

Report:

Most Common Difficulties Advertisers Face In The Modern Age

- Rapid technology advancements have changed not only business orientation throughout all industries but consumers' orientation and behaviour as well. Fast adaptation to change is a must.
- As the advertising industry is affected as well, the purpose of this research is to discover the main issues advertisers are currently facing in the modern age and understand the reasons behind those issues.
- The goal of the research is to raise awareness for advertisers and marketers of the existing problems in the advertising industry caused by digital transformation and to provide useful information about how to overcome these particular problems.
- A qualitative method was applied to this research by conducting interviews with professional advertisers and marketers in order to gather new data.
- It is hoped this research will bring new insights to small businesses, SMEs and even corporations.

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Table of Contents

1. Introduction.....	1
1.1. The Research Question And Objectives	1
2. Theoretical Background	2
2.1. Search Engine Marketing	2
2.2. Attention	3
2.3. Social Brands.....	4
2.4. Social Media Age	5
2.5. Good Advertising Offers Something Of Value.....	6
2.6. Good Content Isn't Enough, You Must Have Authenticity	7
2.7. Digital Advertising Is Now Mainstream.....	8
3. The Research Method	9
4. Results.....	9
5. Discussion	11
6. Conclusions	13
References.....	15
Books	15
Internet Sources.....	15

1. Introduction

Advertising is one of the largest industries in the world. Global advertising spending is estimated to top \$628 billion in 2018 (Ausick, 2018). Advertising is at the heart of every company. Without advertising there is no growth. Advertising business is not only for profit-hungry capitalists; advertising is a strong economic factor which has fuelled about 15% of growth in GDP for the major G20 economies over the past decade (Bughin and Spittaels, 2012).

In the modern age, fast technology innovations have led businesses to digital transformation. Adaptation to frequent change in today's market is an essential factor for business survival and growth. The rule of new digital adaptation applies to advertising as well, yet there are many marketing companies left far behind the great technological evolution.

This research is dedicated to marketers who are struggling in the new age of rapid change, and who are looking for new information and solutions to their client problems. This research covers the most common difficulties advertisers face in the modern age, as well as new information which comes from the top advertising experts about how they are overcoming these particular issues.

Knowing that advertising can be done through multiple channels, it is critical to understand when and how to use the right channel in order to quickly and successfully impact the decision making of the desired target audience. Considering that advertisers lose billions of dollars just by selecting the wrong channel or wrong advertising method, it is exceptionally important to be aware of the downfalls of the new modern digital age.

1.1. The Research Question And Objectives

The primary research objective is to understand the most common issues in the advertising industry which are being caused by digitization. As many advertising agencies are stuck in a rapidly developing consumer market, to win customer attention has become a challenging task. Due to recent technological advancement, new marketing tools have emerged making advertisers turn to analytics and even change the organization's structure.

To help understand the issue better, this research will develop a deeper understanding of the main advertising methods including their advantages and disadvantages.

The information in this research can be easily applied to small businesses, SMEs and even corporations.

2. Theoretical Background

In the modern market, digital adoption is not the only crucial transformation which affects advertising. Consumers' social understanding and behaviour towards products and advertising have developed as well.

There are several important factors which have a significant impact on advertising. This section of the research primarily focuses on those factors from the shift in technology to social brand engagement and other important means of advertising such as changes in the organization's structure.

The information presented in this section is well researched from valuable books, respected journalists, reputable company reports as well as a master's thesis on marketing.

2.1. Search Engine Marketing

Most likely every company's marketing department does SEM (Search Engine Marketing), which is one of the most popular digital search method e.g. Google, Yahoo, Baidu for reaching out to consumers.

SEM includes SEO (Search Engine Optimization) and paid search advertising. Advertisers usually collect valuable user information through website cookies and use that information to sell specific products or services by targeting a specific user base, knowing exactly what they want to buy. (Smith, 2015).

Paid search is a big part of online advertising business with \$19.9 billion spent in US in 2013. Paid search connects people to exactly what they want. The CTR (Click-Through Rate) can reach up to 10%, and without paid advertising normal CTR is just 0.01%. (Smith, 2015).

Paid search advertising rapidly grew to be one of the most popular online advertising methods as a way to reach consumers globally. Popularity made it expensive. The New York Times reported that a single keyword's price for a single click for certain words jumped from \$1 in 2002 to \$20 in 2012. Such a price jump in the market raised a lot of so-called click-frauds where competitors would click on each others' ads to make each other spend money on worthless traffic. (Smith, 2015).

