The Internet as a New Advertising Medium

An Honors Thesis (HONRS 499)

by

Bradley Dale Harmon

Dr. Russell G. Wahlers

Advisor's Signature

Ball State University

Muncie, Indiana

May 1996

Date of Graduation: May 4, 1996
Purpose of Thesis

The field of advertising has been a very competitive field, especially with the forms of advertising available. With magazines, newspapers, billboards, direct mail, radio, and television, many companies have been able to exploit these media for all they're worth. However, a new form of media has arisen, called the Internet. While some call it the beat all, end all advertising medium due to its ability to combine the best elements of the other forms of media into one, it is not without its problems.

This discussion will focus on how the internet began, how it fits into the current advertising structure, as well as how it compares with the current forms of advertising. I will discuss its strengths as well as its weaknesses. Finally, the discussion will look into the future of the internet and advertising in order to make a determination of how successful of an advertising medium it will become.
Howard Morgens, ex-President of Proctor & Gamble once said about advertising "We believe that advertising is the most effective and efficient way to sell to the consumer. If we should ever find better methods of selling our type of products to the consumer, we'll leave advertising." While Mr. Morgens said this over twenty years ago, it is obvious for us to see that not only is Proctor & Gamble still involved in advertising, they saturate our environment with reminders for us to buy Tide, Lysol, and other such products. Companies dedicate hundreds of billions of dollars each year in order to remind consumers about how great their product or service is. However, recently a new aspect of advertising has caught the attention of many companies around the world. This new development is called the Internet. Because of the Internet, advertising is more important to business today than it has ever been. As you will see, the Internet will become a major force in advertising in the very near future due to its advantages over other forms of media. Will it be the best form of media to use? No, due to its uncertainties and drawbacks. While the Internet has made many people very excited about its prospects, there are problems and concerns about it. But before we analyze the influence of the Internet, both good and bad, on advertising, we must understand the evolution of the Internet into the form that it has taken today.

The Internet got its start in the 1960's as the United States faced the threat of nuclear war with the Soviet Union. Faced with an all out war in the Cuban Missile Crisis, the United States Defense Department wanted to prepare itself for the worst. One of the primary goals at this time was to create a means of communications between government research laboratories and military bases which would be nearly indestructible as well as effective when under attack. The Defense Department contracted a research
firm, Bolt, Bernak & Newman to create this line of communication. By 1972 they had linked up over forty different sites, on a network they called ARPAnet, after the Advanced Research Projects Agency of the U.S. Government.

After hearing of this primitive network, several intellectual groups also began creating their own networks to communicate with one another in the mid 1970's. Soon, these networks joined together to create a larger, quite complex network with which to exchange scientific information. This network became known as the Computer Science Research Network, or CSnet.

In 1982, ARPAnet and CSnet joined forces to create an even larger network based on the premise of exchanging information for free rapidly and very efficiently. After some manipulating, improving, and experimenting, this forerunner of the Internet became the National Science Foundation Network, which provided an even faster rate of transfer for the information. It was at this point that the network branched off from the original intentions that the United States Defense Department had for it. With this branching off came its true growth.

Before 1990, the "Internet", as it was now called, was only allowed to be utilized by government agencies or educational facilities which had got the approval of the Federal Networking Council, which had provided the guidelines for usage of the network. To be approved, the institute had to convince the Council of a direct need to access the network for a research function. Thus, since these networks were limited solely to government and educational institutions, many people had no idea of what this network could really do. For this reason, businesses were in the dark as to its potential. However, in 1990, the Federal Networking Council, which had previously denied all outside access to the Internet, decided to allow any applicant
access to the Internet. From this point on, the Internet would never be the same.

With the opening up of the doors to the Internet came people of all types. With the addition of each new member, the face of the Internet changed. Not only did the general public begin accessing the Internet, companies began to notice that the Internet was a wonderful new medium to advertise on. With this new found medium had come both positive and negative influences, though. The remainder of this discussion will focus on the Internet as both a friend and enemy to the advertising world.

The Internet is a very diverse entity. It has several different branches, which as a whole comprise what we know as the Internet. It is made up of the World Wide Web, file transfer protocol, or FTP, Gopher, E-mail, Usenet newsgroups, as well as several commercialized networks, such as Prodigy, Compuserve, and America Online. Each branch of the Internet has its own characteristics and uses. Some are more receptive to advertising than others, with the World Wide Web being where advertisers are concentrating both their time and money.

The World Wide Web is the path for the Internet to break through to the general public, outside of the computer junkie. The Web, as it is simply called, is exactly what it would seem. As a seemingly endless Web of sites intertwined all across the world, the Web is the first aspect of the Internet that can combine all of the other forms of media into one tight package. Users can see video clips, listen to audio samples, gather information at their own leisure, and revisit as many times as they wish. The focal points of the World Wide Web are called home pages, which are essentially pages of an infinitely long book spread out all over the world, at someone's "home" computer. While relatively simple to create, home pages are increasingly the most
popular aspect of the Internet. However, as popular as they are becoming, 
only recently have companies sensed its ability to allow them to use it as an 
advertising medium.

The Web started very simply, as an outbranch of the Internet servicing 
a very limited amount of people. When its capabilities became known, 
though, usage skyrocketed. Today there are over two million Americans 
hooked up to the World Wide Web and it has still not broken into the 
mainstream. Until recently though, only technology hungry people were 
connected to the Web, and companies had not even thought about tapping 
into its features. As mentioned before, with the approval of the Federal 
Networking Council, any entity was allowed to connect to the Internet, and 
especially the Web. According to a Washington Post study, from April 30 to 
August 31 of 1995, the number of companies using Web advertising doubled, 
from 150 to 300. This shows just how quickly word has gotten out about the 
Web and how long it has taken for companies to realize how to use the Web. 
Some experts estimate that by the end of 1996 up to 3000 companies may 
have home pages on the Web. This growth rate rivals that of television at its 
peak growth rate.

Home pages are the essence of the World Wide Web. They are what 
is actually viewed by the interested surfer. Yet it is rather complicated in that 
what is seen on the outside is not at all what is on the inside. The home page 
is created using HTML, or a HyperText Markup Language, which does three 
things for the page. First it determines the format of the document, which 
allows the computer to understand how to recall the file when someone 
requests it on the Web. Secondly, it identifies extra files that are to be 
"tagged" and sent along with the primary file. Since the document in its truest 
form is simply text, any graphics must be identified to come along to provide
the images and sounds for the surfer. HTML allows this to happen by tagging all the necessary files. Finally, HTML contains embedded links to other Web sites. Usually Web pages will have lines of text that are a different color than the rest of the text. By using the mouse to click on these lines, a connection is made to another link in the Web, which is exactly how the Web gets its name and where it really makes great strides. For instance, if a Web surfer is interested in automobiles, the person can visit the GM, Pontiac, Dodge, or Ford home pages. Looking at the Ford Motor Company site at (http://www.Ford.com/), one can take a look at pictures of the new Ford models for the upcoming year as well as prices and options that are available. However, if they also express an interest in a Lincoln Continental, they can simply click on the word Lincoln at the bottom of the page, which is a different color than the actual text of the page, or a picture of the one of the models. These two clues indicate that there is a "link" to a Lincoln site. By doing so, it brings up another page which is devoted solely to Lincoln makes of vehicles. Herein lies the popularity of the World Wide Web. The ability to see what interests the surfer, and nothing else. Being able to choose what you see and don't see.

