

Guide to Online Advertising



AdJug8ler

Powering Digital Profitability

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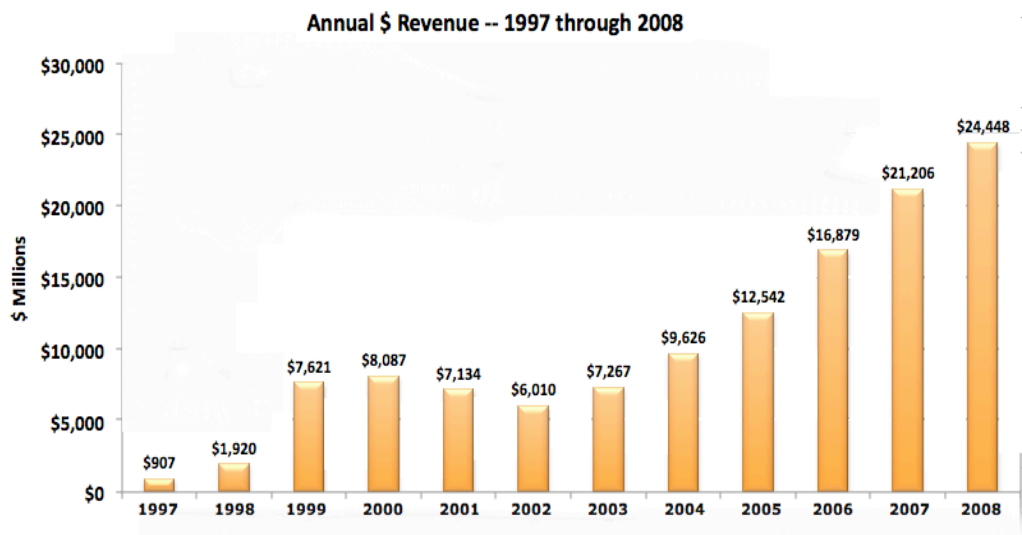
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Introduction

Welcome to the AdJuggler Guide to Online Advertising. The purpose of this guide is to help you understand the world of online advertising and tell you everything you need to know, whether you are selling or buying advertising.

The History of Online Advertising

Online advertising has come a long way in the past decade. When the Internet was first breaking out into the mainstream, and becoming accessible to regular consumers and not just academics and scientists, there was still a lot of doubt about how viable it could be a commercial medium there was still a lot of doubt about how viable it could be as a commercial medium. Many early attempts at online advertising met with limited success, at best. This was also compounded with the general problem that many advertisers simply did not understand the online space, and still looked at advertising from the perspective of the print or television mediums.



Originally, most online advertising was very simple both in terms of the advertising itself, and the way in which it was sold. Before ad serving and tracking technology took off, it was common for advertisers to simply pay to have a small banner ad placed on a website for a given period of time. Reporting was rudimentary, and advertisers generally had to depend on the website's visitor statistics to get an idea of how many people actually saw their ad. In those days, online advertising was sold much like print advertising, based solely on the size of the ad, and priced based on the expected number of unique website visitors who would see the ad.

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Some of the earliest ad serving software (including the first version of AdJuggler) debuted in the mid-90's, and offered several innovations that paved the way for today's advanced ad serving and tracking technologies. This early software allowed multiple banner ads to be rotated in the same space on a webpage, and made it possible to keep track of how many impressions of a particular ad were served. Not only that, the software also made it easier to specify campaign start and end dates, and limits on the number of impressions to show. It was also possible to track clickthroughs, so advertisers could find out how many people not only saw their ad but actually

clicked on it to get to their site. These first innovations made it possible to sell online advertising in new ways. An advertiser could specify that they only wanted to buy 100,000 impressions over the course of a month, for example. With the capability to rotate banners, publishers also benefited by being able to sell ad space to multiple advertisers, rather than giving up all of their advertising space to just one advertiser at a time. Slowly but surely, online advertising moved away from a simple recreation of the print and television medium, to something unique that had benefits that couldn't be realized with other forms of advertising.

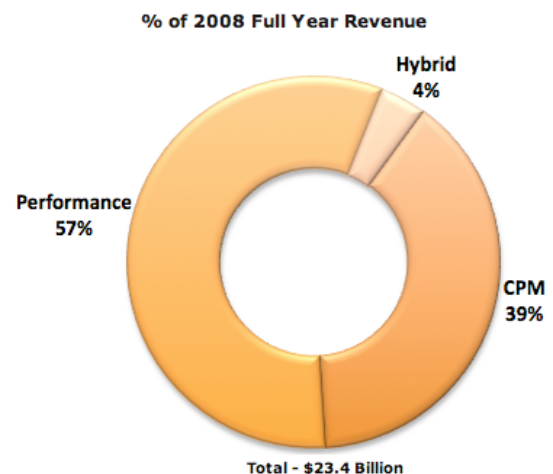
As ad serving software became more common, the industry began to settle on certain standards that made things easier for both publishers and advertisers. Certain ad sizes became standard; one of the first ad sizes to become a real standard was the basic 468x60 banner ad (468 pixels wide and 60 pixels tall). Eventually other standard banner sizes became popular too, such as 125x125 cubes, 728x90 leaderboards and 120x600 skyscrapers. These standard sizes made it easier for publishers and advertisers. Advertisers did not need to design new ads for each site they advertised on, and publishers were able to have standard designs for their pages to accommodate specific ad dimensions.

Ad rates and methods for selling advertising also became more common. The Cost Per Thousand (CPM) model was one of the earliest and most basic forms of selling advertising, based on a standard rate for every 1000 impressions served. The Cost Per Click (CPC) model was often used in combination with the CPM model, and often advertisers would be charged more for clicks.

The emergence of the CPC model was one of the earliest indicators that people were realizing some of the pitfalls of online advertising. In many cases, advertisers discovered that the actual number of clickthroughs they received was a small fraction of total impressions. Initially, advertisers were willing to pay very high CPM. Many sites were easily able to charge \$2000 for 100,000 impressions. In these early days, advertising was sold very much like print advertising, and impressions were seen as being equivalent to paying for print advertising based on circulation numbers. However, advertisers quickly realized that they were not exactly the same, and CPM rates dropped tremendously, while CPC rates increased.

