

Developing an Internet

Running Head: Developing an Internet

Developing an Internet Advertising Network for Women

by:

Genia V. Stevens

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Approval Page

We approve the Capstone Research Product of Genia V.

Stevens:

Name of Capstone Advisor Date

Name of Peer Reviewer Date

Abstract

This Capstone research document researched internet marketing, marketing to women, and weblog advertising. The research was performed on the internet, through Cardinal Stritch University's library, and through the use of Questia.com - an online library. The business problem addressed in this Capstone research document was determining the business model that maximized thenewjane.com's profit potential. A decision matrix was used to decide between five alternative business models. thenewjane.com is an internet advertising organization in its infancy. It is important to determine the best business model for the organization if the principal plans to seek capital from investors. In addition, it is important to determine the best business model for the organization so the organization can begin to develop its long-term strategic plan. Research suggested the best business model for thenewjane.com would be a blog advertising network that specifically targeted female consumers and female business owners. Further research on the types of types of blogs women write - as related to style and content -- would be useful for future studies.

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Developing an Internet Advertising Network for Women

Chapter 1: Introduction

Overview of Research Project

The internet is a dominant advertising force in the global economy. Internet access, once a privilege reserved for the government and academia, is now accessible by over 1 billion people worldwide. Over 218 million people use the internet in North America (World Internet Usage Statistics and Population Statistics, n.d.).

thenewjane.com is an internet marketing organization in its development stages. The organization provides free advertising for female bloggers who wish to advertise their blogs on other blogs written by female bloggers. Network members place a small strip of java script code on their blogs. This code delivers small text-based ads that belong to other network members. Network members earn free advertising for every text advertisement displayed on their blogs. Those who are not network members -- but wish to target female bloggers and female consumers - must purchase advertising space in the network. This research project will examine current internet advertising trends, cost-effective internet marketing, internet advertising as a branding tool, weblog (blog) advertising, and internet

marketing to women. The research gathered for this project will provide useful information that will help determine if the thenewjane's planned business model is the strategy that will maximize the organization's profit potential.

Organizational Profile

thenewjane is an internet-based marketing organization in its infancy. It is a start-up organization with two employees. This research will specifically address thenewjane's research and development stage in an effort to create the business model that maximizes the organization's profit potential. The tentative plan for thenewjane is to develop the organization as a blog advertising network that specifically targets female consumers and female business owners. thenewjane's online advertising network will consist of blogs owned and maintained by women. thenewjane will offer text-based advertising, no less than 75 characters, no more than 150 characters. Each blog publisher will publish free advertising on her blog in exchange for free advertising in the network. Media buyers and those wishing to target female consumers will purchase advertising space within the network. The paid advertisements will run with the free advertisements in the network, receiving twice the display rate as the free advertisements.

Research Goals and Objectives

Several items are crucial to the success of thenewjane's development: a thorough understanding of internet marketing trends and a firm understanding of how, why, and when female consumers purchase products online. In addition, a review of several advertising networks will be necessary to assess thenewjane's profit potential. A review of various advertising networks will help determine best practices and worst habits for the online marketing industry. In addition, a review of various traditional internet marketing strategies is necessary to learn more about internet marketing techniques, particularly those targeting female consumers and business owners.

Opportunity Statement

Based on preliminary research, the organization's principals have assumed a blog advertising organization developed to target female consumers and female business owners has more profit potential than other types of internet marketing organizations. By 2010, women are expected to control 60% of the United State's wealth (National Women's Business Week, Charlotte, North Carolina, 2004). Research shows 56% percent of the world's hosted blogs are maintained by women - with women being the least likely to abandon their blogging efforts (No title, n.d.)

Privately-held women-owned organizations in the United States generated \$2.46 trillion in sales in 2004, and women purchase or influence the purchase of 80% of all consumer goods -- including stocks, computers, and automobiles (Women power: how to market to 51% of Americans, n.d.). The Capstone research will investigate various internet marketing data and recommend the alternative that offers the maximum profit potential.