So, what is on the Web? Everything that anyone can imagine is on the Web. Since HTML is very easy to use and home pages are inexpensive to create, the ordinary computer user can create his/her own home page with just a little time spent and nearly no monetary expense. Due to this ease of use, there are endless topics to be discovered on the Web. Fans of Stephen King novels have a site to visit, those interested in Pepsi-Cola have a site to see, and MTV enthusiasts can also visit a Web site run and supported by the Music TeleVision network. There is so much on the Web that in the early 1990's the difficulty in finding information became a concern for Web users.
Due to this demand for an easier way of finding sites on the Web came the advent of search engines. Search engines such as Yahoo, AltaVista, WebCrawler, or Lycos actually take an inventory of what are on the World Wide Web and allow users to conduct a subject search in order to find information easier. These search engines then record the results of the search by listing all of the sites which somehow fall into the designated subject. This allows for the users to begin to narrow down their search for information. While the search engines are not foolproof, they do offer an alternative over simply aimlessly search the Web until something of interest is found. They give the user the ability to choose what they want to see. This is an important aspect for Web surfers.

Once a Web site is found, how does someone get back to the site? Well, each Web site has its own address, just like a house. In order for mail to reach someone, you need their name, street, city, state, and zip code. The Web requires similar information in order to find a site. For instance, let's look at the site for MasterCard. Its address is http://www.mastercard.com. Usually, every Web site begins with http://. This stands for HyperText Transfer Protocol, which simply tells the computer how the information will be transmitted from one computer to another. The www. states that the site is part of the World Wide Web, and not simply an electronic mail address or another aspect of the Internet. Obviously, the mastercard. tells us the title of the site and who is supporting the site. This is often the tricky part of the Web site, since many times this portion of the address leads to an account from a personal computer run by someone from their home. This part becomes a jumble of unrecognizable names when it contains several files. There can also be a list of files in this part of the address which tells the host computer which files need to be accessed to create the images for the home page.
Fortunately, many sites run by major entities will simply have the name of the company or organization. Finally, the com part of the address tells us what kind of site it actually is. This portion of the address is called the domain.

There are five major distinctions for the domain in the United States. All sites from the U.S. have three letter domains, while generally those from elsewhere in the world have two letters which are recognized as the country code. The United States major domain categories are com, edu, org, gov, and mil. The domain tells us what type of institution is running the site. Whether the site is run by a commercial company, and educational facility, an organization, the government, or the military can tell the surfer what type of information is contained in the site, if it is in the United States.

While the World Wide Web is definitely the most popular aspect of the Internet, it is not the only part of it by any means. Since these other aspects have implications for advertising as well as the World Wide Web, it is important that these implications are discussed in this context. These other parts of the Internet include FTP sites, gophers and E-Mail.

FTP and gophers act in much the same way. They each are given commands to find information in a file and they return these files for further examination. FTP, or file transfer protocol/program, gives computers which are linked via networks to transfer files among each other. This is a valuable asset for advertisers in that the files can be sent from one party to another, such as an advertising agency to a client. This is a particular advantage for those companies that do utilize advertising agencies rather than doing their own in house advertising. This allows the advertising agency to run ideas by the executives of the company at each step of the development of the ad.

Another advantage is to implement an FTP site into the World Wide Web site. This is most easily done with computer software, which allows consumers to
download a working demo copy of the program in which the company is trying to sell. In this way, creating an FTP site give the consumer a chance to reduce any qualms about purchasing the product by actually trying before they buy.

E-mail is probably the most aptly named aspect of the Internet. It is exactly what the name implies. Electronic mail. Unlike the postal service, which is "affectionately" called "snail mail" by users of the Internet, messages and letters sent can reach their destination in as quick as a few seconds. No longer does it take two days to get responses from friends and colleagues. E-mail is the aspect of the Internet which became most popular the quickest.

There are four major uses of E-mail. They are electronic discussions, electronic notification, electronic file transfers, and such services as mailing lists. Thus, people in different time zones can talk business for free, with just a slight delay in transmission times, press releases can be sent out to companies around the world, files can be sent to be by developers to advertisers for use in Web pages, and those interested in a certain news topic can be informed daily of new events and issues. As witnessed here, the possibilities for E-mail were seemingly endless and have led to the development of the World Wide Web. For advertisers' purposes, the most popular use has been for sending out press releases, in order to make the Internet more of a push medium. Later on we will discuss the case of Canter and Siegel, who got into hot water for trying to make the Internet a push medium. Advertisers must be careful on how they go about doing this. The best ethical way for advertisers to send out press releases and information about the company and products is to send out two messages to those that they have targeted. The first message is simply a notification of what the second message is talking about. This allows the audience to decide for
themselves if they want to receive the information on the second message. They don't even have to read the second message if they have no interest in the subject. This has allowed advertisers to get away with a lot more, having learned those who have done it incorrectly and seeing the results of their errors. E-Mail does have its downsides. The use of graphics is very limited with E-mail, which turns some people off to it entirely. E-mail doesn't have the flashiness of the World Wide Web. For these reasons E-mail is now primarily used for communication or notification, rather than relying on it for doing much in terms of generating leads or sales.

Now that we've discussed what the Internet and World Wide Web is, you might be asking "Why would a company want to devote its time and money to such a medium that, number one, has a very small audience, and number two, little is still known about it?" The answers to these questions are the fundamental reasons why companies are doing this now. However, we must examine the mechanics of advertising to get a feel for why companies wish to utilize the Internet as an advertising medium.

Advertising is described as "the impersonal, mass communication component of a company's promotional mix." Unlike other elements of the promotional mix, advertising does not get to actively persuade consumers or address consumers on a one on one basis in the way that personal selling does. Advertising cannot answer consumers' questions after seeing or hearing the advertisement nor can it make it more convenient for customers to purchase the product or service in the advertisement. However, advertising is still the most powerful form of transferring a message from the company to the masses of consumers. Despite what advertising cannot do, it is very important in that it serves in a variety of functions.
The first, and perhaps most important function that advertising can serve is to compel the consumer to purchase the product immediately. Thus they need no other stimulus in order to purchase the product. While advertisers wish that this would work for all products, evidence shows that the only sales that advertisements can make on their own are the low priced consumer goods such as coffee, toothpaste, or canned soup. So, while this function of advertising is very important to the advertisers, it does not actually happen all that often.

