As online ad budgets increase, expect advertisers to demand more accountability

by Bend Weekly News Sources

With use of Web sites and other digital media continuing to rise, it's not surprising that U.S. Internet advertising revenues grew more than 30 percent last year, topping $16 billion according to eMarketer estimates. Yet, many corporate advertisers and advertising agencies are concerned that their online ad impressions may not be properly counted.

In a recent survey sponsored by the Audit Bureau of Circulations (ABC), less than half of ad-agency respondents and only one-third of advertiser respondents said they were confident that their companies' online ad impressions were measured and reported accurately.

With billions of ad dollars flowing into digital media, there is growing demand for accountability online. Simply put, marketers want to be sure they are getting what they pay for. In fact, 84 percent of respondents in the ABC survey believe that verification of online advertising activity by an independent third-party auditing firm will become increasingly important over the next three years. More than two-thirds said they would prefer to advertise on Web sites that are independently audited.

"Just as publishers and print advertisers require accuracy and credibility in traditional media information, we're seeing increased demand for transparency and accountability online," said Michael J. Lavery, ABC president and managing director. "We hope sharing these findings with our members will foster a dialogue between publishers and marketers about the growing online advertising market and the need for accurate, credible data to support a medium rich with potential."

Other key findings from "Online Accountability: Gauging the Growing Demand for Audited Web Metrics" include:

-- 83 percent of respondents plan to increase online ad spending in 2007;
more than half expect double-digit budget increases.

-- Respondents indicated two areas where audited Web metrics are useful:
91 percent said it's important to audit ad impressions and delivery,

while 89 percent felt it's important to verify Web site traffic.

-- New media may benefit from audits. More than half of the survey respondents said they would be more likely to advertise on blogs, podcasts, streaming video, and mobile media if audited by an independent firm.

-- Advertising buyers said the primary benefits of audited digital media include more reliable data, better post-buy analysis and evaluation, more confidence in media buys, more effective media plans, and more trust in Web site properties.

-- Younger ad professionals appear to be less skeptical: 75 percent of respondents under age 25 said they trust the metrics provided by online publishers, compared to 22 percent of those in the 55-64 age category.

"Marketers now consider digital media a core part of their media strategies, as evidenced by the growth in online and emerging media budgets, so it is important that both agencies and their clients are comfortable with the metrics of media reach evaluation and post-campaign analysis provided in this accountable medium," said Jeff Minsky, director of emerging platforms for global media agency OMD. "This survey clearly shows that there is still work to be done to gain that confidence through educational means, as well as some changes in process."

Recommendations

To meet the growing demand for transparency and accountability online, ABC recommends that Web sites consider regular audits of site traffic, as well as annual audits that evaluate the processes and technology in place for order entry, ad delivery, measurement, and billing.

Advertisers and ad agencies should encourage the ad networks and Web sites with which they advertise to be audited by an independent third party, with the goal of providing certified numbers according to guidelines established by the Interactive Advertising Bureau (IAB). Furthermore, agencies that rely on their own third-party ad-serving numbers for client billing should verify that the ad-serving technology has been audited and also consider an annual process audit to have related internal controls and procedures evaluated.

"As more and more dollars migrate over to Interactive, it is imperative as an industry that we continue to strive for the highest levels of transparency and validity," said Sheryl Draizen, senior vice president and general manager, Interactive Advertising Bureau. "The IAB is steadfast in its commitment to the principles of transparency and industry oversight for the measurement of any aspect of Interactive media, including impression and audience metrics."

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