Publishers and advertisers alike began to realize that there were a number of problems with basic banner ads. 468x60 banner ads were often too small to get a message across. Moreover, once the basic novelty of online advertising wore off, many users found it quite easy to ignore. Finally, with no specific methods to target particular users, it was too easy for irrelevant ads to be shown to people who simply weren't interested.

Another problem that publishers faced was that they often had more ad inventory than they could sell. Either they didn't have the time to sell this space, or they just couldn't find enough advertisers to buy all of the space available. This brought about the emergence of online ad



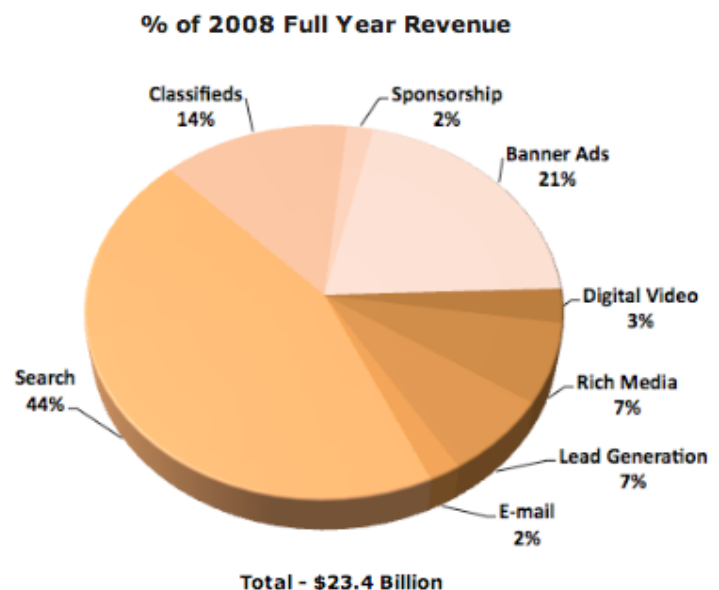
networks such as DoubleClick. These ad networks specialized in helping to match up advertisers with publishers. A single site with a couple million impressions a month might not have much luck finding advertising, but a large network representing thousands of sites and billions of impressions can have a much easier time selling ads to run across the entire network. These networks were able to be very successful by taking a percentage of ad revenue, which many publishers were willing to give up since they no longer had to worry about handling ad sales themselves, and often were able to get advertisers they would never be able to get on their own.

Over the years, the online ad industry has continued to evolve to deal with many of these issues. Some of their solutions have been positive, and others have been negative; but in every case, the end goal has been to come up with more effective advertising.

Most of these advances have come in the form of making advertising more attention getting. The earliest static 468x60 image ads gave way to animated ads. Larger ad sizes that were harder to ignore, and gave advertisers more space to get their message across were introduced. Newer technologies like Flash were used, allowing higher quality advertising and sometimes even interactive features. Some advertisers even experimented with highly interactive ads, such as an early Hewlett-Packard campaign that allowed users to play a game of Pong when they moved their mouse over the ad.

As more Internet users acquired broadband connections, the way was paved for more bandwidth-intensive ads featuring full-video and other interactive features. Companies such as PointRoll, EyeBlaster and EyeWonder developed advanced technologies for displaying interactive advertising that would be displayed on top of the webpage a user was visiting. Other advertisers experimented with ads that would pop up in a new window, or pop under the existing window so a user would see the ad after they closed their main browser. Another popular method was to use interstitials, full-page advertisements that a user would have to look at before they could be taken to the page they wanted to go to. In all of these cases, the goal was primarily to make online advertising more like TV advertising. The basic theory behind this kind of advertising is to create something that the user has no choice but to look at, and hope that once it gets their attention, they will be more likely to interact with it, or at least remember the message.

Although a number of users found these more intrusive ads bothersome, advertisers and publishers continued to embrace them because they often did work in the sense that they would get a higher response rate than standard online advertising. Even today, publishers and advertisers are still experimenting with the best way to find a balance between effectiveness and intrusiveness.



Some publishers work closely with advertisers to develop advanced branding campaigns, where their entire site is taken over by inter-related ads (for example, a site might feature a leaderboard and a skyscraper with synched up animation, so the events in one banner ad would blend seamlessly with the events in another). Many people feel that this kind of advertising is perhaps the culmination of ad technology, with more natural integration into the site without being obtrusive.

There has been a trend in the industry led by companies such as Google and Overture (now part of Yahoo) in which these companies have tackled the problem of online advertising with a very different approach. Rather than try to make more elaborate and attention-getting advertising, the theory was that very basic text links could be just as effective while being much less irritating. Google in particular has had a lot of success with this method, running simple text-link ads on their own site, and also allowing any other publisher to insert some code on their own sites to run text-based advertising. Many of these ads are focused on a Pay-Per-Click model, where the advertiser only has to pay for the actual clicks on the ad. These systems also are accompanied by complex bid management systems, where advertisers compete with each other by seeing who is willing to bid the most to be shown for certain keywords (the idea being that the more common the keyword, the more valuable it is to have your text ad shown when someone searches for it). The other benefit of this kind of advertising is that it can often be much more relevant, since ads can be shown based on terms that users searched for, or even the rest of the content on a page.

While all of these changes have occurred, the companies who make the actual ad serving software have not sat still either. Online ad serving and management technology has evolved a great deal over the last decade. Today's ad servers are able to perform advanced functions such as targeting specific campaigns to individual users based on their geographic location or demographic data. Some of the most advanced technologies can even target advertising based on user behavior, such as the how long they spend on a website, or what specific path a user follows through a site.

The online advertising industry continues to evolve, as advertisers, publishers and technology vendors attempt to find new ways to come up with new and innovative ways to handle online advertising in a way that provides the most benefit for users, advertisers and publishers. While online advertising is not the same as print or television advertising, it can be used for things that other advertising cannot. With a print or television campaign, there is no direct interaction with the ad itself; the advertiser must hope that the reader or viewer will call a phone number or go to a website they see in an ad. The chances of someone actually getting up in the middle of watching a TV show or reading a newspaper are slim. With online advertising, on the other hand, it is not asking nearly as much for someone to click on a banner ad, or at least interact with a banner ad to see what it is about. This is one of the benefits of a more interactive medium. Ultimately, the continued success of online advertising will depend on finding the best ways to take advantage of the unique capabilities of the online medium.

Types of Advertising

There are multiple types of advertising, each with their own strengths and weaknesses. There is no "best" type of advertising; ultimately, the particular method used depends on the kind of site it is being run on, the needs of the advertiser, and the audience the advertising will reach.