How does the Internet fit into this function? While the level of security on the Internet is not at a tamper free level as of yet, there are those companies that offer to sell their products over the Internet by accepting credit cards. Unfortunately, many consumers have been too afraid of having their card number copied down by a computer hacker to purchase any goods over the Internet. Once the phone lines are properly protected from intruders and every Internet user can be assured that they hold a secure transmission, it is conceivable that Internet commerce will be as prevalent as retail commerce.

The second function of advertising, and by far the most widely used by advertisers, is to assist in the sale. In this function the advertisement simply serves as a reminder for the consumer when they come across the actual merchandise in a store. Many times consumers really have no idea of which brand of television they want, they simply know what size, features, and price that they want. However, in the back of their mind, they remember that commercial they saw from, oh, who was it that had those cute little Dalmatian dogs and the guy with the English accent from Star Trek, and VOILA!, there is a pamphlet on a point-of-purchase display with Nipper and Chipper, the RCA Dalmatian. That's what the consumer remembers and more often than not, is what the consumer will buy. This is how advertising assists in the sale of a
product. Unlike when making the complete sale, assisting in the sale can be used in a wide variety of products, ranging from fast food to personal computers. Again, though, the major impetus is on the essentials of the product, such as price, color, size, etc. Only when it comes down to a deadlock does the advertisement that the consumer has seen or heard come into play in affecting the purchase decision.

The Internet caters to those people who know what they are looking for. Again, though they may not know which brand of a certain product that they are looking for. The Internet allows the users to search for information about subjects, such as computers, and gather as much information about each that they can, so that when they actually go to buy their own personal computer, they are armed with material that can assist them in making a decision, which could potentially be a much tougher one without the information available on the Internet. That information ranges from models that the company offers, the specifications of the product, the price, and any warranties or guarantees that the company offers.

The third function of advertising is to obtain leads. Many consumers want to be very informed before making a purchase decision. They want as much information about a product or service as they can get before actually making a decision on which one to purchase. Luckily for advertisers, these consumers will seek out that information as long as it is provided. The best friends for advertisers found in this position are specialty magazines, such as Dogfancy, PC World, or Car & Driver. Often, in these sort of magazines will be a reader response card in which the consumer can select which products advertised in the magazine they would like to obtain more information about. The consumers fill out some information about themselves and the advertiser can send more detailed information in the form of direct mail to the
consumers. The next step is for the advertiser to follow up with a personal form of selling, such as a sales call or more material designed to gain some response from the consumers.

The Internet is a perfect way to generate leads, in the same way that the specialty magazine do. Internet users can seek out the information that they want to find, and then it is up to the advertiser to make sure that the consumer doesn't stop there. Many World Wide Web sites have sections devoted to gathering information about the consumers which can help them better serve the consumers. For example, Apple Computers has a feedback page on their Web site, which allows the users to rate Apple on their customer service, product quality, and the Web page itself. The users are asked to give their name and their E-mail address, so that they can be contacted at a later date and so that Apple knows just who and where to target their other forms of advertising (Sterne 152).

The fourth and final function of advertising is reinforce the purchase decision that has already been made or to project positive feelings about the advertising company. This function is unique in that it focuses on future long term purchases. The primary people this type of advertisement is direct towards are those with an interest in the company, such as employees or stockholders, or those contemplating a future purchase down the road, such as vehicle owners. For instance, many commercials featuring pick-up trucks enforce the high resale value that their trucks have. This can be directed at those consumers which have recently purchased a truck, making them have a positive feeling about the idea of not losing as much money when they do resell the vehicle.

Once a consumer has bought a product, the Internet is a perfect place to reinforce their purchase decision. Since it is relatively easy to seek out, the
consumer can find the information about the site. Since many companies operate their own official Web site, the consumer can not only get information straight from the horse's mouth, but they can also gain information about the company and the products that isn't readily available in other arenas. This makes the Internet appealing to companies since, this is also their chance to reinforce the decision that the consumer has made and to make the company look as good as possible.

Before a company begins an advertising campaign, they must consider the components of such a campaign. There are three major components to think about. These three components are the budget, the message and the media. The first component is the advertising budget, which must be in place before anything else is set into motion. Many companies decide on an advertising budget using what is known as the percent of sales method. This method allots an amount of money to be used for advertising which is equal to a fixed amount of the company's sales for that year. While this can be effective, it is hard to measure just how effective the advertising has been, since the budget used is a reflection of sales, not the other way around. Another method is to base the budget on the company's market share. For instance, if a company has a 17% market share, then a wise strategy is to advertise about 20% of the total market advertising, thus increasing the company's exposure compared to its market share. A final method of determining an advertising budget is to have an incremental rate, which suggests that a company should simply increase their budget by a fixed amount each year, regardless of sales figures. Once a budget has been established, the company must develop the message which is to be conveyed to the consumers.
At this point and time the Internet is fairly easy to fit into a company's advertising budget. The cost of setting up and operating a Web site can cost as little as $500 per month. For higher quality sites and more possibility of exposure, though, the price does go up. Sponsoring other Web sites and allocating the resources needed to create a fresh, exciting Web site on the Internet can be the most expensive portion. Yet, the Internet is still a very young entity, and compared to the prices of other media, it can be a value, to say the least.

The message is truly the meat of the advertisement. While many advertisements have flashy pictures or high profile spokespeople, the heart of the advertisement is its message. Messages can vary from company to company and campaign to campaign. As mentioned before, this is where the functions of advertising come in. Some advertisements are simply there to keep the company's product or service fresh in the consumers' minds. Others are communicated to heighten the image of the company. The company must determine what function they would like the advertisement to serve and then tailor the advertisement to make it fit the function. Once this has been determined, the company must select the media to be utilized in the advertisements.

The message is perhaps the easiest portion of the advertisement to get onto the Internet. Since Web pages gel nicely with the other forms of media, once the message for the overall campaign is completed, it becomes the centerpiece of the entire campaign. Utilizing the Internet is no different than using the other forms of media, since for the message to work on television and in print ads, it almost by definition must work on the Internet, since it is nearly a conglomeration of the two forms of media.
The final component of the advertisement is the media which is utilized. The forms of media to be used range from television and radio to newspapers and direct mail. The Internet is at somewhat of a disadvantage at this point because not every company knows about it. Yet, those that do know about it seem to be very gung-ho about the prospects. As we will examine later, each medium has its advantages and disadvantages, and companies must weigh these before making a decision about where to place their advertisements.

Every person that sees or hears an advertisement is important to the advertiser. For this reason, there is a huge demand for knowing just how many people an advertisement reaches and just how effective it is. For this reason, industry standards have been developed for measuring the effectiveness and extent of advertisements. Having accurate measures is also a necessity for setting advertising prices, since the more people the ad will reach, the higher the price will be to advertise. Since each media is separate in its methods of reaching people, different standards of measuring effectiveness, cost and reach have been developed for each.