2.2. Attention

People have a certain image of advertising. For the majority of consumers, advertising is just about spending money on images, videos, and slogans which most of us hate because they intend to sell and people don't want to buy things they don't need.

People see advertising as a sophisticated industry but at the end of the day, it is all about grabbing attention (Yakob, 2015, p.18). Every day we see adverts, not one or two but hundreds of them. How many of them have caught our attention? None.

"Google CEO Eric Schmidt said, by 2010 the amount of content we created every two days was equal to the amount humanity had produced from the dawn of civilization up until 2003" (Yakob, 2015, p.19).

Due to tough competition in the current market, it has become extremely challenging for advertisers to win people's attention as their attention spans are decreasing which makes the competition even more ferocious. (Yakob, 2015, p. 20).

The amount of advertorial content produced and published by advertisers is rapidly increasing day by day, and so it creates a bubble of random and uncategorized content.

From the very beginning of advertising, advertisers followed the AIDA strategy. "A" stands for attracted attention, "I" stands for raised interest, "D" stands for created desire, and "A" stands for taken action which means the purchase of the product. (Yakob, 2015, p. 23).

Traditional advertising was about buying attention from the greatest amount of people possible at the lowest possible cost (Yakob, 2015, p. 23). Unfortunately, in the modern world, this formula doesn't work. The mission execution of differentiating a business from competition has become very complex due to too many ads seen, or in other words - due to spam.

In the modern world, in order to reach consumers, you have to connect emotions to the brand. The best brands such as Coca-Cola stand for something we admire like joy and the fun of summer, and happiness and family togetherness at Christmas. (Yakob, 2015, p. 27).

2.3. Social Brands

In order to understand the advertising strategy behind the brands, we need to understand what a brand actually is.

Simply put, a brand is what your target audience think when they hear your brand's name. A brand is everything the public thinks and knows about your name, factually and emotionally. The brand exists only in people's mind. (McLaughlin, 2011).

That being said, no company can have a sole ownership of the brand because brands are being built by other people who talk, collect, share, spread information, and create the idea around the brand. People own the brand.

For example, if we hadn't all agreed that money represents a currency, paper bills would have no value. The same goes for brands. Companies try to convince us of their brand identity, but if people don't agree with them, they are worthless. (Yakob, 2015, p. 30).

Brands have emotional appeal and consumers' connection to companies are emotional but not rational, and this can never be explained by market research. Instead of doing market research,

we can connect to customers personally and find out what they really want, especially considering most of our purchase decisions happen on an unconscious, emotional level. (Yakob, 2015, p. 39).

2.4. Social Media Age

Social media is a huge international communication network enabling people to connect from one side of the world to another. For businesses, social media is a direct communication channel between the company and the client. Many companies still haven't implemented this particular part of digitization to their business environment.

Social media enables companies to have healthy relationships with consumers through customer support. Regardless of where the business is based, having an active support line is essential to upkeep relations with existing consumers and potential clients, especially considering that social media channels are quite low-cost compared to traditional telephone lines.

In the social media age, it is crucial to provide online support because one post from a single individual can destroy a brand's face completely. (Yakob, 2015, p. 42).

For example, Dave C., whose guitar was damaged on a United flight, tried reaching customer service to resolve the issue. The customer service didn't answer, so he made a Youtube video which went viral and damaged the United brand. (Yakob, 2015, p. 43).

Many companies find social media difficult because they have to give up the control over communications, but you actually trade that control for attention (Yakob, 2015, p. 44). And as long as you are nice and authentic, nobody will have any reason to complain.

Since brands advertise through emotions and feelings, instead of doing market research about your customer, provide customer service and find out what they really want. Get into customer problems and feel for them. Your customers will be happy and you will also build a great brand image by being an active company and supporting your customer especially when they are in need. (Yakob, 2015, p. 51).

2.5. Good Advertising Offers Something Of Value

Considering you are delivering a message to the consumer who never asked for it, every new ad just makes people angrier (Yakob, 2015, p. 67). Good advertisers will find something to add, some benefit to the message, ultimately building brand loyalty.

