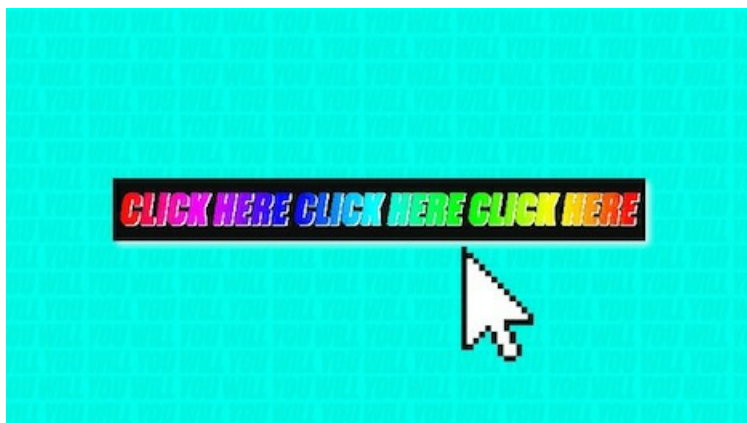MARKETING

An ode to the display banner ad more than 25 years later

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AT&T's first banner ad on Hotwired

By Michael Yavonditte

You would not know given its perception today, but the display ad was considered innovative and exciting when it was introduced just over 25 years ago.

The first display ad campaign to ever hit the Internet was a series of banner ads that appeared on Oct. 27, 1994 on the bottom border of HotWired, *Wired* magazine's digital affiliate. The campaign included ads from 12 different brands, including AT&T, MCI, Sprint, IBM, Club Med, 1-800-Collect and Zima (the White Claw of its day).

Clicks and bricks
Like most inventions, the banner ad was the product of necessity.

The Internet was new and exciting, but no one had figured out how to effectively monetize it yet.

The executives at HotWired turned to advertising, a natural choice for a media company, but the decision was controversial.

"People told us if you put ads online, the Internet would throw up on us," *Wired* cofounder Louis Rossetto remembers.

The campaign was an enormous success, though.

The ads boasted a staggering 44 percent click-through rate and generated tons of glowing press *Advertising Age*, *Adweek* and *The New York Times* all wrote about the campaign and the novelty of putting advertising on the Web.

More than 25 years later, display ads are a punchline, an easy target for industry experts looking to bemoan the state of the online advertising industry.

Click-through rates for display ads are generally less than a single percentage point, and consumers consider them spammy and intrusive. The man who created that first banner ad now gets mocked for it by his kids.

But that negative perception is unfair and unfounded.

AT&T's banner ad on Hotwired

Take the measure

The problem with display ads has never been the ads themselves, but poor measurement.

Truth is, display ads are far more effective and valuable than given credit.

As metrics have improved over the last 25 years, so have the ads themselves, and that evolution continues today.

It did not take long for every other online publisher to follow in HotWired's wake and run banner campaigns of their own, but their novelty quickly wore off.

When CNET ran a banner campaign a year later, the click-through rate had already dipped to 15 percent, a third of what it was a year before.

Click-through rates fell off a cliff from there.

Soon, the Internet was flooded with poorly-designed display ads and users quickly grew annoyed with the ad format.

Things only got worse with the transition to mobile, where space was limited ads were even more intrusive and performance was even worse than on desktop.

Display ads garnered a reputation as annoying, to the point consumers ignored them altogether.

That is not entirely unwarranted.

There are indeed a lot of bad actors in the industry that do things such as requiring users to interact with an ad before they can view a Web site's content or run autoplay video ads, often with the sound on, and sometimes when the video is not even in the user's view window.

The biggest impediment to display ads, though, has always been the industry's reliance on superficial vanity metrics.

At their inception, the only metrics available were the number of ads served and how many clicks they generated.

Measurement and targeting got marginally better in the late 1990s, when marketers began creating audience segments, for example, running ads on sports Web sites to target male consumers.

The 2000s saw the advent of Google and its AdWords and AdSense products, which allowed for contextual and search advertising ads targeted based on the user and designed to complement the content they were consuming.

Programmatic advertising came in the late-2000s, allowing marketers to select the individual consumer or segments they wanted to reach and serve ads virtually anywhere across the Web.

View to a skill

In recent years, marketers have become overly focused on the importance of viewability, which has helped decrease some of wasted ad spend.

But there is so much to evaluate and optimize campaigns on beyond whether or not the ad that was actually seen by a real human being.

Our ability to understand how consumers interact with ads has drastically improved over the years, as has our understanding of how those interactions relate to consumer behavior, intent and preferences. And that understanding has grown deeper with the transition to mobile.

Smartphones allow marketers to measure display ads by how much attention the garner from consumers.

Because smartphones deliver content in a single column, marketers can track how long an ad was within a consumer's view, and new technologies allow us to delve even deeper.

Marketers can now track where a consumer touches when viewing an ad, whether they scroll past it multiple times or swipe their screen or tilt their phones.

Tracking this behavior has proved display ads do, in fact, work.

THE REALITY is, nobody likes intrusive, boring ads.

Banner ads as a format will continue to exist and evolve, and when coupled with effective attention measurement, we will develop an even deeper understanding of their value.

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