Television has probably the most recognizable standards for measuring audiences for programs. The A.C. Neilsen company conducts surveys each week using test households to gain a representative cross section of America's viewing habits. Each week they tabulate results and assign rating points to each program, as well as share. Rating points tell exactly how many people were watching the given show at that time, while share represents the percentage of homes that have their televisions turned on with them tuned to the program in question. These results allow advertisers to select the shows in which more people are watching or the shows in which they can reach their target market. A ratings point is the standard unit of measurement. According to Nielsen's rating in 1996, each national rating point represents...
954,000 households watching a program that week. Obviously, advertisers would like to advertise on those programs which catch more viewers, but the price increases significantly for those programs garnering the most viewers. For instance, to advertise on an episode of Seinfeld in 1995 cost over $400,000 for a thirty second spot. However, over 27 million people watched each episode of Seinfeld in 1995, thus making the investment more easily justifiable, since a majority of these watchers will see the ad.

Radio effectiveness is measured in much the same way as television. Arbitron provides the same service for this medium that Nielsen does for television. For quite some time, radio was measured on the local level, due to the segmentation of markets and the reach limitations place on radio stations by the Federal Communications Commission. However, in the last few years, radio networks have become nearly as popular as television networks. There are over 20 national radio networks, unlike the handful in television. While networks are becoming more popular, local radio still does account for 75 percent of all radio time sold. Again, audiences are measured by a representative survey in 257 cities in the United States, by writing in diaries which record which programs and stations they have listened to. These surveys are compiled into reports which can be analyzed to determine reach of advertisements and the price that the stations can charge for the advertisements.

Billboards have a different way of measuring their audience. The basic unit of sale with billboards is the 100 showing. A 100 showing represents the number of billboards it will take to reach 100 percent of the given market. Buying a 100 showing has proven over time to reach about 88 percent of adults in a market. While fractions of this amount may be purchased, the standard rate displayed is for 100 showings. Thus, the only measurement
necessary is the population of the market and the cost of the advertisement. This makes measuring billboards perhaps the easiest for advertisers as well as determining the effectiveness, due to the clear cut measuring technique.

The lack of ability to track usage of the Internet has kept many companies from advertising on it up to this point. Not surprisingly, though, a company now claims that they can track usage of individual sites--for a price. Internet Profile, a new company in California, hopes to become the Nielsen of the Internet. Says Ariel Poler, founder of Internet Profile, "we will be able to provide Web site owners with analysis, including total number of users, time spent per page, sections read within each document and the geographic location of users." There is even the possibility of gathering information such as the user's income, spending habits, and family profile. Of course, this is all subject to approval from consumer protection groups, that wish to keep this sort of information away from marketers and advertisers. According to Internet Profile, though, incentives would be given to consumers that supply the information, such as significant coupons for items advertised on the Internet. The price to track the usage of a site will vary due to the traffic that flows through the site, but is generally from $250 to $3000 per month, which could be very worthwhile, considering how useful the information could be to the advertiser. No doubt other firms will be waging war with Internet Profile to measure the usage of the Internet, but in order for it to be consistent, the measurement will need to become standardized, for comparison reasons and for the Internet to become a respected medium for advertising.

While the World Wide Web has a small audience in comparison to television, radio and newspapers, it is still in its infancy. At the rate it is growing, its audience could rival that of each of these media in the not so distant future. Nearly 25 million people have access to the Internet and it is
growing at a 160% rate in the United States and at a rate of 183% per year in the rest of the world (Belsie). At this rate, it would only take about 10 years for the Internet to reach the heights of the other formidable media in the market already. For this reason, it is almost essential for companies to get on the Web right now, so that they can get a feel for the medium and how to advertise on it, while they can still afford it, either by learning from mistakes or by saving money. At this point, with the limited audience, it almost works in the same way that a test market works for companies. They have the luxury of trying new ideas in a closely monitored fashion, without the fear of failure or repercussions. However, should a firm wait a couple of years, not only will they lose ground to those companies that are already learning how to use the Internet as a tool, they will also subject themselves to retribution should they make a mistake in full view of hundreds of millions of people, as opposed to several million at this point. Another reason to begin using the Internet now is that there are very limited, if any real regulations put on companies at this point. This could change very soon, though, and then companies would be forced to follow these regulations, whereas now they must only follow simple bylaws known as "netiquette".

While little is known about the Internet at this point, there is much to be learned. A company entering the medium now has the fortune of being able to learn along with the entire Internet community. While competition would exist, it would be a very healthy competition. Ideas are not sabotaged by others now. The sharing, giving culture is still intact on the Internet, but that is being threatened every day. Time could be running out for some laggards. When competition stiffens, the stealing of ideas, rather than the sharing of them, may run rampant, since anything that can give a company an advantage may be within the rules.
Another major advantage of entering the World Wide Web now instead of later is cost. Building a Web site is relatively inexpensive right now, ranging from about $500 simply to get on the Internet, up to about $75,000 for a high quality site, with audio and video links. An even easier way is to simply sponsor another company's Web site, which sometimes can be very cheap, although in order to sponsor a major site such as the ESPN Sportzone site costs about $100,000 per quarter, but is in the top five of all the Web sites in the world, in terms of times accessed (Taylor).

Advertisers have been criticized for not exploiting the Internet enough as an effective advertising medium. Even though the Internet and World Wide Web have many advantages in terms of advertising, they also have their drawbacks and uncertainties. This makes many companies and advertising agencies very leery of becoming a part of it right now. Not only has the Internet not been regulated by the government, it really has no rules to speak of at the current time except those that are universally accepted moral ethics which apply to everyday life. Many aspects of the Internet are very controversial and have no set plan to be resolved. For instance, perhaps the most controversial issue concerning the Internet is the violation of copyright laws. This is prevalent since many images seen on the Internet are not original images, and the original photographers, artists, and designers are not getting credit for their work. Second on the list of topics that receives a lot of attention is the application of the First Amendment regarding free speech on the Internet. For advertisers in particular, consumer privacy is a very hot topic, since marketers can learn nearly anything they want about a Web surfer once they have logged on to the Internet. Another topic of discussion in Internet circles is that of minors' access to sites that promote alcohol, tobacco products and sex. Also, there has been a case of an advertiser flooding the
market with its message, sending it via e-mail to millions of Internet users on Usenet newsgroups. Should advertisers be allowed to force its advertisements on unwanted consumers? Furthermore, a way to accurately track access to the Internet has not been devised yet, so pricing for advertising has been sketchy at best, with no real figures as to exactly how many surfers have accessed a site on the Internet. Finally, there is the issue of just how to define the Internet medium. Advertisers are struggling with defining it as closer to print media, in which beer, liquor and tobacco companies can advertise at their own discretion, or whether it is more like television, in which tobacco companies are banned from advertising and liquor manufacturers have voluntarily abstained since the early days of advertising. These topics are really the defining line on whether the Internet will be successful or not as a medium of advertising.

