How Hyperlinks Ought to Change the Advertising Business

The advertising industry is an interesting bird, owing largely to the fact that it was one of the first business sectors to experiment with the Internet and one of the last ones to realize why the Internet is important. As I write this, thousands of advertising industry executives still don’t understand why the Internet and hyperlinking are important. They think they know why, and most of them will spout off a few canned lines about “consumer control” when asked about the Web, but they often don’t fully comprehend the weak explanations coming out of their own mouths.

To grasp how hyperlinking has changed the advertising business, one must accept two fundamental truths, one of which logically follows from the other:

1. Hyperlinking has changed the fundamental dynamic of human communication.
2. This change in dynamic has altered how advertising functions within the context of the communications landscape.

The first fundamental truth is something that quite a few people, both inside and outside of the advertising business, have trouble swallowing—and with good reason. It’s an incredibly broad statement—the kind an MBA candidate might back up with a thesis paper hundreds of pages long. But it’s certainly true.

Allow me to illustrate with an example. A few years ago, I decided to make treasure hunting my new hobby. My family had given me a cheap metal detector from Radio Shack for my birthday that year, and I had some limited success with it on the beach near my house. One morning, I managed to uncover a small pile of change and some jewelry and was bitten by the bug. I was convinced that if I upgraded my metal detector and consulted some of my fellow treasure hunters, I might be more successful.
Think about how I might have addressed this challenge in the pre-Internet days. Gathering information about this niche hobby would have been a real challenge. I probably wouldn’t have mustered up the courage to stop one of those solitary treasure-hunting nerds as he walked down the beach, intently listening for a signal in his headphones. Those people look like they want to be left alone.

There’s nothing like getting information about a hobby right from the source, and in the pre-Internet era, my information choices might have been limited to finding stores that sold metal detectors and asking the (biased) shopkeeper, scouring the library for (outdated) books on the subject, or trying to find a magazine for hobbyists. None of these options gives me what I really want—both immediate gratification and accurate information. The Internet does.

To find out more about treasure hunting, I first did a Google search. Google pointed me toward a site called TreasureNet, where I read about the hobby and later interacted with enthusiasts on an online message board. There, I learned which metal detectors were best suited to my needs and where to get the best bang for my buck when I decided to upgrade. I perused a lot of valuable information on the site, but the best information came from my fellow enthusiasts, many of whom were happy to share their recommendations, experiences, and pitfalls I should avoid.

I learned all about this hobby using the Internet. The important thing to realize is that I didn’t simply use the Internet to read static articles I could have found in a magazine. Nor did I use it only to price metal detectors like I might in a paper catalog. I got the most out of the Internet when I used it for the reason it’s different from every other medium on the communications landscape—as a facilitator for human communication.

It’s this concept that is at the core of how hyperlinking has changed the dynamic of human communication. The Internet has allowed us to connect not only with information but with each other. One would think that high-paid executives who purport to be experts in communication would understand that. Ironically, it’s this concept that most advertising executives have trouble understanding. Most don’t “get it” because of the institutional inertia of the advertising business itself.

Advertisers and advertising agencies have traditionally operated under the erroneous assumption that they control how their products and services are perceived by people. To many advertisers and agencies, messaging to consumers is the solution to nearly every marketing problem. The advertiser and the agency have information to communicate to con-
sumers, and they push this information out through a variety of media—
television commercials, ads in magazines and newspapers, billboards, ra-
dio commercials, and direct mail, just to name a few. Institutional inertia
is a defining characteristic of the advertising business. Entire media em-
pires have been built on this push model. Even David Ogilvy, the patron
saint of advertising, owes his success to it. His canonical text *Ogilvy on Ad-
vertising* is one of the most widely read books in the business, and it’s rare
to find an advertising industry executive who hasn’t read it.¹ (My dog-
eread copy sits in my home office, on a shelf reserved for books that are
frequently referenced in my weekly Web marketing column.)

If you thumb through *Ogilvy on Advertising*, you’ll find a ton of infor-
mation about the dynamics of the push model but almost nothing about
two-way media and how to construct compelling campaigns within a me-
dia world where customers talk back. The back cover of my edition is lit-
terated with bullet points about how to make money with direct mail, about
how to create advertising that “makes the cash register ring,” and about
television commercials that sell. There’s nothing about how to handle a
deluge of customer feedback or even about how to respond to an e-mail
from a customer who is frustrated about a defective widget. Still, *Ogilvy
on Advertising* is required reading for anyone hoping to make a career in
the advertising business, and that tells us that many advertising agencies
and their clients remain overly focused on the push model of communi-
cation. Meanwhile, the fundamental shift in the dynamic of human com-
munication brought about by hyperlinking favors the conversational ap-
proach over the one-way push model. Push has been falling out of favor
for more than a decade, and advertising agencies haven’t exactly been
quick to adjust.