Sponsorships

This is one of the traditional forms of advertising. Essentially, an advertiser will sponsor an entire site, or at least a section of a site or a specific page on a site. With this type of advertising, it is most common for the sponsorship to be exclusive for a given period of time. Normally an advertiser will use this kind of advertising for branding, or for introducing a new product. Since visitors to the site will see the same sponsorship advertising constantly, rather than in rotation with other ads, it is more likely to sink in and be established in their minds.

Strengths: For the advertiser, the primary strength of this type of advertising is in knowing that whatever message they are getting across will be the only thing seen by the site's audience for however long the sponsorship runs. This kind of advertising is comparable in some ways to the sponsorship "branding" done on TV, where a segment of a football half-time show is sponsored by a particular company. Ideally, the advertiser hopes to not only get their message across, but also become linked with the site they are sponsoring in the minds of their audience. If the advertiser perceives the site's audience as being particularly desirable, the kind of credibility this advertising can bring is invaluable.

For the publisher, the primary benefit of this kind of advertising is stability. The publisher expects to be able to sell this kind of sponsorship for a much higher rate than a normal ad campaign, since they are giving full sponsorship and exposure to a single company. The benefit for the publisher is that they can have the stability of knowing that they have brought in a large amount of ad revenue from a single company.

Weaknesses: For the advertiser, this type of advertising can potentially not be worth the investment. Generally, it depends on the site and the needs of the campaign. If the advertiser sponsors a site that isn't interested in what they are selling, the sponsorship can become a waste. Another weakness is that there isn't any specific guarantee about how much specific traffic their advertising will actually get.

For the publisher, there isn't much of a weakness. The only potential problem is that a sponsorship can keep them from selling ad space to other advertisers. The publisher always has to keep in mind whether they are making enough money from a single sponsor to make up for what they could have brought in otherwise by selling the same ad space to a number of other advertisers.

Banner Run

This is perhaps the most basic and traditional form of advertising. With this method, the advertiser essentially buys a run of advertising, usually for a specific period of time. They will agree to pay a specific CPM for a certain number of impressions (commonly in chunks of 100,000 to 1,000,000 impressions) over a specific period of time (commonly at least one month). Sometimes this type of advertising will still take on elements of Sponsorship Advertising. Most commonly, publishers will sell a Banner Run on a specific section of a site, or specific ad spots on a page. For example, a publisher might offer a Gold Sponsorship that would let an advertiser run 100,000

impressions across the premium ad placements on their site, for a higher rate.

Strengths: For both the advertiser and publisher, this method of advertising's biggest strength is in simplicity. There is very little question about what is being sold with this kind of advertising. The advertiser knows exactly how many impressions they are buying, how much they will be paying for it, how long it will be running, and where it will be running.

Weaknesses: In some senses, the simplicity of this advertising can also be a weakness. Especially since this method is normally based on impressions, it has the downside of being less effective than some newer types of advertising. For the publisher especially, the amount of money that can be made from a basic banner run campaign is minimal, since CPM rates are commonly so low. For the advertiser, this kind of sponsorship can also have some weaknesses. In particular, it is very easy for their advertising to get ignored. One of the biggest problems they face is that a user might see one of their ads but not click on it; even if they remember it later on, the random nature of which ad is shown on any page view might make it difficult for them to see it again. In some senses, this is similar to the weakness of television advertising as well.

Affiliate

Affiliate advertising is based on the concept of an advertiser rewarding a publisher (the affiliate) for any business that is brought in. Generally speaking, the publisher will run ads for an affiliate with special tracking code that helps the advertiser to identify which site a visitor came from. Affiliate systems can also often keep track of which visitors actually sign up for or buy something as well, and the affiliate can be rewarded accordingly. Affiliate systems can reward publishers just for clickthroughs, or more specifically for actual sales and leads.

Strengths: The strength of the affiliate system is that the publisher can make a lot more money by not just showing an ad, but hoping that someone actually buys something or signs up for something after clicking on an ad. For the advertiser, the affiliate system provides a great way for others to do a lot of their actual advertising for them. As a common example, Amazon.com has an extensive affiliate system; website publishers are encouraged to provide a special link to products at Amazon.com (or even the Amazon.com website itself) and encourage their visitors to buy something. The publisher benefits because they get a piece of the sale that is generated, and the advertiser benefits because the affiliate is doing the work of directing people to their site specifically to buy something.

Weaknesses: For the publisher, affiliate marketing often is only a benefit if they can actually drive enough visitors to the advertiser's site to actually make an acceptable amount of money on commissions. For larger sites, an affiliate system can be quite lucrative, but for smaller sites it is sometimes not worth the effort. For the advertiser, there aren't too many weaknesses, since they don't really give up anything at all by having affiliates.

Pay-Per-Click

Most commonly, this type of advertising is associated with search engines and contextual advertising. Generally, the advertiser pays out to the publisher (and the PPC network, if one is being used) for each click on an ad. Commonly these ads will be text links, and will be shown either as part of a search results page, or based on the content of a site. Google's AdSense is perhaps the most popular system based on this methodology.

Strengths: For the advertiser, one of the biggest strengths of this advertising is that they only have to pay for actual clickthroughs. They don't have to worry about paying a lot of money for impressions that never amount to anything. For the publisher, the benefit is that they don't have to do any specific work, and can make a significant amount of money since the clickthroughs are inherently more valuable.

Weaknesses: For the publisher, this kind of advertising is only worthwhile if their audience actually clicks on the advertising. If their audience ignores it, it essentially is just wasted space, since they won't make any money just from running the ads on their site. For the advertiser, this kind of advertising has the potential to be less effective and more expensive than other methods of advertising. For search-based PPC, the cost of a single click can be very expensive for the most popular keywords, and at some point the cost of the click might not be worth what they had to pay for it if not enough people actually purchase something after the clickthrough.

