving and measurement

Various ad serving technologies are utilised by publishers. In some instances, advertisers or their agencies utilised third party ad serving technology.

PUBLISHER PROVIDED

Various technologies are used to serve online ads. Publishers should, at a minimum, be able to provide reporting on how many impressions have been served and how many clicks have been achieved. The click-through rate is the number of clicks divided by the number of impressions, to provide a % CTR (Click-Through Rate).

As publishers use different ad serving technologies, various techniques are utilised to track and report on this data.

Browser type and operating system type are also often included. Whilst this may not seem relevant, it can be useful to some advertisers who may wish to readdress their web sites if they have not been designed for non IE users, or if it is a technology company that provides services for a specific operating system or browser type.

THIRD PARTY AD SERVING

Some advertisers or their agencies use third party ad servers for tracking and reporting on their online campaigns. The benefit of third party ad serving is that it ensures advertisers are comparing apples with apples, when it comes to counting impressions served. Rather than being served through various technologies, they are all served directly from the third party ad server. The other benefit of third party ad serving is that it offers a variety of other serving benefits, such as tracking data beyond the click through tags placed on the advertiser's web site. This enables advertisers to track all the way to the point of acquisition, whether it be a sale, reservation or lead.



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online marketers' glossary

- ABOVE THE FOLD:** The ad appears on the top part of the screen before the user scrolls down
- AD SERVER:** Technology used to serve online advertising
- AD SPECS:** The pixel and kb specification of an ad
- AFFILIATE MARKETING:** Performance based online marketing
- BANDWIDTH:** The amount of data that can be carried from one point to another in a given time period
- BANNER:** A graphical ad placed on a web site or newsletter usually 468x60 pixels in size
- BUTTON:** A smaller graphical ad which is usually 120x60 pixels in size
- CACHE:** The storing of a web page on a server by an organization to reduce bandwidth load
- CLICK-THROUGH RATE/ CTR:** The number of clicks received on an ad divided by the number of impressions served, expressed as a percentage
- COOKIE:** An anonymous number that is stored on a computer's browser, generally used to aid the effectiveness and measurement of online advertising
- C.P.A.:** Cost Per Acquisition (eg. lead, download, sale etc.)
- C.P.M.:** Cost Per Thousand ad impressions
- DOMAIN NAME:** An internet web site address
- FLASH/ SHOCKWAVE FLASH:** Used for creating high class animated and rich media ads
- FREQUENCY:** The number of times an ad is seen by a user
- GIF:** Graphics Interchange Format - the most common type of online image which can be static or animated
- HIT:** A request for a file on a web page. A hit is not a measurement that determines the popularity of a site (see 'Page Impression' and 'Unique User')
- HOUSE AD:** A publisher's own ad that is displayed on his/her site
- HTML:** Hypertext Mark Up Language - embedded tags which are translated by browsers to display content and images
- HYBRID:** A combination of pricing models
- HYPERLINK:** A text link that links to another page or web site
- I.E.:** Microsoft Internet Explorer, the most popular web browsing software
- IMPRESSION:** A page or ad view
- INVENTORY:** The available ad impressions from a publisher
- JPEG:** Joint Photographic Experts Group - uses the extension .jpg and is used for high quality images which are not animated
- LANDING PAGE:** The destination page that an ad clicks through to
- OPT-IN:** Permission-based subscription to a newsletter
- OPT-OUT:** A request to unsubscribe from a newsletter
- PAGE IMPRESSION/ PAGE VIEW:** A full download of a web page
- REACH:** The number of unique users who have been served an ad
- RICH MEDIA:** Ads that allow for user interaction and can include sound, video and/ or animation
- SPONSORSHIP:** Exclusive placement within a particular area of a web site or newsletter
- TAG:** A string of code which determines how an ad will be displayed or tracked
- THIRD PARTY AD SERVER:** An independent server which hosts ads not belonging to the publisher, advertiser or its agency
- TRAFFICKER:** The person responsible for loading ads on an ad server
- UNIQUE USER:** One individual who has either visited a site or viewed an ad
- URL:** Uniform Resource Locator - the web site address of a web site
- USER:** An individual who uses a computer