One might think that agencies would try their hardest to be the first to
figure out the best way to market in the age of the hyperlink. Certainly, if
an agency could break away from the pack by showing unparalleled suc-
cess in online marketing, it would stand to make a great deal of money.
Regrettably, such efforts are not common, mostly because agencies think
they’ve figured out how to approach interactive marketing, when they
truly haven’t. For most agencies, the answer to the interactive question
involves completely ignoring the two-way nature of interactive media
and attempting to force it into a box filled with a wide variety of one-way
media. To many agencies, the Internet is yet another channel by which
commercial messages can be disseminated to the masses, and they say
damn the whole business of what happens when customers decide to talk
back. You can see this systematic reengineering of the Internet in action
when you take a look at the variety of models in use for advertising within interactive channels.

This reengineering of the Internet didn’t start taking place until the commercial explosion of the World Wide Web at the tail end of 1994. The pre-Web Internet was a place where a hyperlink was as likely to connect you with other human beings as to connect you with a piece of information. E-mail discussion lists, Usenet newsgroups, bulletin boards on CompuServe—all were providing opportunities for people to connect with one another around like interests and lifestyles. This represented a shift in how people used communications media. Rather than simply consume it, they participated in it. While this model for accelerated human communication still exists today, advertisers tend to emphasize the one-way model and underwrite content development, putting online conversation in the role of second fiddle.

After the Web came onto the scene, commercial marketers jumped on the bandwagon in droves, encouraging the growth of the informational aspect of the Internet over the social aspect. Advertising revenues funded content development through a variety of tactical approaches toward advertising, all based on the old push model. The first of the advertising models to emerge was paid hyperlinking. Advertisers paid well-trafficked Web sites to carry what amounted to hyperlinked ad messages in areas where people might see them. Aside from the ability to easily move to the advertiser’s Web page with a single click of the mouse, these ads were no different from classified ads in newspapers. Then came the ad banners. Advertisers learned to take advantage of pictures and animation, but the push model prevailed. Again, aside from providing easy access to the advertiser’s Web site, the banner ad was no different from forms of push media that already existed—in this case, billboards. Then banner ads got crazy. Some had functionality, like store locators, built right into them. Some contained sound. Yet others expanded beyond the space allocated to them on a Web page, increasing the profile of the messaging and, by most accounts, really ticking people off. (Is it any wonder that one of the first companies to bring over-the-page ad formats to the Web was called Eyeblaster?)

The trend continued with some of the more modern ad formats. Sponsored search results on Google, Yahoo, and MSN are no different from paid hyperlinking, which is itself scarcely distinguishable from classifieds. Audio content on the Internet is peppered with thirty- and fifteen-second spots—direct analogs of radio commercials. Clicking on a video clip on CNN’s home page usually brings up a thirty-second video
spot for an advertiser. The ad runs for thirty seconds before it gets to the news clip the user requested in the first place. Yep, it’s a TV commercial.

Along comes Web 2.0, which was supposed to bring about a new era in human communication. The next stage is ostensibly about connecting directly with the customer through social networking and two-way media, yet advertisers stubbornly cling to the push model. Just look at how many marketers have handled social network initiatives in places like MySpace. The “solution” seems to be all about creating pages for advertising mascots, which agencies then attempt to promote with more push advertising and paid hyperlinks. Advertisers also struggle with presences on YouTube, often opting to place their television commercials there in hopes that young people will see them. Today, if I search YouTube for the keyword “Mitsubishi,” some of the results returned are video files of Mitsubishi commercials. They get a few thousand views, have a decent rating, and garner one or two comments. But if you were to look at some of the fan-generated Mitsubishi pages on YouTube, you would find higher ratings, pages upon pages of comments, and many more views. This is so because these pages are merely conversation starters that help Mitsubishi fans congregate around a common interest. As for the straight commercials, they’re all push, and 99 percent of them fail to leverage the two-way nature of the medium that arose from the hyperlink.

See what I mean? While the rest of us are using the Internet in ways that bring us closer together, the advertising industry is hard at work trying to force the Internet into the box currently inhabited by media like television, magazines, and direct mail. Most advertisers prefer a world in which people absorb their advertising messages and buy a product without talking back to the company that sells it to them.

This still begs the question, if making the most of Internet advertising involves teaching advertisers how to talk directly with their customers rather than at them, why hasn’t someone done it yet? Remember that institutional inertia I wrote about earlier? It’s a lot more deep-seated than simply being blind to the back channel. The economic models of the advertising business reflect a bias toward the push model as well.

Currently, an advertising agency stands to make a lot more money on the recommendation and deployment of a twenty-million-dollar television campaign than from a twenty-million-dollar interactive campaign. A television buy of that size might net an agency eight hundred thousand dollars in fee and commission revenue, with much of that adding to a significant bottom-line profit. An interactive messaging buy usually nets an agency significantly less, with many more interactive professionals
needed to staff the account. Why? In general, television campaigns take a lot less work to pull off successfully. Three or four people could handle a campaign this size, setting the campaign up to run and then communicating the results back to the client before moving on to help another client with another TV initiative. An interactive campaign of the same size requires more maintenance. As interactive campaigns run, they are continuously optimized by moving media weight from site to site and placement to placement in order to achieve the best results. Interactive campaigning also requires a very complex skill set that draws from both the technology and media worlds. Labor costs more, and there’s a lot more labor involved. Does a TV buy net more than an Internet buy because the latter is more labor intensive, or are there other reasons—such as (sometimes) commissions on TV buys but not on Internet buys? In other words, why does this difference exist? Quite simply, interactive messaging is a less profitable business for ad agencies.