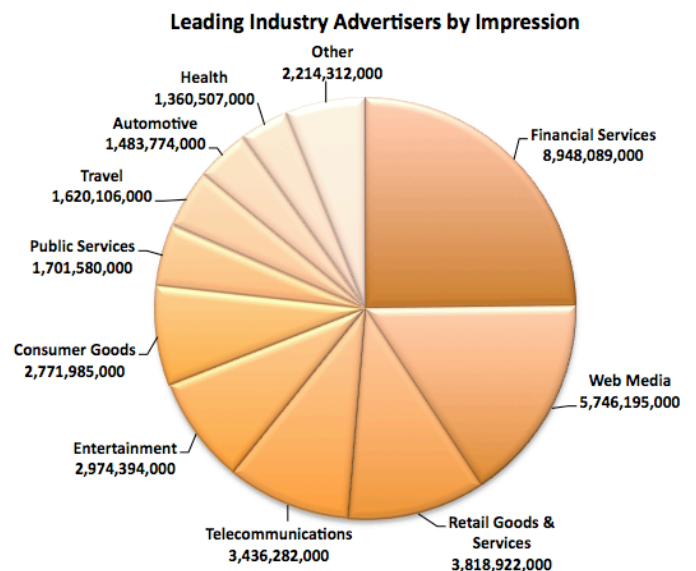
Roles and Markets

There are many different roles that come into play in the world of online advertising. It helps to understand all of the different roles (in some cases, a single company might even fall into multiple roles, depending on what kind of online advertising they are doing), as they all play an important part.

Advertisers

Simply put, without advertisers, there could be no online advertising. All of the advanced ad technology in the world does not matter if there isn't any advertising to show. The advertiser's primary role is to provide the actual ads and campaign parameters. Ultimately, it is up to the advertiser to decide what advertising they want to run, where they want to run, how long they want it to run, and how much they are willing to pay for it.

The advertiser is the only one who can really say whether or not a campaign has been



Source: Nielsen NetRatings June 2009

successful, or even what the basis will be for judging that success. Sometimes this can be very simple. If the advertiser pays \$2000 for an online ad campaign, but only generates \$1000 in sales as a direct result of that campaign, they might deem it a failure. However, they might also decide to take the long view and argue that that \$1000 in initial sales could be followed by with repeat business, in which case they got a very good return on their campaign. Indeed, many advertisers would be ecstatic to see that kind of direct response from a campaign.

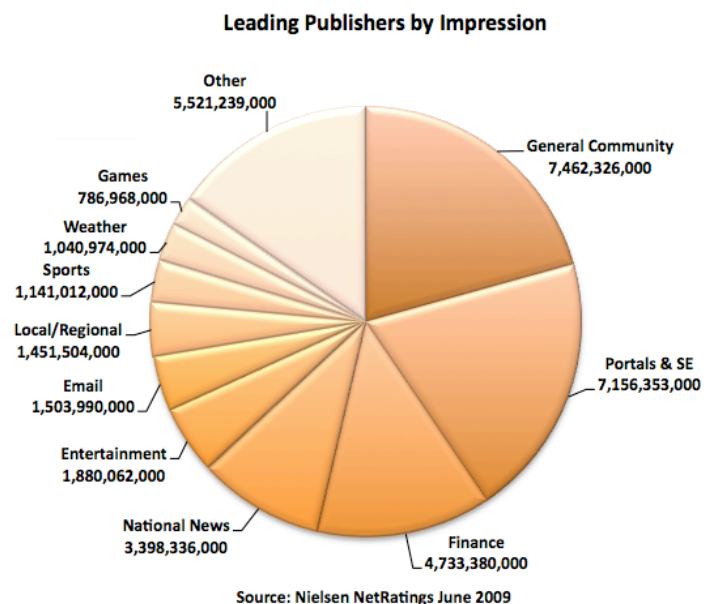
Aside from providing the actual advertising, the advertiser's other main role is to examine reports to see if the advertising is meeting their goals. The advertiser will determine what their expectations are from a campaign, and they will use these reports to verify whether their goals are being met or not. The advertiser will then have to decide whether to renew a particular campaign, or spend their online advertising budget in other ways.

Publishers

Publishers are essentially the equivalent of the TV stations in the television world, or the newspapers and magazines in the print world. Publishers run websites, and these websites have specific ad spots where advertising can run. Generally, the publisher is also responsible to some degree for managing the advertising on their site. An advertiser might tell them to run a campaign, but the publisher ultimately has to make sure that campaign is set up properly and getting the promised traffic. Many publishers will have an individual or a whole team dedicated to ad optimization, making sure that all of the campaigns running on their site are getting traffic, and re-arranging and relocating them as necessary to make sure they get what they need to meet their goals.

The publisher will make the most money by making the best use of their available ad inventory. This means finding advertisers and trying to put campaigns in places on their site where they will be the most effective. The best case for a publisher is to get a long-term relationship with an advertiser, who will continue to advertise with them over an extended period of time. The worst thing that can happen to an advertiser is having too much unsold inventory, since they do not make any money on this.

Many publishers will work with an ad network, either in whole or in part, if they do not have the time or resources to effectively sell ad space on their own.



Networks

An ad network exists primarily to help match up advertisers and publishers, and to address a common problem. Many advertisers do not have time to seek out thousands of different sites to run their campaigns on, and many publishers do not have the time or resources to handle ad sales. An ad network can help take care of both of these problems.

Typically, an ad network will have extensive relationships with advertisers and publishers. An advertiser might go to that network and say they want to run an extensive campaign across the entire network, or across a specific category of sites. For the advertiser, they get the benefit of being able to target a specific audience or a wide group of people all at once, without having to deal with each individual site. For the publisher, they get the benefit of receiving higher value campaigns that they might not otherwise be able to attract on their own.

The job of the ad network is to keep everything rolling smoothly. They must balance out the available inventory across their entire network with the demands of the advertisers. Furthermore, they must try and keep both advertisers and publishers happy. They have to make sure that an advertiser's campaign doesn't show up accidentally on an inappropriate site (something which can cause problems for both the advertiser and the publisher). They need to make sure that advertising being run on a bunch of ineffective sites isn't wasting the advertiser's money, and at the same time, they need to make sure they don't waste the inventory of a publisher by running too much low-value advertising on their sites.

