

# Banner advertising on the internet

[Business](#), [Marketing](#)



The growth of cyberspace and the internet has not only created a new marketplace for vendors of all sorts where they can sell their items but has also created another area where advertising agencies can market goods. Cyberspace is an infinite space and for advertisers, this provides infinite “advertising space” as well. The only constraints on any person seeking to advertise on the internet are money and well, literally, page space (although some argue that a single page can be expanded into Herculean proportions).

Banner advertisements are currently one of the most dominant forms of advertising online. While banner advertisements were a very effective and useful advertising tool when it first started out due to the high click-through rate (CTR) which was the basis for banner advertisements, these banner advertisements have experienced a decline in popularity because of the loss of its novelty and because of other forms of internet advertising. This has resulted in the decrease in the banner rates that websites and advertisers charge.

It is this decrease in the cost of utilizing banner advertisements which has prompted this study on the effectiveness of banner advertising on the internet. Before discussing the effectiveness of banners, a brief discussion on the pros and cons of banner advertising is necessary to be able to properly analyze its effectiveness cost-wise and also the market range that it is able to target and the demographics of the captured market.

The greatest criticisms against banner advertising arise from the fact that there is no accurate way to measure the effectiveness of the banners in measuring the actual impact on the market or on the web page visitors.

There has been no study which has sufficiently shown the relationship between the advertising exposure and the actual purchasing in relation to the banner advertisements.

While there have been proposals to use exposure based metrics or “impressions”, “difficulties in measuring online impressions precisely have caused much dissatisfaction among managers, resulting in a reluctance to commit funds to banner advertising (Hoffman and Novak 2000).” The current method being employed is the “click through” method but this has also been discounted as ineffectual because “click through” merely measures the number of visits one makes and does not really reflect the proportion of visits which translate into final purchases.

Another negative aspect of banner advertising is the recent “banner blindness” which is a usability phenomenon in which a website visitor completely overlooks and ignores any banner styled information (Benway and Lane 1998). While there are studies to support the fact that this has been caused by the over exposure of website visitors to banners during its peak and thus the unconscious reaction to completely ignore them, this can also be caused by differences between connection speeds and overloaded servers that fail to load the graphics on websites properly.

These two aspects are the main arguments against the effectiveness of banner advertising on the internet. Now that the negative side of this argument has been considered, it is now important to assess the other aspect which are the positive arguments for banner advertising.

The positive arguments for banner advertising fall mainly under two categories: cost-effectiveness and access to a larger consumer base. The cost-effectiveness of banner advertising is based on the recent decrease in the cost of launching a banner campaign on the internet. Banner advertising presents a relatively acceptable return on investments given the below-average ad rates and above-average response rates of website viewers.

Because the internet has huge potential for building customer relationships, measurability and speed, the proposition of paying an adequate fee in return for a great potential benefit and increase in market visibility and profitability means that banner campaigns on the internet present a viable alternative for any company looking to cut down on costs while not necessarily resulting to losses in profit margins.

The last factor that must be considered is the overall effectiveness of banners in reaching markets and creating awareness for the particular product or brand that is being advertised. Recent studies have shown that the more interactivity that is created by the banners, the higher the “click-through” rates and the deeper the involvement consumers will have with the brand. Cryptic messages have also been shown to increase click-through by 18% while offering of free goods or services improves click-through significantly. What these figures and studies show is that banner advertising can be an effective means (cost and market reach) of conducting a successful marketing campaign.

In conclusion, while it remains true that there is no efficient method by which to accurately correlate the number of visits or “click throughs” that a

website visitor may have to the increase in sales or market exposure of a certain product, the recent decrease in costs of implementing a banner ad campaign on the internet definitely make it a very interesting alternative to consider. It must be remembered that there are other methods by which to increase the visibility and appeal of banners to conform to the tastes of website viewers despite the emergence of the “ banner blindness” phenomenon.

Given the relatively low cost of launching a banner campaign on the internet, the wide consumer market base that becomes accessible through such medium and the potential benefits of a successful banner campaign, it is therefore highly advisable for any company to engage in banner advertising.

### **References:**

Benway, P. and Lane, D. " Banner Blindness: Web Searchers Often Miss Obvious Links," 1998

Hoffman, D. and T. Novak (2000), “ When Exposure-Based Advertising Stops Making Sense (and What CDNOW Did about It),” working paper, Owen Graduate School of Management, Vanderbilt University.