Now, factor in the notion of using the Internet for what it’s good for—direct communication with customers. Agencies might not know how to do that just yet, but they know it will require more people spending more time to service the account, possibly calling the account’s profitability into question. So while the answer to figuring out interactive marketing might be staring advertising agencies in the face, it goes largely ignored, owing in large part to uncertainties in the economic model. That’s the bad news. The good news is that there are two schools of thought. While the traditionalists of the advertising business continue to cling to the push model, new thinkers are challenging that model’s effectiveness and are developing new ways of doing business that could address profitability concerns. I call them conversationalists.

The conversationalists see how hyperlinking has changed communication, and they believe that the changes brought about by hyperlinking will make their mark not only on the Web but on every medium that will emerge over the course of their lifetimes. They believe the primary function of new media is to connect people meaningfully with one another and not merely to carry one-way commercial messages. They see the lengths to which ordinary people will go just to dodge the flurry of messages heading their way every day (think spam filters, PC-based ad blockers, or simply throwing out the junk mail before opening it). And they think they can fix it.

Many of these folks, coincidentally, are refugees from advertising agencies large and small, from the biggest of the Madison Avenue behemoths to the small independent boutiques. They see how push advertis-
ing becomes less effective year after year, and they believe that advertisers need to make changes in the way they do business to accommodate the expectations of Joe Websurfer. Among those changes is an investment by companies in resources that will allow them to meaningfully participate in the dialogue unfolding on the Internet about their products, services, brands, and product categories. They need to free up time for people working at their company who are familiar with their products, services, and policies to participate in that dialogue. Some have dubbed this investment concept a “Conversation Department,” and it’s designed to give people who buy products and services a human being to connect with, rather than an empty advertising message. Once a company with something to sell can contribute meaningfully to a conversation on the Internet, it can deliver on what Internet users expect from it. To do that, conversationalists need to fight decades’ worth of institutional inertia and billions of dollars’ worth of transacted business. Perhaps the only way they can do that is by demonstrating the power of a more direct approach to addressing customer concerns and questions.

There are millions of conversations taking place right now on the Internet—on blogs, social networks, bulletin boards, and other Internet communities (including virtual worlds like Second Life)—that have something to do with unaddressed needs. All of them owe their very existence to the building block we call the hyperlink. The only substantial thing standing between advertisers and success in addressing these needs is a scalable way to take a personal and human approach to participating in these conversations. Right now, companies like Nielsen, Cymfony, and Technorati are providing new ways for companies to listen to these conversations. They sift through blogs, message boards, and other online forums and apply algorithms to determine relevance to an advertiser’s brand, product, or category, providing advertisers with intelligence on how and where people are talking about them. With such technological solutions to assist with the Herculean task of keeping up to date on what people are saying about a brand, there’s clearly an opportunity for advertisers to find a nonpush way of addressing them.

Given the sheer volume of the conversation, it’s much easier for a small company to participate, and many small companies do. For instance, AccuQuote, which provides life insurance through online channels, launched its own blog in 2006 to provide a focal point for conversation about topics related to life insurance. The CEO, vice president of marketing, and other top-level managers contribute to the blog. They also follow up every comment and question personally. The AccuQuote brand
is much less well-known than, say, Chevrolet, and their category tends to generate less conversation than the automobile category. So it’s much easier for AccuQuote to keep up with comments and conversation than it would be for Chevy to do the same if they wanted to follow up on every comment posted to the GM Fastlane blog. The conversationalists’ best hope thus might be to demonstrate the power of participation through a number of success stories with smaller companies. If there’s a scalable approach that will allow larger companies to easily participate, the success of small companies will drive the interest of larger ones.

If we believe that hyperlinking brought about a fundamental change in the way human beings communicate, then we might also come to the conclusion that the changes brought about by hyperlinking have yet to be felt in a significant way within the advertising business. There are a lot of companies out there that are still clinging to push, and when we reach a tipping point, the advertising industry is in for yet another period of upheaval. This time, it will make the chaos brought about by the commercial explosion of the Web in 1994 look insignificant in comparison.

In the end, I think advertising has about a dozen years before the conversationalists revolutionize the business as we know it. Admittedly, this isn’t characteristic of the sweeping, immediate changes that disruptive media like the Internet tend to bring about. However, as of this writing, we’ve waited more than a dozen years for the Web advertising business to chip away at institutional inertia to the point where advertisers spend more on the Web than they do on, say, billboard advertising. Simply put, advertising won’t be as eager to kill off its own cash cow than we might expect, even with cold, hard facts staring it in the face. It will take time. Yes, hyperlinking has brought sweeping change to the advertising business, but we haven’t seen anything yet.

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