Copyright laws are important to users of the World Wide Web more so than advertisers, but it is still a very important concept. Since the Internet was founded on the principle of giving and sharing, this seems odd that there are those out there crying to get credit for their work. However, this idea of sharing was founded on simply the sharing of information, not ideas, writings, photographs or designs. Many of the aspects of the Internet are considered intellectual property of their creators. The United States copyright laws state that the owner of intellectual property has exclusive and total rights to the distribution of their work. However, the law includes a clause which states that the law only extends to tangible objects which change hands, which is where the Internet comes in and the debate heats up. Since nearly nothing that is exchanged over the Internet is a tangible item, with the exception of sales, the copyright laws have been challenged by many people and organizations. For instance, the Church of Scientology sued Netcom Online
Communication Services, Inc., in 1995. Netcom supplied Internet access to San Francisco area computer users. They supposedly let one of their accesseees post articles on an electronic bulletin board, which were copyrighted by the Church of Scientology. When the church asked Netcom to take the postings off of the board, they did nothing. The church then sued and a federal court judge ruled that Netcom could be guilty of contributory copyright infringements, but not direct copyright infringement, since it was only a user that posted the article (Dowling 386). This relates to advertisers in a couple of different ways. First of all, images that are not the property of the company should not be used in any form on the Internet, due to the possible implications. Although no major verdicts have been handed down from the courts as of yet, they are sure to come in the near future, which could send many Web page operators scrambling. Secondly, anything that an advertiser puts on the Internet should be copyrighted to keep others from using the ideas or images for their own gain on the Internet. These early lessons will be important down the road for anyone who has any intellectual or tangible property on the Internet.

Due to the flow towards the mainstream that the Internet has undergone over the years, the content has changed quite a bit. Without having any form of regulation, Internet users have always been accustomed to seeing vulgarity and pornography without even looking for it. However, more recently, there are those who have voiced their opposition to the free flow of such words and images. The issue at hand is the reach of the First Amendment regarding free speech. Early in 1996 the U.S. Congress passed a bill called the Communications Decency Act, which was to prohibit the transmission of "indecent" material over the Internet if it could be accessed by children. However, in February of 1996, a federal judge, Ronald Buckwalter
ruled that the term "indecent" was unconstitutionally vague and was not defined by the Communications Decency Act. He did uphold another portion of the bill, which states that it is a felony to display material that minors can access which "in terms of patently offensive as measured by contemporary community standards, sexual or excretory activities or organs." (Lewis) The judge also upheld a portion of the act which prohibits discussion of some aspects of abortion on the Internet. While these issues may not hit home with most advertisers, the result of these actions taken by the government could definitely have an effect on how advertisers do their job in the near future. With regulations pending, it is advantageous for companies to watch closely what is happening in order to avoid making any costly mistakes when using the Internet as an advertising medium.

Consumer privacy has been on the minds of many people involved with the Internet. Consumers want to give out as little information as possible to companies advertising on the Internet, but companies want to gain as much information as possible from every surfer to access their site. Consumer protection groups such as the Electronic Privacy Information Center in Washington, D.C. are aiming to regulate how marketers gain information about consumers and how much information they can obtain about them. At a recent conference on the subject, the Coalition for Advertising Supported Information and Entertainment set some goals for privacy in Internet advertising, which included marketers be required to disclose their identity, making only "appropriate" use of personal information, consumers to be presented with options regarding what information they release about themselves, and consumers have unlimited access to the information that they disclose about themselves (Beatty). However, there are different definitions of "personal information" and consumer protection groups are
clashing with advertisers on just how to define it. Protectionists define it as "data not otherwise available via public sources", but advertisers believe that this would include accessing databases such as driver's licences and public records of home and car ownership. Even this amount of information would allow marketers on the Internet to build quite a profile of its accessors of its sites and could allow them to target these consumers on a one on one basis, thus giving many unwanted consumers much to deal with in the way of advertising. Even though this is a big issue among advertisers on the Internet currently, there are those that speculate that once the Internet becomes mainstream, the Web surfers will no longer be just those who advocate privacy and the new users will simply accept the fact that they must disclose some information in order to access the Internet. This is a topic that must be resolved quickly, since it may be too late to change the way information is obtained if marketers already have bushels of information on consumers before any regulation is passed.

Protection of minors is a highly controversial topic not just on the Internet, but in everyday society in general. However, it is one under very close scrutiny on the Internet for several reasons. Primarily, the entire Internet was founded on the principle of honesty and sharing based on the honor system. Unfortunately, there is no real way to enforce this. Thus stated, companies are building Web sites that promote alcohol, tobacco, and the Internet's own version of phone sex. Even though these sites are plastered with warnings to discourage surfers under the age of 18 or 21 from accessing these sites, it again works only on the honor system, so children may be able to access these sites in the privacy of their home, using their parent's computer. The federal government is discussing ways of regulating the Internet to keep minors away from these sites, in fear of luring them to
these vices at an early age. Similar methods to the V-chip, which is television's version of limiting minors' access to violence, have been discussed to limit access to mature material while maintaining the integrity in which the Internet was founded. The passing of the recent telecommunications bill, and the Communications Decency Act has been the first real step in regulating material on the Internet. This is problem that must be resolved soon, before the number of sites advertising these products and services become too abundant to regulate effectively.

Another key issue in the battle over Internet advertising is the issue of whether it can be made into a push medium rather than a pull medium. Unlike television and radio, which attempts to flood the audience with advertisements whether they are seeking out the information or not, the Internet has always relied on the audience looking for information in order to get it. However, one major exception to this rule has sparked controversy among the Internet society. The law firm of Carter and Siegel, a husband and wife team, recently sent out an advertisement on the Internet, via Usenet newsgroups, to over electronic bulletin boards, which are electronic meeting places where people post messages and responses to create an ongoing conversation with people interested in a common subject. These bulletin boards automatically distributed the message to all of the subscribers. All told, over 100,000 people received the message from the law firm, which was an advertisement saying that the United States was conducting a lottery to issue 55,000 green cards to immigrants. Respondents would be supplied with more information and an offer to facilitate the process from the law firm, at a price. Since the Internet is low cost way of reaching many people at one time, Canter and Siegel felt that it was a good way to let people know of its service. However, they were seriously mistaken. It is against tradition to post
messages which are not about the subject of the bulletin board and
advertisements are almost prohibited. Needless to say, the law firm was
flooded with responses. Not only requests for more information, but many
"flames", or angry retorts from users who received the message without
asking for it. In fact, so many messages were received, that the company that
provided Canter and Siegel with their Internet access revoked their privileges.
Over 30,000 messages flooded in, causing computers of the access provider,
Internet Direct, to crash over 12 times. The system administrator at Internet
Direct said that Canter and Siegel "took 15 or 20 years of Internet tradition
and said the hell with it." (Burgess). While the Internet gurus made their
feelings known, and instances such as this are definitely not the norm, Canter
and Siegel have been inundated with requests from other companies on how
to do what they did, transforming the Internet into a push medium. Bulletin
board administrators have been put on the spot, being torn by angry Internet
users but also attractive offers from potential advertisers wishing to repeat the
Canter and Siegel ad. As the Internet attracts more new mainstream users
who are unaware of the current protocol on the Internet, it will definitely be
easier for advertisers to flood the scene with their advertisements, but that
time could be decades off, or never at all if users are educated to the rules
and traditions of the Internet quickly, before the advertisers push their way in.

