

# Advertising Techniques in the Digital World: The New Era of Social Communications

**Eva Lahuerta-Otero**

*University of Salamanca, Spain*

**Rebeca Cordero-Gutiérrez**

*University of Salamanca, Spain*

## INTRODUCTION

Social communication is one of the most significant changes affecting online advertising. Since the Internet is used to buy, sell and exchange products and services, more and more companies need to reach their customers electronically. As a result, there is a growing tendency in the use of online advertising techniques (especially through social networks) as they are a reliable and a cost-effective way to increase customers' awareness and attraction. The successful application of these techniques provides organizations with significant opportunities to increase brand reputation, online sales and electronic word-of-mouth.

This chapter will describe the most important measurement tools used nowadays in order to assess a website's online exposure and relevance. After that, a set of the most common advertising techniques both in SEO and in SEM fields will be described. We will describe the uses and applications of Google AdWords, Facebook Ads and Twitter ads as new, innovative techniques to deliver commercial and promotional messages to segmented, targeted customers. Finally, we will analyze the main digital metrics used to evaluate the real performance of these techniques.

## BACKGROUND

### Electronic Commerce: The New Way of Conducting Businesses

E-commerce can be defined as the use of the Internet, the Web, and apps to transact business. It refers to digitally enabled commercial transactions between and among organizations and individuals (Laudon & Traver, 2013). Although it is difficult to determine when e-commerce began, the development of the Internet and the World Wide Web has changed the way in which transactions are conducted. Constant improvements on information and communication technologies and entrepreneurial innovation have dramatically changed the online competitive landscape. All statistics confirm the fast pace at which the industry is developing. Worldwide B2C e-commerce sales amounted to more than 1.2 trillion US dollars in 2013, and US mobile commerce revenue accounted for 38 billion US dollars (Statista, 2015). Global B2C commerce reached 1,471 trillion US dollars in 2014, increasing 20% over the previous year and it is expected to grow in more than 200 billion new dollars per year (eMarketer, 2014a).

Electronic commerce technology possesses eight unique features that explain both the challenge it poses for traditional commerce and the growing interest of firms in establishing an effective online presence (Laudon & Traver, 2013):



- **Ubiquity:** The Internet or Web technology is available everywhere. This means traditional market extends beyond boundaries. E-commerce transforms marketplaces into marketspaces. Thus, it is cheaper and more convenient for customers to shop online.
- **Global Reach:** The technology reaches across national boundaries across the world. Electronic commerce creates e-markets where billions of customers and millions of businesses can interact.
- **Universal Standards:** There is a set of Internet standards that are common, inexpensive and can be applied globally.
- **Richness:** Video, audio and text messages are possible. The consumer experience is enhanced by means of divers rich-media advertising messages. Even virtual tours are available so customers can mitigate the risk associate to online purchases.
- **Interactivity:** The technology works in a way that allows bi-directional communication between consumers and businesses. The customer is now a participant in the purchasing process and can also become a co-creator of content.
- **Information Density:** The technology allows for a free, updated and constant flow of information. Information processing, storage and communication costs drop significantly making transactions more efficient by reducing information asymmetries on the marketspace.
- **Personalization/Customization:** The e-commerce technology allows personalized messages to be delivered to individuals as well as groups. This means e-commerce can distribute unique, adapted messages to specific target customers or segments.
- **Social Technology:** E-commerce has brought the era of user-generated content and social network sites. Businesses cannot conceive their online presence without actively engaging in social networks.

### **Electronic Businesses and Advertising: Promoting Products and Services in the Marketpace**

*A wealth of information creates a poverty of attention. – Herbert Simon, Nobel Prize of Economy.*

Modern organizations cannot deny the power of digital and social advertising when doing e-commerce transactions. Internet users suffer from “information overload”, so competition for attention increases significantly. Therefore, businesses must rely on new, innovative and dynamic ways to catch customers’ attraction. As a result, whereas investments in traditional media (TV, radio, press) are declining, digital ad spending worldwide reached 137.53 billion US dollars in 2014, and is expected to reach 204.01 billion in 2018 (eMarketer, 2014b). Overall, social advertising grew by 27% in 2014, and exponential growing rates are expected in the mobile and video sectors (eMarketer, 2013).

Given the fact that social media is getting bigger with no signs of stop, marketers advertise on social network sites due to its unique combination of characteristics (IAB, 2015):

- **Reach:** Social media is the most popular online activity. As an example, Facebook accounts for 1.39 billion monthly active users and 1.19 billion mobile monthly active users with the potential global reach of a non-segmented advertising campaign.

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