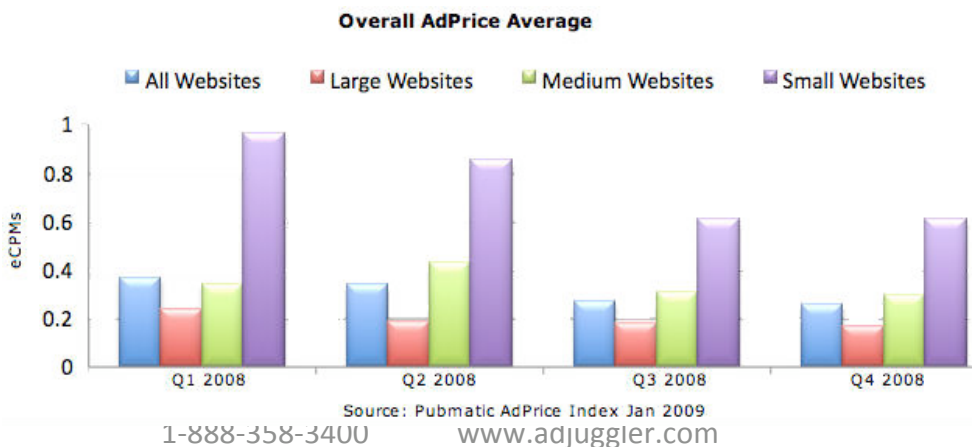
The benefit for the ad network is that they will take a portion of ad revenue. For a successful ad network, this can amount to a large amount of money. As an ad network grows, its dominance will grow as well, and it will have an easier time commanding higher percentages of revenue, and better rates from advertisers and publishers who want to be part of the network.

Agencies

An agency typically will help an advertiser with their online advertising. Many agencies provide a wide range of services, including designing ads and helping to formulate an entire online advertising strategy. The agency will often work on the advertiser's behalf to buy advertising space on the best sites where their campaigns will be most effective.

Rates and Fees

Perhaps some of the most widely asked questions are "What rate should I charge?" or "How much should I pay?" Unfortunately, there are no simple answers to these questions. For a publisher, a lot of what they can charge is based



on complex factors such as who their audience is. If a publisher can't tell an advertiser much about whom their audience is (average income levels, age ranges and other important demographic data), they will have a difficult time commanding a very high rate. Conversely, if the publisher can provide the advertiser with very specific demographic data, they can charge a much higher rate to advertisers who want to reach that demographic.

Basic CPM rates can have a very wide range. Some sites will set a CPM rate of 5 cents or lower for some of their inventory, while other sites that have a very appealing audience can charge higher rates. Typically you will see ranges from 15 cents to 35 cents, with some sites going as high as \$2 CPM or more depending on the audience.

For CPC (Cost Per Click) and CPL/CPA (Cost Per Lead/Cost Per Action) campaigns, the rates can be much higher, depending on the value of the click or the lead/sale. CPC's in the 50 cents to \$1 range can be found on some sites, and some specialized companies are willing to pay \$10-25 or more for a qualified lead or sale (someone who actually signs up for or buys something). Ultimately some of these rates come down to negotiating what the advertiser is willing to pay.

Sponsorship buys can also command higher amounts, although these are often done on a flat rate for a given period of time. Typically a publisher will determine the cost of the sponsorship by estimating what it might cost the advertiser based on their standard ad rates. The publisher could choose to give a discount for a full sponsorship based on the idea that they have guaranteed money and don't have to worry about finding other advertisers. Or they could choose to charge more than normal, based on the idea that the advertiser is getting a benefit from having nothing but their ads show for the duration of the campaign, offering them more branding power than they would get with typical advertising.

The final factor to keep in mind is that campaign targeting can be very beneficial. A campaign with no targeting at all will inherently not be as effective, since it will be shown to everyone possible. Once you start targeting the campaign to just the people the advertisers wants to see it, each impression will have more value. For example, an advertiser who only wants their campaign to be seen by people in Texas will be willing to pay more for a campaign that is geo-targeted to Texas alone, since they would not have to see a lot of their impressions wasted by people who aren't in Texas.

Business Practices

Standard agreed upon business practices between the advertiser and publisher (as well as ad networks, agencies and other related companies) help make sure that the online advertising process goes as smoothly as possible. It is vital to make sure that everyone involved in buying, selling, serving and tracking online advertising are using the same terms and standards.

Even something as simple as an ad impression can mean different things to different people (an ad network might consider an ad impression to be every attempt to serve an ad, for example, while the advertiser might understand an impression to only mean those impressions that were actually seen by a site visitor). Fortunately, as online advertising has grown, the industry has settled

on a number of standards that can help make sure that everyone involved in the advertising process has the same understanding and expectations.

Terms and Conditions

A standard Terms and Conditions document is vital for making sure that there is no confusion or room for disagreement. This document ideally will cover all aspects of the relationship between advertisers, agencies, publishers and networks. Among other things, a Terms and Conditions document will help to define deadlines for when an insertion order needs to be sent in order for a campaign to go live on time, when payment is expected, what data will be provided in reporting and any other issues that need to be spelled out (such as possible discrepancies with third party ad servers or how a publisher or network will make up for under-delivery of a campaign).

The Internet Advertising Bureau has made available a standard Terms and Conditions document for Internet advertising. Many publishers and advertisers already use this document as a foundation for their online advertising agreements. You can find this document at: http://www.iab.net/iab_products_and_industry_services/508676/508813/1482

However, many companies will also create addendums or wholly original Terms and Conditions documents. Ultimately, it is up to each publisher and advertiser to decide what terms and conditions they want to use. There is a clear benefit to using the IAB's Standard Terms and Conditions, since many advertisers are already familiar with it.

If a publisher did decide to use a different set of terms and conditions, it could cause problems for some advertisers who might need to take more time to have their lawyers review it, or it might even cause a publisher to lose business with a larger advertiser who wouldn't agree to advertise on a site that didn't use the IAB's standard terms and conditions. A publisher might not have any choice though, if the IAB document did not cover some important aspects of how they sell advertising.

All of these issues should be kept in mind when deciding on what terms and conditions will govern an online advertising campaign.

Standard Ad Sizes

Over the years, the online ad industry has settled on a number of standard ad dimensions that are commonly used for online advertising. This has benefited both publishers and advertisers; publishers do not have to worry about non-standard ad sizes that don't fit into the design of their site, and advertisers can create one set of ads and know that most sites will be able to accommodate the ad dimensions they use. However, even with a standard set of ad dimensions, there is still some room for complexity. The IAB currently specifies 16 distinct ad dimensions. Realistically, many advertisers do not have the time or interest in creating 16 different versions of an ad for a campaign just to be sure that they will have something that will run on most any site no matter which of those 16 ad dimensions they are using.