"Advertisers need to rationalize the cost of putting ads on the Internet",
says Dave Smith, who is president of Mediasmith, which buys media for
companies that advertise. As mentioned before, the inability of the Internet to
measure how many people access Web sites has kept many companies from
advertising on it up to this point. Internet Profile, while it is the first company to
conduct measurements of the Internet, will definitely have its competition. At
this point even the A.C. Nielsen company is tinkering with the possibility of
branching out from its measurement of television audiences to move into measuring Internet audiences. The major drawback to seen now is a lack of standardization for measuring audiences. Suppose Internet Profile measures audiences based on how many times they "hit" an Internet site, but Nielsen measures their audiences based on how many different people "hit" the site. For this reason, there should come out of this a clear leader which can then set the industry standards for measuring Internet audiences.

For the Internet to become respected as a medium worthy of advertising on the level that television is, it needs to define itself. Unfortunately it has not done so yet. While hesitant about advertising on the Internet, several beer and liquor companies, such as Zima, DeKuyper, and Goldschlager have already begun advertising, considering the Internet closer to the print media rather than television. This distinction has been duly noted by tobacco companies, but none are currently on the Internet. This hesitancy comes from its ban from television, and all electronic media by the FCC in 1970 (Warner). Liquor advertisers voluntarily removed themselves from television advertising back in the early days of advertising on television. The FCC doesn't have any power over Internet issues, but Philip Morris, a leading tobacco maker, has taken the ban to include the Internet, at least right now. Even if cigarette makers wanted to advertise on such online commercial services as Compuserve or Prodigy, they would not be granted permission by the service, according to Deborah Young, a spokesperson for Compuserve. For the time being, the tobacco manufacturers are content to bide their time advertising on billboards and in print, but soon the decision must be made on whether to ban them from advertising on the Internet and group the Internet with television or unquestionably permit them to advertise on the Web and consider the Internet like the print media.
The World Wide Web has had quite an influence in the area of advertising already. For advertisers, the Web represents an entirely new medium to reach people. It also offers many advantages over the previous existing media. When compared with the other forms of media: print, television, radio, billboards, public relations, and direct mail, the Web not only holds its own, but nearly comes out on top in terms of value for the money. Firms interested in advertising on the Internet need to weigh the benefits and drawbacks with each medium in order to decide how they allocate their tight advertising budget.

While television still reigns king of the advertising world, it also commands the largest expenditure of advertising dollars. For instance, one thirty second commercial for Super Bowl XXX in 1996 cost over $1 million. Even the average cost for a thirty second commercial in prime time network television is over $125,000. This does not even take into consideration the production costs of making a commercial, which can sometimes be as much or more than airing the commercial. While reaching more people than any other single form of advertisement, it usually lasts for only thirty seconds, and then is gone, missing any viewers that switched stations or left the room during the commercials. Even though television has the ability to reach the most people, it does not lend itself to target marketing as well as other forms of media. Also, as trends in lifestyles of viewers change, targeting becomes more difficult. For instance, with more women entering the workforce, the once tried and true method of advertising on soap operas during the daytime has become outdated and advertisers must find a way to reach them in another manner. Perhaps as much as 60% of the audience for each program does not fall into the target market a firm is after. This leads to wasted advertising dollars, which could be better utilized in other media. Clutter is
another disadvantage to television. A usual commercial break includes as many as seven commercials, as well as network promotions, station identifications, and news updates. This makes it difficult for a single commercial to stand out and catch the attention of the viewers. Even if there is a catchy commercial, many people simply channel surf, or tune to other stations whenever a commercial break comes on. The increasing popularity of video cassette recorders has been a thorn in the side of television advertisers, allowing viewers to zip commercials by fast forwarding through them on programs which they have recorded, eliminating the effectiveness of the commercial entirely. Finally, television is a push medium, flooding the market with advertisements and this is duly noted by viewers. Many viewers may have a television on but not pay attention to it at all, preferring to hear voices than to sit alone in a quiet room. Most television viewers are passive viewers who really don't engage themselves in the viewing process, which hurts the effectiveness of the advertisements.

Although using radio is far less expensive to advertise than television and it is better at allowing the advertiser to target the specific market they are after, it has three major drawbacks. Number one, it is only transmitted for a short amount of time, usually thirty seconds. Since the listener cannot simply replay the advertisement, he/she must be concentrating on the message at the time it is played on the radio, which presents a problem, since many people simply have the radio on for background noise while they are working, driving, or otherwise occupying their time. The second major drawback to radio is that there are no visuals associated with this medium. The listener must use his/her imagination in order to create a mental image of what the commercial is trying to get across to the listener. For this reason, radio is often used as a reinforcement for television commercials that people have
already seen, since they have a set image in their mind. This makes it easier for the listener to visualize what is going on and can work just the same as a television commercial. The third drawback to radio is that it cannot reach a national audience, since FCC regulations prohibit radio stations from transmitting a signal across the country, unless the show is syndicated and has network affiliates across the country.

The print media are probably most like advertising on the World Wide Web, in that when using magazines, the advertiser can specifically target the audience they want to reach and they do not have to push their product through the distribution channel, since those who are interested will take the initiative to pull the product through the channel. Having an advertisement in a specialty magazine also gives the audience a chance to see the ad at their own leisure, and it is not something that they have to catch within thirty seconds or they will miss. However, magazine advertisements are in direct competition with one another and only provide an opportunity for the audience to view the ad, and do not guarantee that the ad will be seen by the consumer, since many readers simply flip through the magazine until they see an article that they want to read. This clutter hurts the overall effectiveness of the advertisement. It takes a truly novel advertisement to stand out in a magazine. The price of advertising in a magazine, while sometimes high for a well known national periodical such as Time or Sports Illustrated, is often very affordable when advertising in a specialty magazine that targets a select group of readers. This makes it very appealing to companies which cannot afford to advertise on television, yet have creative ways to say what they want to say. Again, this draws a similarity to the World Wide Web, since the cost is low, it is a pull medium, and creative things must be done to remain competitive in the market.
Newspapers, on the down side, do not let the advertiser target a specific audience to the extent of magazines, since placing advertisements in newspapers can only be subdivided into the different sections of the paper, such as the sports section, the entertainment section, or the business section. While this does help to target the consumers, it obviously does not do as great a job as magazines do. Even more so with newspapers, an advertisement is competing with everything else on the page, and unless the advertiser wants to pay a lot extra for the ad to be in color, it will blend in with every other line of black and white copy and ads on that page. Newspapers do reach a national audience, (i.e. USA Today, The New York Times, The Wall Street Journal), but on the average, newspaper readers spend 13 minutes reading the paper, which means that after they read all of the relevant articles, comics, sports scores, editorials and such, there is very little OPPORTUNITY for them to see the ads. Thus, a vast majority of readers never see the ads in a newspaper.

