

Chapter 12

Beyond CPMs and Clickthroughs: Understanding Consumer Interaction with Web Advertising

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Measuring effectiveness of online ads is of critical importance to the survival of the Web as an advertiser-supported medium. Present efforts in measuring performance of Web ads are concentrated on adapting measures used in traditional media to the online medium. However these measures do not take into account the unique interactive characteristics of the medium and the differences in how consumers process advertising stimuli on the Web. Further, ad processing and performance measurement capabilities differ across various advertising formats on the Web. This research proposes a framework to investigate how consumers interact with different advertising formats on the Web and identify metrics that reflect how effectively the ad is processed.

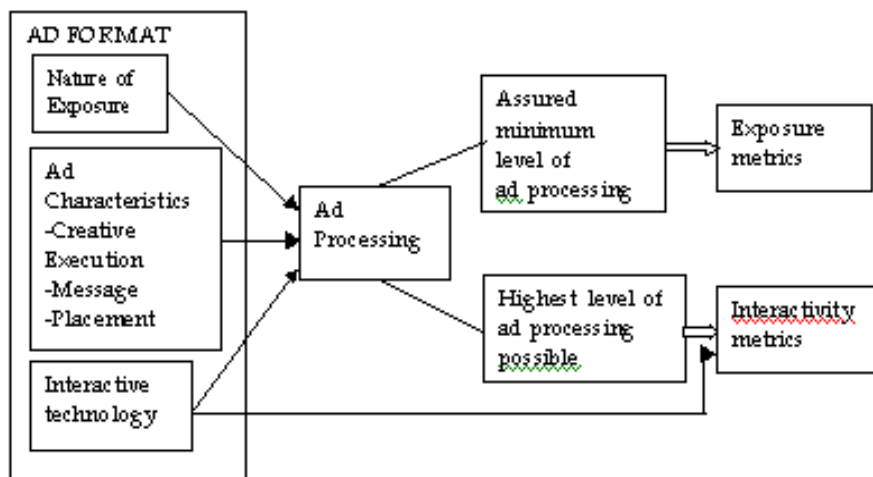
INTRODUCTION

Advertising revenues are critical to survival of many commercial Web sites on the Web. Since advertiser-supported Web sites bear important parallels to traditional media in the physical world, established advertising practices can be borrowed from traditional media environments to assist initial commercial efforts. However, the

complexity of the medium and the wide variety of ad formats used online (IAB/CASIE, 1998) make direct adoption of performance metrics problematic. As advertisers and marketers debate the best ways to measure response to Web ads, rate cards currently use aggregate ad reach (CPM impressions or pageviews) and ad click (clickthroughs) measures to value advertising space for most ad formats. The fact that the impression and ad clickthrough measures have different implications in terms of effectiveness across various ad formats is largely ignored. A static banner ad impression and an interstitial impression lead to different processing outcomes – that rate cards ignore. For example, a banner ad that is clicked by a consumer out of interest offers a positive value to the advertiser compared to a click on an interstitial ad that may occur due to consumer interest or because the consumer must close the ad to continue browsing. In the former case, clickthrough measures are a measure of consumer interest in the advertiser's brand; in the latter the advertiser has no idea. This lack of understanding of how impression and clickthrough measures correspond to communication outcomes in various Web ad formats and reports of declining clickthrough rates is contributing to increasing skepticism regarding the value of Web advertising.

In this chapter we discuss the various ad formats used by practitioners in the Web advertising industry. We use the information processing framework to investigate how consumer interaction with ads relates to communication outcomes that are of interest to marketers. Further, we identify the minimum (and predictable) measurable outcomes that the various ad formats are able to deliver. The role of tracking technology in measurement of interactive outcomes and the implications for use of ad formats will be discussed. Figure 1 presents an outline of our approach for deriving response measures for ad formats at advertiser-supported Web sites.

Figure 1. Framework for relating ad processing to performance measures



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