RECTANGLES

- 350x250 IMU - (Medium Rectangle)
- 250 x 250 IMU - (Square Pop-Up)
- 240 x 400 IMU - (Vertical Rectangle)
- 336 x 280 IMU - (Large Rectangle)
- 180 x 150 IMU - (Rectangle)

SKYSCRAPERS

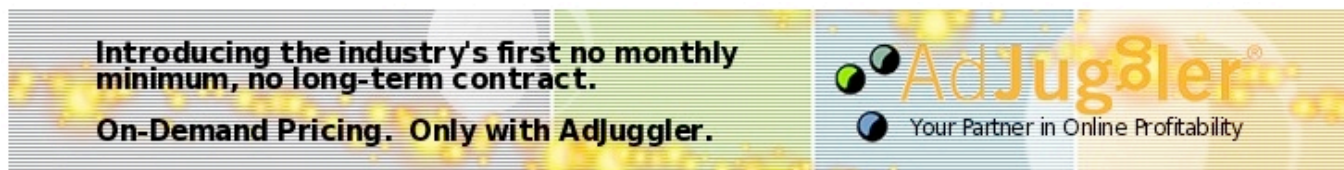
- 160 x 600 IMU - (Wide Skyscraper)
- 120 x 600 IMU - (Skyscraper)
- 300 x 300 IMU - (Half Page Ad)

BANNERS & BUTTONS

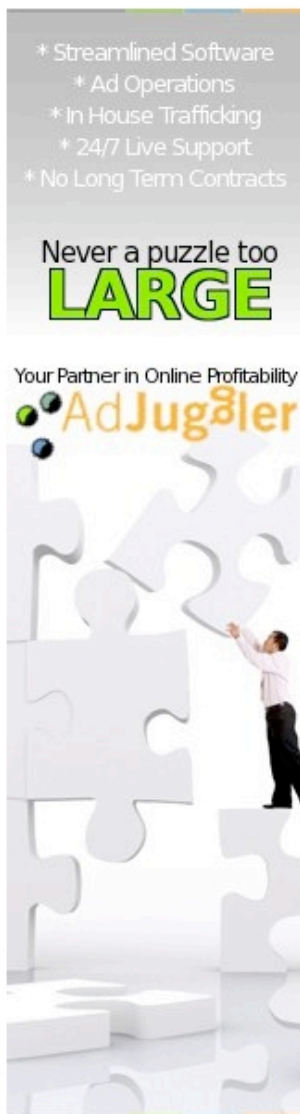
- 468 x 60 IMU - (Full Banner)
- 234 x 60 IMU - (Half Banner)
- 88 x 31 IMU - (Micro Bar)
- 120 x 90 IMU - (Button 1)
- 120 x 60 IMU - (Button 2)
- 125 125 IMU - (Square Buttons)
- 728 x 90 IMU - (Leaderboard)
- 120 x 240 IMY (Vertical Banner)

To address this problem, in 2002 the IAB introduced the concept of the Universal Ad Package. This is a set of four standard ad dimensions, along with some basic requirements for file size (and length, in the case of animations). The idea behind the Universal Ad Package is that any advertiser or publisher can save a lot of time by focusing just on these standard ad dimensions, knowing that they are in widespread use and are most likely to be accepted by the largest number of sites. Aside from the dimensions that make up the Universal Ad Package, there are a number of other ad units included in the IAB standards. The following is a summary of all of the IAB standard ad units (their name and specific height and width). The list above includes the four ad units that make up the Universal Ad Package:

IAB Universal Package Examples



IMU Leaderboard
(728x90)



IMU Wide Skyscraper
(160x600)



IMU Medium Rectangle
(300x250)



IMU Rectangle
(180x150)

Common Rich Media Formats

Rich Media is a general term that has to come to refer to just about any ad that is more complex than a basic image ad. The following are some of the more common types of rich media ads:

Flash: Macromedia's Flash format has become almost a standard in and of itself in the realm of online advertising, thanks to the fact that it offers more advanced and smoother animations, as well as the possibility for interactivity. Despite these advanced features, many Flash ads can be kept to a fairly small and reasonable file size. Flash ads can be used for everything from interactive forms to complex video ads, and they are one of the most popular choices of all rich media formats since so many web users are able to play Flash files without any problem (the Flash plug-in has been included in web browsers for a number of users, making it a safe bet that the typical web browser will be able to play Flash ads, something which can't be said for some other rich media formats).

HTML: Aside from Flash, HTML is probably one of the most common forms of rich media advertising, thanks to the fact that it is standard and fairly easy to implement. Pretty much anything that can be done on a webpage can be done in HTML, and many other types of rich media ads are actually implemented as HTML. This provides a benefit to the publisher and advertiser; as long as the rich media ad can be displayed using HTML, it is a safe bet that they will be able to run it without any problems. HTML ads can include JavaScript, and are also the most common method for serving third party ads from other ad servers and ad networks on a website.

Expandable Ads: These are essentially a special type of HTML or Flash ad, using some advanced web display techniques to allow more complex display effects. Expandable ads generally will change from one ad size to another, and will actually stretch out the rest of the page and then allow it to shrink back. For example, a user might go to a webpage and see a large 728x300 ad at the top, pushing down the rest of the content, which then collapses back to a 728x90 ad, allowing the content on the webpage that was pushed down to come back up to the top. These ads are popular because they allow for an advertiser to show much more advertising content, without covering up the rest of the content on the page.

Rollovers Ads. are similar in concept to Expandable ads, except that they actually will show additional content on top of the underlying webpage when the user rolls their mouse over the ad. These types of ads have strengths and weaknesses. Since they actually cover up some of the content, they are much harder to ignore. However, they are also more likely to be seen as intrusive and irritating to the typical web browser. Some companies, such as PointRoll, EyeBlaster and EyeWonder, specialize in rollover-style ads that can even offer entire mini-websites that a user can interact with when they rollover the ad.

Floating Ads are ads which actually hover over the content of a webpage, sometimes completely obscuring the content underneath until the user interacts with them one way or the other (either by clicking on the ad itself, or clicking the ad's close button to hide it).

Some Floating Ads can also use additional special effects, allowing them to swoop in from the side or top of the browser. These ads are essentially impossible to ignore, so they can be popular with advertisers, but also have the potential to be seen as even more intrusive and annoying than rollover ads.