Direct mail is the best form of media for targeting an audience. Using direct mail allows the advertiser to target each person individually, and send a customized message if they want. However, this form of media only has about a 3% response rate, so it is not all that effective. It is also very expensive on a cost per person basis. A firm can spend anywhere from fifty cents up to ten dollars for each piece of mail they send out, depending on how large and extensive it is. For this reason and the fact that many people simply throw away any mail that isn't a bill or a check, many firms do not participate in direct mailings.

Billboards are considered probably the most controversial form of media. Not only do they clutter up beautiful landscapes and city backdrops, they also allow cigarette and alcohol companies to advertise, whereas on
television, cigarette companies are prohibited. In this way, the companies can target many people which they would not normally reach, such as children, or people who are too busy to watch television or read newspapers or magazines. However, billboards must contain a very simple message, since most viewers will only have about 10 seconds to digest what the billboard is trying to get across. For this reason, billboards are often simplifications of television commercials or replicas of simple print advertisements. This can be a positive, in that can bring the media together to make a very powerful message. On the other hand, it can also be a negative, since many people targeted would never see the other forms of the message and could never see the big picture.

The World Wide Web is positioned to become a very effective medium for advertising. The Web has the ability to take the best parts of each medium and combine them into one medium which is everimproving. Not only does the Web have the ability to utilize visuals, it has the capability to use audio in Web sites as well. Unlike the television and radio, a Web site is not gone in thirty seconds or a minute. Rather the Web site is always there, twenty four hours a day, seven days a week, waiting for the consumer to browse its content. If the consumer misses a portion of the message, it is possible for that consumer to return to the site until he/she is satisfied his/her desire. Web sites are also very dynamic, and must be dynamic to be successful. Those interested in the site most likely will return, and if they see the same visuals and message over and over, they will become disenchanted and will most likely lose interest in the site very quickly. For this reason, the changeability of Web sites is both a blessing and a curse.

Web sites also offer other advantages over the other forms of media in terms of advertising. Usually those interested in the site will seek it out,
whereas with the other media, with the possible exception of specialty magazines, the consumer is unable to seek out the advertisement to gain more information. It is simply by chance that the consumer happens to see the advertisement in a newspaper or on television, since no matter how religiously the consumer may watch a television program, so many variables enter into the equation that it becomes a literal crapshoot when trying to reach consumers. Another advantage of using the World Wide Web for advertising is the price. Since the Web is still in its infancy, prices to design and run a Web site are still very affordable, often starting as low as $500 per month. This rate would obviously climb as the site grows in popularity, but at least from an initial investment standpoint, it is very minimal to say the least. Still another advantage of utilizing the World Wide Web is the opportunity to sponsor other Web sites. For instance, a company offering a service could place an advertisement on the Web site for another company offering a complementary service, in order to increase its own exposure to those already on the Web. Not only could this serve as a reminder to those who know about the company's Web site, but it could enlighten those that do not know that the site even exists. Offering the address of the site could prove very profitable for the advertiser, if the company can select those sites which would reasonably attract the target market in which the company is looking for. Called sponsoring, this tactic could prove to be the most successful way to attract visitors on the Web. However, the value has already been noted by several company's such as ESPN and Netscape, which have been charging over $800,000 per year to sponsor their sites. Yet, these sites are in the top 5% of all sites on the Web, so the chances that they will be seen by the casual Web surfer are quite good.
The World Wide Web provides a great new alternative for conducting advertising promotions as well. Whether it be running contests, offering coupons, or free giveaways via the Internet, this is becoming very valuable to those involved with promotions. Many companies have already begun sponsoring contests, such as ESPN's Sportzone site, which, in March of 1996 conducted a nationwide NCAA men's basketball tournament pool which drew over 105,000 entrants in just over three days' time. Other firms, such as Little Caesars are offering coupons over the Internet, simply by having consumers submit information about themselves. Not only does this get the consumer to use the product/service the firm is offering, but it gives the firm valuable information about the consumer who uses the product/service. Another way to promote on the Web is to offer special rates to those who actually buy the product through the Internet. While these promotions are still evolving in terms of finding out what works better on the Internet, there is obviously a great potential which is just now being tapped, and could provide unbelievable results in the near future, with the pace that the Internet and World Wide Web is growing.

As with all of the different media, the World Wide Web does have its downsides. Like specialty magazines, the Web is a pull medium, so a company's message will only reach those who are interested enough in the product/service to seek out the Web site unless the company violates the Internet tradition like the case of Canter and Siegel as mentioned before. Simply relying on the consumer to seek and find the information about a product can severely limit the number of people that the message in the Web site will reach. Considering less than 10% of the population of the United States is hooked up to the Internet, very few people will ever have a chance of seeing the Web site. A second drawback to the Web is the clutter and
abundance of information available on the Internet. Since there is so much to be seen, most Web surfers only spend fifteen seconds at each site that they visit. As mentioned before, the key to success in this manner is to keep the Web site fresh and exciting. Fifteen seconds is not enough time to convey a message or generate interest in a product, especially if the surfer knows what he/she is looking for and doesn't have the time to spend at sites which don't catch his/her attention. Therefore, the Internet will be a very competitive medium for new ideas and creative uses for the dynamic ability of the Internet. Those that enter the medium late may fall victim to mistakes occurring today and could potentially lose visitors to its site if the site is something bland or similar to one that they have seen already.

Another major drawback to using the World Wide Web in advertising is the demographics of the users. In a recent survey conducted by Commercenet, over 64% of all Internet users are male and less than 5% of all users are over 55 years old. Over 37% of all users are business professionals and an additional 16 percent are full time students. Along those lines, 87% of those familiar with the Internet have at least attended college and 64% have a college degree. Finally, over 35% of these users make over $70,000 per year. Thus, it is easy to see how narrow of a base the Internet reaches. A firm catering to elderly female users would really have no use for the advertising on the World Wide Web, at least at this point. However, once the Web becomes prevalent to the mainstream consumer, there will most likely be no predominant demographic traits for users of the Internet and the World Wide Web.

While it is not predicted that the World Wide Web will replace the other forms of media as a form of getting information about products/services to consumers, it will help the advertisers of tomorrow utilize the company's time
more efficiently. Instead of a company's salespeople spending three or four hours a day prospecting for leads, the interactive Internet Web sites will allow those interested in more information about the product/service to submit their personal information, in which the sales force can then use to make sales calls. Thus, the Internet will become a source of lead generation, saving companies countless hours and dollars as well. If used correctly, the Internet can become the advertiser's best friend, because it gives the company bona fide leads today, of which many may become repeat customers. The average unqualified lead becomes a client less than 10% of the time because they have no previous interest in the product/service that the sales rep is trying to sell. However, with bona fide leads expressing a definite interest in the product/service, this ratio of leads to clients could skyrocket. This all falls back on the advertiser, by making a creative Web site and one that is ever evolving and provides the consumer with the information that they need to make purchasing decisions.