For example, Red Bull invites consumers to design their own cans and exhibit them at The Red Bull's The Art of the Can exhibitions. Alternately, musicians can apply for the Red Bull Music Academy. These ventures are so successful because they bring value to the consumer. (Yakob, 2015, p. 69).

The advertising industry is often seen as a realm of lies and illusions. Dishonesty is bad. Advertise products which are true and real, or else people will understand the products are a fraud and the reputation will drop not only for your client but also for you as an advertising agency. Just as you would not lie to your spouse, do not lie to people in your advertisements. (Ogilvy and Parker, 2004, p. 127).

A good advertisement should sell products, not entertain people. In practice your advertisement will sell the most if you promise the consumer benefits like "How women over 35 can look younger". To get people's attention use facts and intrigue. (Ogilvy and Parker, 2004, p. 134).

Consumers want the right message, at the right time, on the right device, right now. In other words, consumers will have to find something of value in ads to be effective, which means that companies must know far more about consumers than their age and gender. (McMahon, Gay and Carlier, 2018).

An advertisement isn't just a picture, or a video or a pop-up where you insert a product and then spend millions of dollars for nationwide promotions and expect sales afterward. As a matter of fact, the product itself has a lot of impact on advertising. The product has to be interesting to grab people's attention or the whole advertising offering should add extra value to the whole campaign so that people would feel that it is worth their time.

2.6. Good Content Isn't Enough, You Must Have Authenticity

Today, good content and authenticity are crucial for successful advertising. Decades ago it didn't matter what your ads said, all that mattered was how it was delivered to consumers. If you had a slot on the television station, your ad was going to succeed regardless of content, but today that's not the case. Because of digitization, consumers might watch programs online and television ads might just go to waste (Yakob, 2015, p. 75).

In today's competitive market, in order for a business to succeed, content must start with authenticity, because if there is any gulf between what is communicated and what is experienced it will raise serious trust questions about your brand. (Yakob, 2015, p. 32).

For example, if Coca-Cola started advertising as a healthy product, very few would believe it and so the fun and happiness feelings which were built for years would go to waste (Yakob, 2018, p. 33). That's why advertising has to be authentic. For instance, one of the most popular ice-cream brands from Sweden has acknowledged in their recent ad that ice-cream is unhealthy but it doesn't matter because it tastes good.

Yet, scaling matters as you need to be authentic and at the same time reach a lot of people to be a powerful brand.

For example, Red Bull ran an ad where Felix Baumgartner jumped 24,500 meters free-fall for the brand. The stunt was broadcasted on more than 40 television stations. Plus 8 million people watched it live on Youtube. Thus, the famous Red Bull motto "it gives you wings", was literalized for a massive audience. It was a brilliant piece of marketing. (Yakob, 2015, p. 89).

Look what is happening with television: with the shift to social media, people are increasingly commenting on shows in real time to enhance the viewing experience (Yakob, 2015, p. 105). Customers are no longer passive; they are active and engaged.

Successful advertising will probably have to solve problems for people or create behaviours that can be copied. The ideas that actually earn attention in the current media space will be those that encourage consumer participation. (Yakob, 2015, p. 115). Today, attention is a precious resource. Marketers have to adjust to new consumer expectations, by prioritizing consumer expectation and authenticity.

2.7. Digital Advertising Is Now Mainstream

Digital appliances such as mobile phones and tablets have changed the playground for advertisers. More and more consumers are using digital devices on a daily basis. The buyers' budget set aside to digital and mobile advertising is now equivalent to their budget for television (McMahon, Gay and Carlier, 2016, p. 3).

Improving return on investment (ROI) and generating higher revenues requires that advertisers have a full understanding of their target audience. Data proliferation currently prevents that. Larger companies are tackling this issue by putting the data to work, creating centralized databases and robust analytics to better understand their target base. (McMahon, Gay and Carlier, 2016, p.10).

Technological change inevitably brings organizational change. Advertisers must invest in human resources, namely the hiring and training of skilled workers (McMahon, Gay and Carlier, 2016, p. 12). Doing so ensures advertisers are best introducing and promoting digital skills and marketing, customer and web analytics to their organizations.

Companies now reach their audience using messages on different platforms and different channels, creating another challenge: the production of specialized, targeted content. (Heinonen and Rozenveld, 2013).

Today, analytics need to increase in importance. This can be achieved by adding analytics to a multi-functional Centre of Excellence (CoE), with advertising a part of this CoE. (McMahon, Gay and Carlier, 2016, p.12).

