

DM NEWS

Ad:tech Attendees Talk What's New, What's Next

By Mickey Alam Khan
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Thousands of advertising, marketing and media professionals hit San Francisco this week for another edition of ad:tech. What's on their mind as these executives prepare to walk the exhibit floor aisles, man the booths, speak at sessions or attend them, dine with partners and make eye and hand contact with prospects?

As in years past, ad:tech San Francisco on April 26-28 will showcase the latest in interactive marketing technology and practices. Expect discussions around search, e-mail, online ads, campaign management, delivery, integrated marketing, blogs, RSS, rich media, loyalty and lead generation.

"The biggest issue on our minds is finding cost-effective marketing opportunities that can scale," said Rick Fernandes, CEO of Webloyalty.com Inc., Norwalk, CT. "There are many places to market, but typically when you find a good one, it is difficult to ramp to large volumes -- that, coupled with the fact that the market is constantly changing as you try to place your marketing dollars."

Webloyalty, a post-transaction loyalty specialist, has attended ad:tech for more than five years. The booth is a major marketing vehicle for the company.

"We feel that it is a show at which it is important to be present if you're a player in the interactive marketing or media space," Mr. Fernandes said.

Firms like lead generation specialist Q Interactive, Chicago, find ad:tech has become a critical show. The company will use the venue to launch its Q Interactive Network E-Mail Services. This predictive modeling and yield management offering aims to help publishers gain incremental revenue from their e-mail lists.

Shawn Collins, an affiliate marketing expert and producer of the Affiliate Summit 2006 East July 9-11 in Orlando, FL, expects interesting developments at ad:tech.

"On the affiliate marketing front, there has been a marked increase in the adoption of RSS among merchants," he said. "Many affiliate managers are using RSS as a means to communicate with their affiliates, and some, like jewelry seller MontRED.com, are providing customized RSS feeds to affiliates with the affiliate IDs built in."

Mr. Collins sees a rise in the number of successful niche affiliate programs. Two stars in affiliate marketing for the past year were AmazingClubs.com, with its selection of 17 "of the month" clubs, and MyWeddingFavors.com.

"I think the future of affiliate marketing lies in the wider adoption of leading-edge technology," he said. "Expect affiliates and merchants to dabble extensively in Ajax and DHTML through the rest of 2006."

"Also, legal liabilities and brand risks are resulting in a shift from large affiliate programs to boutique-sized programs," he said. "This lack of transparency from some affiliate and CPA networks will change. Affiliate managers must know who is running their offers and how they are being promoted."

Perhaps no marketing medium has changed as drastically as search. Yahoo had a near-unassailable 80 percent market share 10 years ago, when marketers thought human-edited directories were central to fighting spam and that machine-built indices would never compete with a human-powered directory. Overture and Google turned that belief on its head. And though Google, Yahoo, MSN and AOL now dominate search, nothing is written in stone.

"Marketers will not only be worried about being found near the top of Google, but near the top of the searches launched from mobile phones," said Fredrick Marckini, CEO of iProspect, a search engine marketing firm in Boston.

"The behavior of search is moving offline as content goes digital and proliferates, and more and more devices will incorporate search functionality for users," he said. "Search is quickly becoming ubiquitous and the behavior of search adopted by the majority of the world, not merely those with their faces eight inches away from a computer screen.

"Consider that TiVo and DVRs are, among other things, search engines of broadcast television content or search from eight feet whereas Google is search from eight inches. And anywhere a consumer is searching, the marketer who first finds a way to have their brand returned at or near the top of those search results will be king of the hill, so to speak, and attract that majority of that interested audience."

Andy Jacobson, senior vice president of sales and business development at ContextWeb, continues to see marketers moving budgets from traditional ad media to online formats like Webcasts, podcasts and contextual and behavioral targeting.

"Marketers ... are demanding that these online advertising solutions provide a greater deal of accountability in regards to privacy, metrics and targeting," he said. "In terms of targeting, we see that more and more marketers are expecting these online solutions to incorporate targeting criteria such as geo-targeting, demographic targeting and category targeting into their ad servers."

David Levin is president of New York interactive agency i33 Communications and a speaker this year at ad:tech. He will share his formula for structuring an equitable risk-sharing compensation model to ensure that marketers incent the right behavior and obtain the best results from their online agencies.

Mr. Levin said marketers are moving away from commission models to incentive-based options. Nearly 50 percent of advertisers now employ some incentive-based remuneration, he said, citing data from the Association of National Advertisers.

"If this is true, then why aren't more online agencies offering pay-for-performance comp plans?" he said. "After all, online is the most trackable medium, right? Isn't it a perfect fit to pay an online agency based on leads and sales generated online? That's why my

presentation will also address agencies' risk aversions, and why even many marketers are shying away from incentive-based models."

However, as marketers grow more sophisticated, so do prospects and customers. This is the belief of Philippe Suchet, ad:tech veteran and CEO of Kefta Inc., San Francisco.

"Consumers are very willing to switch to another company if you don't meet their expectations or if you exhaust their limited patience," he said. "Marketers need to worry about bombarding consumers with irrelevant messages. We've already killed the medium of pop-ups by abusing the channel. We don't want to kill banners and e-mails. Quality over quantity needs to be our guiding principle this year."