Another indirect way in which the Internet provides an amazing opportunity for advertisers to conduct research to learn more about their customers. As mentioned previously, many people expressing an interest in a product/service are asked to give some information about themselves, some of which can be used to better market existing products. Advertisers must be very careful when asking for and using this information, as many consumers are very wary about the information they give out and, as we looked at before, there are many consumer protection groups out there which are always looking out for the customer's best interest. These groups are quick to point out the misuse of information which is obtained by advertisers via the Internet.
Another great opportunity in the future for advertisers through the Internet is to offer their products for sale on the Internet. While security is an issue now when dealing with credit card numbers, there is hope that in the not so distant future there will be very powerful methods of providing safe pathways for information to proceed. The advantages of selling products on the Internet are vast. For instance, when the consumer requests the information about the product, they get that information instantly. This allows them to make a decision while the information is still fresh in their minds. By offering the product in question for sale through the Internet, there is the possibility of impulse purchases by those consumers that are very interested in the product. Secondly, by offering the product for sale this way, the advertisers can measure the sales ability of the Web site. At the current time, advertisers can only speculate as to how much influence the Internet has on the number of units sold. Actually having a tally of products sold via the Internet gives the advertisers a way to justify expenditures on the Internet. These sales can also be made 24 hours a day, seven days a week. There is no need to employ anyone to monitor phone lines and it disposes of the need for the extra links in the distribution channel. Thus, the advertising company can bring in a higher margin by eliminating these extra costs. More and more companies are offering their products over the Internet daily. Publishers are offering books, music distributors such as BMG are offering compact discs, and sporting goods manufacturers are selling apparel via the Internet, relying on the advertising that their Web sites provide to make the sale.

What lies ahead for the Internet and advertising? Perhaps the most certain prediction for the future of the Internet is its growth. While 25 million people are connected to the Internet now, that number will increase exponentially in the near future. Many experts predict that over 100 million
people will have access by the year 2000, and that is a very conservative estimate. Along with this increased population on the Internet will come increased prices for reaching that population. Sponsorship pricing will skyrocket and the resources needed to develop quality Web sites will become more hard to come by, thus raising their prices as well. The Internet has been likened to television, in that the cost of advertising started out very small and as the popularity of television rose, so did the costs. The production of television shows started out fairly cheaply as well, and now cost of producing episodes of prime time television shows can exceed $500,000 per show. While smaller advertisers will still have a voice, that voice will be muffled by the giants, which we can relate with NBC, CBS, and ABC relative to public access television stations.

A development on the horizon for the Internet is real time multimedia. This will allow live programs to be broadcast over the World Wide Web. This will also generate the capability for the audio and video aspects of the application to be modified at a moment's notice to allow the user to be in control of the action. This also contains the possibility of users being able to talk to each other such as they would talk on the telephone. While this ability does exist in limited forms now, the major telecommunication companies such as AT&T and MCI should watch out, because this will be a virtual no cost option for users of the Internet. Finally, users will be able to conduct video conferences through their computers to those across the country or even the world.

Another aspect to watch for in the future for the Internet and advertising is the reaching of people who don't own computers. Cybersmith's, a coffeeshop in Boston, Massachusetts, has implemented the World Wide Web into its business by installing computers with access to the Internet at each of
its tables, allowing novices to explore the Internet without making the initial investment of buying a computer. Experts predict that access to the Internet will become easier due to ventures like Cybersmith's. With this ease of access many new surfers will acquaint themselves with the Internet, giving advertisers that much more reason to advertise on the Internet.

Finally, the Internet will most likely fall under regulations. Whether it is from the United States government, or a worldwide organization put in charge of the Internet, some regulations must be put into place in order to keep the Internet from turning into anarchy. Christine Varney, a member of the Federal Trade Commission, has suggested self-policing as the first step in Internet regulation, at least until it evolves. "I believe we don't know nearly enough to regulate now". She introduced the FTC's Privacy Initiative, which asked everyone involved with the Internet to propose guidelines to protect the privacy of Internet users. Eventually the FTC will apply its guidelines for regulation in three ways. They are finding fraud, misleading advertisements, and privacy. Currently they are expanding their territory to include the Internet, but the punishments have been few and far between.

As seen in this discussion, the Internet is a very exciting prospect for advertisers as well as consumers. Yet, we must remember that it was not created for this purpose. The real goal of the Internet was to allow people to share information, to conduct research, and to communicate. Therefore, it is by no means the perfect advertising medium. It does have its problems. Ethically, advertisers must control themselves by not violating consumers trust and by using information gathered in a responsible way. Also, access to pornographic sites and sites promoting alcohol must be dealt with since children also have access to the Internet. Free speech is a topic which must also be overcome before the Internet will be the next powerful advertising
medium. Finally, without ways to punish violators, the Internet may as well be useless, since nothing can be done to prevent companies and individual users from breaking the traditions and ethical codes which must be protected since we are moving in a totally new direction into uncharted waters.
The Internet as a New Advertising Medium

Bibliography


Fatsis, Stefan, "NBC and Microsoft To Join in Producing Super Bowl Hoopla", Wall Street Journal, 12/18/95, B, 6:3.

Goldman, Kevin, "Nielsen, I/ProForm Joint Venture To Measure the Internet's Activity, Wall Street Journal, 9/6/95, B, 2:3.

Hall, Jane, "Cyberspace For Sale", Los Angeles Times, 5/21/95, D, 1:5.


Markoff, John, "With a Debut, a Test of On-Line Publishing", New York Times, 11/13/95,

Quick, Rebecca, "Internet Coverage of Football Kicks Off", Wall Street Journal, 9/13/95, B, 7:1.

Sandberg, Jared, "Author Who Used the Internet to Plug Newest Book Is 'Silenced' by a Critic", Wall Street Journal, 12/20/94, B, 7:5.

Schrage, Michael, "Internet Users! Read Now to Learn of Unique Opportunity!", Los Angeles Times, 5/25/95, D, 1:2, 6:1.


Swisher, Kara, "Internet Access Providers Lining Up a Marketing Blitz", Washington Post, 11/14/95, D, 1:3.

Tanner, Adam, "Want to Hear the Beatles? Log On to the Internet", Christian Science Monitor, 12/20/94, 8:2.

Taylor, Cathy, "ESPN Site Still Holds Record for Pricing", ADWEEK, 8/7/95, 2/19/96 Vol.36, n32, pg10.


Yang, Catherine, "How do you police cyberspace?", Business Week, n3461, 2/5/96, p97.