Video Ads: Thanks to the increasing number of users with broadband connections, video ads have increased in popularity. Typically video ads will either be shown using special plug-ins or Java-based player software. More recently, Macromedia has introduced standard video capabilities into Flash, making Flash one of the preferred methods for delivering video ads. Flash-based video ads in particular have the benefit of being able to include other interactive elements. Some advertisers appreciate being able to take advantage of high quality video ads as a way to make use of the same ad content they use for television.

Insertion Orders

Many publishers will typically have an Insertion Order (also known as IO) that an advertiser or agency must fill out in order to place their advertising on their website. There aren't any standard IOs, since the needs of each website will be different. However, you can expect to find some common elements in most IOs:

Contact Information: Typically, the publisher will require technical and billing contacts. The technical contact will help to deal with any potential issues with the creatives, such as incorrect ad dimensions or non-functioning code. The billing contact will be used for any payment or accounting issues.

Creatives: The advertiser will almost always need to specify exactly which creative they are sending and their specifications (ad format, ad size, ad dimension, etc.). If the publisher has any limitations (maximum file size, allowed file formats, etc.), this section of an IO will help to make sure that the advertiser is only submitting something that can be run on the site. In some cases, the advertiser will be asked to specify the specific number of impressions to be served for each creative or ad dimension they are submitting.

Campaign Details: Typically, this section of an IO will allow the advertiser to specify most of the details relating to the campaign they are serving. This would include start and end date, total impressions (including any impression limits for a particular creative or ad dimension), where on the site the campaign should run, frequency capping settings and targeting settings (including geo-targeting, date & time targeting and keyword targeting).

Creative Approval

It is important for most publishers to have a standard creative approval process in place. During this process, any creative that is submitted will be checked for a number of factors. Ad dimensions and file sizes will be verified to ensure that the ad meets the requirements of the publisher. Any complex rich media advertising will be checked to make sure that it behaves

properly; specifically, to ensure that it works properly, and doesn't cause any problems for the site or a site's visitors. Some publishers will set up completely separate staging environments where they can see exactly how a creative will work when it is run through their ad server and displayed on their site.

Generally, the Creative Approval process can also include verifying the content and suitability of an ad. Many sites will make sure that any ads they run do not contain any objectionable material, or at least they will make sure that these ads only run on specific parts of their site. Larger ad networks especially must be diligent about this, since they can easily lose a publisher if the network inadvertently serves up an inappropriate creative on their site.

Once a creative has gone through this process, the publisher will either accept it and put it into their ad server, or they will send it back to the advertiser for further changes. This process is one reason that many Terms and Conditions agreements will give the publisher a certain amount of time to approve the creative, rather than having an advertiser expect to be able to send them an IO and expect to have the campaign running immediately.

Ad Trafficking & Optimization

Once an IO has been received and the Creative Approval process has been completed, the final step for a publisher is ad trafficking. This is the process by which the campaign requirements and creatives are taken and actually set up to run on the publisher's website.

Ad trafficking can be very basic, or very complex, depending on the site itself and the requirements of the advertiser. Either way, the fundamental purpose of ad trafficking is to get an advertiser's campaigns running in the right place and with the right settings.

Some publishers will also do ad optimization on top of standard ad trafficking. In this case, the publisher will actually look at how an ad campaign is performing, and try and optimize it accordingly. For example, they might have an ad campaign running on three sections of their site, but notice that it is only getting a good click-through rate on one section. As part of the ad optimization process, the publisher might remove the campaign from those other sections and focus all of the remaining impressions just on the section where the campaign was most successful.

Even if a publisher doesn't offer optimization services, some agencies and advertisers can do some of the same work on their own. They will take a look at reports and judge where their campaigns are getting the best response. Then they will either ask the publisher to re-allocate, or else use that information when making future ad buys to only buy advertising in areas where they have had the most success.

Reporting

Accurate reporting is one of the cornerstones of online advertising. An advertiser needs to know that the statistics and reporting data they get about their ad campaigns is as accurate as possible. Generally speaking, when an advertiser gets a report saying that their campaign served

100,000 impressions and had 567 clickthroughs, they expect those numbers to be an accurate reflection of what was actually served.

Another important consideration with reporting is making sure that everyone involved knows exactly what definitions are being used in a report, such as exactly what an impression is.

At the most basic level, reporting is used to determine overall campaign performance. An advertiser will want to know how many impressions and clicks a campaign received, and how it performed on specific parts of a site. Aside from that, reporting is commonly used for more advanced information, such as the financial performance of a campaign.

Reporting is also vital to a publisher as well. It is really the only way for a publisher to know what the overall advertising performance is of their site as a whole. The publisher can then use this information, such as average click-through rates on specific parts of the site, to help set ad rates.

Makegoods

One of the realities of online advertising is that you can never predict what problems might arise in the course of a given advertising campaign. Unforeseen circumstances might result in a campaign not delivering as many impressions in a given period of time as was originally agreed upon. Technical or trafficking problems can also sometimes result in a campaign not running everywhere it was supposed to, or missing a certain creative. Therefore, it is important for the publisher and the advertiser to have an agreed upon process for dealing with this possible scenario. Section IV of the IAB Standard Terms and Conditions outlines a make good procedure to help make sure that the advertiser gets what they expected.

Essentially, if a campaign is under delivered or has some other problem, a make good agreement will require that the publisher attempts to make it up to the advertiser, either by setting up an additional campaign run to make up for what wasn't delivered at no extra cost, or giving the advertiser a credit or refund.

A make good agreement can help to make sure that any problems with campaign delivery do not turn ugly, and that both parties understand that if a problem does occur, they have an agreement to help resolve it without further complications.

Glossary

Ad Dimension

The size of a creative measured in pixels.

Advertiser

An individual or organization which has ad campaigns or creative to run on a website or ad network.

Ad Server

A computer, normally operated by a third party, that delivers and tracks advertisements independent of the web site where the ad is being displayed. Use of an ad server helps establish trust between an advertiser and publisher since an objective third party maintains the statistics.

Ad Tag

A piece of code that a publisher puts on their website to run ads served by an ad server.

Ad Spot

This represents the location of an advertisement's real estate on a web page.

Affiliates

A type of advertising system based on the CPA payment method whereby web sites run advertiser's banners for free but get paid on any sales or registrations that result from visitors that click on the banner.

Agency

An organization that provides a variety of ad services for advertisers, including helping them design creative and locate the best place to run their advertising campaign.