3. The Research Method

To be able to truly understand the issues in advertising, the collected data from the theoretical background in this research has been compared with the new data from the present-day. With the purpose of finding valuable and qualitative new data for this research, real-life professionals from the advertising industry were interviewed.

Undoubtedly, interviewing can be considered the most common and suitable tool when collecting data in qualitative research (King and Horrocks, 2010). Additionally, interviews can contribute much more detail and explore more complex beliefs, knowledge or experience compared to a survey (Lodico, Spaulding and Voegtle, 2010).

To gather new data for this research, three interviews with advertising and marketing professionals were conducted, including a CMO of New York's boutique marketing and public relations agency, managing clients such as New York Fashion Week; the Head of Marketing from an international blockchain firm who is also a marketing advisor for a famous Japanese blockchain startup which recently raised a hard cap of \$40 million; and a marketing and communication specialist from a new blockchain startup which recently raised a soft cap of \$3 million through crowdfunding.

Interviews were conducted in three rounds. First, interviewees were given a set of general questions about their need and use of advertising, and certain difficulties they face during advertising campaigns. Their answers were reviewed and analyzed, then followed up with more in-depth customized questions referencing their answers. Lastly, when the answers were explored thoroughly enough, interviewees were given a brief phone call to evaluate the actual issues they are experiencing and get to know what they are doing to overcome those issues.

4. Results

The information collected from interviewees interestingly corresponded to existing data from the theoretical background of this research. Yet there were some important differences which clearly

tell that advertising strategy has exponentially revolutionized between the technological shift of the last decade and the present-day.

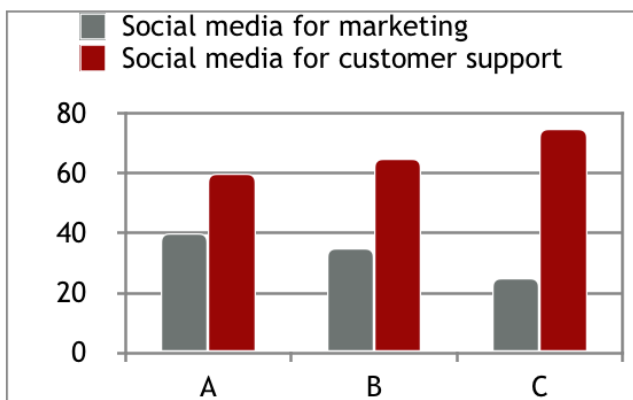
See statistical data represented from interviews below. Interviewees are marked as follow:

A: CMO of New York's boutique marketing and public relations agency

B: Head of marketing of a blockchain firm and a marketing advisor for a blockchain firm which raised a \$40 million hard cap

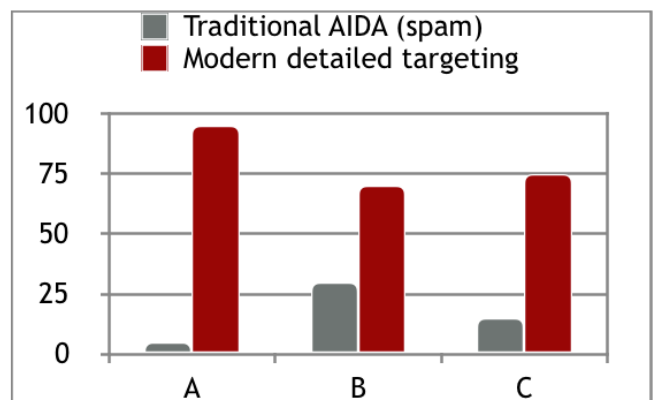
C: Marketing and communication specialist of a new blockchain startup which recently raised a \$3 million soft cap

Preference of social media use



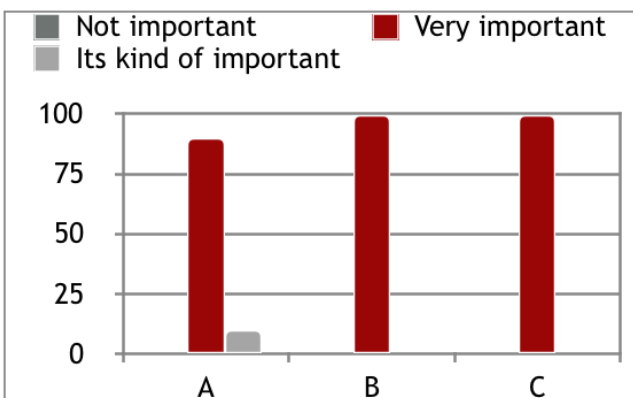
Responders agree on the fact that social media is a better channel for customer support rather than running marketing campaigns. It is a fact, that to win customer attention on social media is expensive, highly competitive and extremely difficult, especially for small businesses and SMEs.