Behavioral Targeting

Behavioral targeting is used to show specific ads based on the behavior of a user, such as how long they spend on a page, or the order of pages they visit. Typically, this is done with special software that tracks a user's progress through a website.

Campaign

A campaign specifies a collection of common settings that a creative or groups of creatives abides by. These settings may include start/end dates, and targeting options. More broadly, a campaign can refer to the entire process of planning, creating, buying and tracking an online advertising project from start to finish.

Channels

Channels (sometimes referred to as Themes or Categories) provide a way to target particular sites or sections of sites at the same time. A website might create channels for different sections of their

site, making it easier for advertisers to target advertising just to a specific topic area. An ad network might use channels to provide a simple way for an advertiser to run their ads on a large group of related sites on the network (i.e. they might create a Technology Channel that encompassed all of the technology sites in the network).

Contextual Targeting

Showing someone an ad that is relevant to what that person is doing at that point in time, or showing ads based on the contents of the page the ad is displaying on. Google AdSense is a good example of contextual targeting.

Cookies

Cookies are small files that are sent from a web server to the local user's computer to store information unique to that user. Often used by advertisers to keep track of the number and frequency of advertisements that have been shown to a visitor or by sites to help them determine the number of unique visitors. Cookies can also be used to target advertising, such as targeting advertising based on an individual's user profile on a site.

CPM

Cost per thousand (CPM) is an online payment model where advertisers pay for every 1000 impressions of their advertisement. This is an ideal method of payment for advertisers who are primarily concerned with the number of times their ads are seen. The "M" in CPM is from the Roman numeral for 1000.

CPC

Cost per click (CPC) is an online payment model where advertisers pay for each click-through their ad receives. This is an ideal method of payment for advertisers who are primarily concerned with the actual number of clickthroughs their ad received.

CPA

Cost per action (CPA) is an online payment model where advertisers pay for every action (sale or registration) completed as a result of a visitor clicking on their advertisement. This usually depends on Post-Click Tracking, which enables the ad server to tell when a visitor arrived at a particular page (such as the Confirmation page of an online ordering system) after clicking on a banner ad.

CPL

Cost per lead (CPL) is a method that allows advertisers to pay for every lead or customer inquiry that resulted from a visitor who clicked on one of their advertisements. Also known as cost per inquiry (CPI).

Creative

A banner, HTML form, Flash file or any other form of advertising material. Common creative types include GIF, JPEG, Java, HTML, Flash or streaming audio/video.

CTR

This is an abbreviation for click-through rate, or the rate at which viewers click on an advertisement.

DoubleClick

DoubleClick is currently the largest provider in the market with their DART technology products for both advertisers and publishers.

eCPM

Effective Cost Per Thousand(M). This is an auto optimization feature that compares the performance of all the campaigns in the system based on their CPM, CPC, and CPA in order to assign them an eCPM value, and then show the highest performing campaigns most often.

Exclusions

Exclusions prevent competing advertisers from having their ads shown with each other. For example, ad campaigns for Ford and GM might be set up with Exclusions, to ensure that a Ford ad and a GM ad were never shown on the same page.

Exclusive

An exclusive campaign is one in which only ads from that campaign are shown for the specified period of time, preventing any other ads from showing.

Frequency Capping

A term used to describe the number of times the same advertisement is shown to the same visitor during a particular session or time frame. Frequency Capping is a popular method for ensuring that a single user does not see the same ad too often.

Geotargeting

Geotargeting is the practice of targeting ads to web users based on their physical location. This is determined by matching their IP address to a database of IP addresses and locations provided by ISP's in a geo-targeting database, such as MaxMind or Quova.

IAB

Founded in 1996, the Interactive Advertising Bureau (IAB) is the leading online global advertising industry trade association with over 300 active member companies in the United States alone. IAB activities include evaluating and recommending standards and practices, fielding research to document the effectiveness of the online medium and educating the advertising industry about the use of online and digital advertising.

Impression

The number of times a banner ad was requested and presumably seen by users. It is often hard to obtain an accurate impression count as they can be under counted due to issues relating to cache or over counted due to requests that were not completed.

Interstitial

An particular type of advertisement that loads between web pages, requiring a user to look at it before getting to the page they meant to go to. It is one of the closest things on the Internet to television commercials.

Inventory Management

Tools designed to allow users to better control and understand what ads are showing and where they are showing.

Leaderboard

This specifies a creative with the ad dimension of 728x90. Commonly used at the top of pages.

Mirrored

This term is used for sets of linked ads that are designed to show on the same page at the same time. For example when a 468x60 and 120x600 from the same campaign are designed to both be shown to a user at the same time.

Network

An advertising company that usually serves as a broker between web site publishers and advertisers. Large ad networks aggregate sites into general categories so they can offer advertisers targeted buys. The majority of banner advertisements on the Internet are sold and served by ad networks.

P3P

This is an internet privacy protocol, supported by the majority of ad serving technologies, which defines how private information and tracking cookies should be used, in order to work with modern browsers.

PCT

PCT stands for Post Click Tracking. This is used to track if a user performs an action after clicking on a banner, such as completing a registration page or purchasing an item. It is done with the use of a cookie placed in the browser that is read by a tracking pixel on a page (such as an order confirmation page or a “thank you for signing up” page).

Pointroll

Rich media content provider. They specialize in DHTML creatives that expand when they are rolled over.

Pop-up/Pop-under

These are ads that load up in a new browser window either in front of, or behind the originating browser. They are becoming less popular with advertisers due to the fact that so many users dislike them, and many web browsers now ship with pop-up blocking tools built-in, making them less effective than other forms of advertising.

Publisher

A website owner who runs advertising on their site.

Rich Media

A general term to refer to any advanced type of advertising, such as Flash ads, video ads, expandable ads, floating ads, rollover ads and HTML ads. These are differentiated from basic image ads.

Roadblock

Roadblock is a term used for ads that take over a page, or block other advertisers from showing on a page. It is commonly used as another term for exclusive.

ROS

Run of Site. A campaign set for ROS means it has the potential to appear anywhere on a web site.

RON

Run of network (RON) means a banner has the potential to appear on any page of any site that is part of an ad network. Since this type of buy is usually not targeted, it tends to be the least expensive type of advertisement that can be purchased.

Skyscraper

Ad Dimension 120x600. Commonly used on the side of pages.

Third Party Redirect

A term used to describe a creative uploaded to an ad server that isn't an image or media file, but rather a redirect to another ad server.