Mostly used advertising strategy



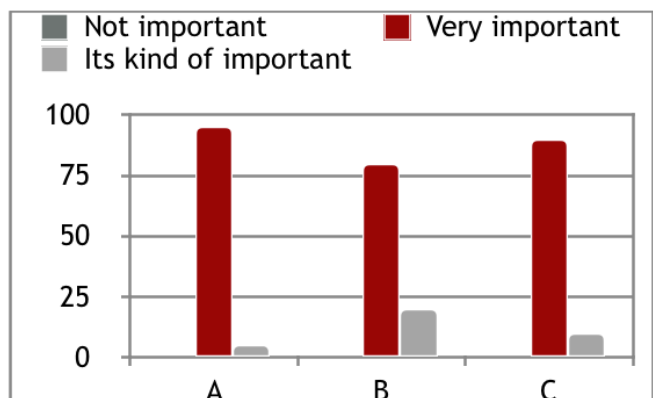
Responders acknowledge that traditional advertising methods are not as efficient today as they used to be. Getting to know your customer very well, is the new essential process for any marketing department in order to run a successful advertising campaign.

Brand's social interaction with customers

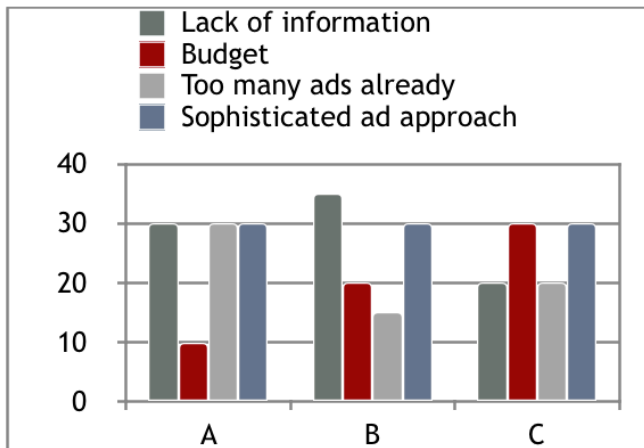


All three interviewees strongly have agreed that social interactions with potential customers and existing ones are imperative. Interviewees recognize that as a matter of fact social interactions are the most successful when people who are representing the company are as authentic as possible. Only then do consumers really feel the real value proposition of the company and the offer.

Authenticity and values in advertising

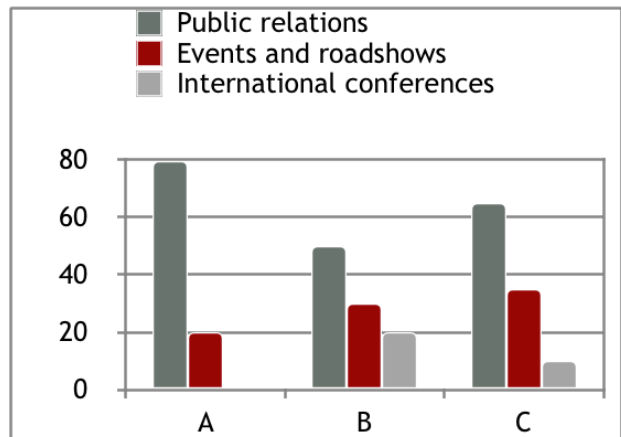


Biggest issues for advertising campaigns



There are several factors which have influence over the outcome of an advertising campaign. The biggest ones are lack of information and the need for a sophisticated ad approach. Data and analytics are expensive for small businesses, making it difficult for companies to run sophisticated ad campaigns. Responders reveal that running successful digital ads requires a lot of data about a customer which can be hard to obtain if your company lacks technical staff.

Methods which help the struggle



Due to the cost and difficulties of gathering data, advertisers choose alternative options to approach their target audience. Public relations tend to be one of the favourites which is a cheaper option, allowing advertisers to target a certain category or a segment of consumers, for example targeting investors through business media. Also, attending events is a regular activity as it highlights the social engagement of the brand.

5. Discussion

Every decade or even more often, industries evolve at some level. Evolution is necessary for growth, and is natural and widespread: every day scientists discover something new, technology gurus develop something new, and so people evolve too.

Evolution is an important and complex consideration for companies, as every business must understand how people work, and how they think. By understanding consumers' behaviour and decision-making processes advertisers have the power to sell things that people don't even need. The goal of advertising should not be to produce need but want.

One of the biggest issues that the advertising industry is facing is tough competition and massive ad spam in the streets, in the shopping malls, in magazines and newspapers, on TV, on the Internet and, social media.

The way to bypass spam is to focus on running targeted ads in the right place, at the right time, for the right audience. However, to be able to run such ads, companies need to fully understand their customers. Companies should have a capable technical team to handle the development and integration of analytical and information gathering programs. This is a particularly sensitive issue for small businesses and SMEs due to a lack of resources.

Businesses also tend to embrace social branding by seeking to solve their customer's problems. They help and support their customers online on social media and offline at various events and conferences. This way companies get great attention from potential customers and existing ones.

By being there for the client, a company shows that it really cares, and to care is a new value proposition for customers. In today's market, capitalism is as much a curse as a boon; companies simply don't care for their clients, and their clients can tell. The main goal is all too often to sell and not really think of the consequences later on. However, well branded companies always show care.

The difference in advertising between 100 years ago and now is that back then there weren't many products, so every new thing got people excited. People today are harder to please; they are exposed to an enormous array of products, making it hard to say yes to one. Consumers are also ever more savvy, able and willing to research products and companies and find the best deal. This creates a very intense and highly competitive market. That's why traditional advertising methods don't work anymore. Consumers' thinking and leaders' thinking have advanced and so advanced advertising solutions are required in today's market in order to make a sale.

Regular ad placements without decent statistics or proper reasoning are not worth the investment. Investing in the people who have the right technical and analytical skill set is instead a much better investment for businesses in the long run.

Social branding has become the core of advertising in today's competitive market. We can see very interactive advertising campaigns which tend to include their customers in the campaign.

People, like to get involved, they like to be engaged with and they definitely like the action. Passive advertisement doesn't work anymore; businesses have to engage with their audience one way or another.

Digital marketing solutions such as social media and search engine marketing are still valuable and worth the investment but they do require extremely detailed customer knowledge in order to create an ad that is placed correctly, timed appropriately and therefore gets in front of the right customer, therefore maximizing potential click-throughs and returns.

As interview responders were widely involved in social marketing, including event and conference attendance, and real-life customer engagement, it is highly recommended to use this approach as an alternative option instead of spending on huge billboard ads downtown.

Additionally, good public relations is a suitable alternative for companies to get attention locally and even worldwide at a lower cost than running traditional ad campaigns.

6. Conclusions

The objectives of this research were to analyze different advertising methods, see how they correspond to current technology-impacted markets and discover the issues advertisers face when trying to improve results for their clients.

To create a theoretical backdrop for the research, fine information collection was used. Various sources including books, reputable journalist articles, a master's thesis on marketing, and reputable company reports were all used. The current market situation was then analyzed using this existing data.

To establish if and how the data is applicable today, three interviews were conducted with advertising professionals to find out their perspective and see if any of their information matches with the existing data from the theoretical background. The results section shows the major interview findings with explanations.

The main result is that the advertising industry has indeed changed a lot. The shift in advertising happened not just because of technological development enabling a lot of spam all over the internet, but also because of a developing social understanding of consumers and how consumers perceive advertising and companies. Since consumer behaviour has evolved, companies are evolving their technology as well by trying to better analyze their consumers using analytics which will enable better-targeted advertising. However, this approach is rather costly.

Alternatively, a solution to avoid highly expensive advertising campaigns is to use public relations and social branding. Interacting with customers online and offline is very important. This makes the brand look authentic and the interaction itself brings a lot of value to customers as their questions get answered by the company. Like a good advertisement, it produces something of value. As such, consumer engagement in advertising campaigns is currently trending.

This research has revealed the main issues that advertisers are wrestling with today. The next step of this research would be to examine the topics of social branding and public relations in greater depth, and how they could be implemented in advertising campaigns to maximize advertising results.

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