Scope and Limitations

Information gathered from the internet, Cardinal Stritch University's library, and Questia.com - an online library -- will be used in this research. A literature review will be performed in order to determine thenewjane's potential profitability as a blog advertising organization that targets female consumers and female business owners. Information related to online marketing, marketing trends related to female consumers and female business owners, and developments in blog advertising will be reviewed.

Chapter 2: Literature Review

Marketing

Marketing encompasses the activities of all those who participate in the exchange of goods and services in the global marketplace. Those participants include wholesale and retail, in addition to those who develop, warehouse, transport, insure, finance, or promote the product (Marketing, 2004). For any organization, marketing must include the process of planning and executing the conception, pricing, promotion, and distribution of products, services, and ideas to create exchanges that complement the organization's strategic plan (Glossary of Terms: Customer Service: Health Advantage, n.d).

Developing effective strategies that promote the exchange of goods and services is perhaps the most important marketing activity. This activity is called advertising - the many ways marketers sell and deliver products and services to consumers using various media outlets. A 2003 report by The E.W. Scripps Company states, "The sale of local, national and political commercial spots accounted for 95% of broadcast television segment operating revenues in 2003" (E.W. Scripps 2003 Annual Report). According to the Television Bureau of Advertising, organizations spent over \$42 billion on local, syndicated, and network

television in 2003 (TVB.org, 2004). The Radio Advertising Bureau reported a total combined local and national sales index of \$124.3 million between January and October 2004 (Welcome to RAB: Radio Advertising Bureau, 2004). The Newspaper Association of America reports that individuals and organizations spent almost \$45 million in newspaper advertising in 2003 (NAA: Facts About Newspapers 2004 - US Daily Newspaper Advertising Expenditures, 2004). The Interactive Advertising Bureau stated that "online advertising sales reached almost \$2.3 billion in the first quarter of 2004, the highest three-month total since the group began tracking the sector in 1996" (Study: Online ad sales set record-breaking pace, 2004) - a nearly 40% increase from the year before.

Regardless of the chosen media outlet, marketing consumes a significant portion of an organization's resources and capital. Managers must effectively and efficiently utilize all resources allocated to the organization's marketing program in order to receive the best return on the organization's investment. In 2002, 286 of the organizations from the Fortune 500 list introduced internet marketing campaigns - with numbers increasing by 6% year over year (Online ads pull in Fortune 500 fans, 2003). By 2003, internet marketing became a

viable and cost-effective alternative to traditional advertising outlets for many of the organizations on the Fortune 1000 list.

Internet Marketing

In 1999, The Strategis Group estimated there were 101 million Internet users in North America (US Internet User Mark Breaks 100 Million, 1999). The methodology The Strategis Group employed for its research used a non-probabilistic sample; the sample size was large -- over 5,000 respondents and the communication of the survey utilized high traffic web sites. In 1999, Allen Weiss stated internet advertising and marketing costs far outweighed what online businesses saved on inventory. At the time, Ameritrade, an online investment organization, spent 27% of its revenue on marketing, while Merrill Lynch, a brick and mortar investment organization, spent only 2% of its revenue on marketing (What's So Different About the Internet?, 1999). By December 2004, growth in internet marketing "outpaced growth of the ad industry overall, with advertisers coming to regard the Web as an essential brand-building component to their media campaigns" (Online Publishers Association: Press Releases, 2004).

Internet marketing is the commercial process involved in promoting, selling and distributing a product or service

on the World Wide Web. This process uses various advertising activities to attract consumers. Examples include keyword marketing, sponsorships, and advertising networks. Additional activities may also include email marketing, banner advertisements, and search engine optimization.

Cost-Effective Internet Marketing

Marketing professionals must develop cost-effective internet marketing strategies that enhance their organization's long-term strategic plan. The seasoned marketing professional compares differences between traditional media and internet media, then identifies those characteristics that are most effective in online marketing. Joon Yoon and Joo-Ho Kim wrote, in the *Journal of Advertising Research*, "internet advertising is better suited for highly involved as well as rationally oriented consumers and that the internet should be recognized as an important media alternative in view of its preference and effectiveness of advertising execution" (Yoon & Kim, 2001).

The internet offers many advantages for smaller organizations hoping to level the playing field with larger organizations selling similar products or services. Small organizations can "develop an attractive, attention getting home page at a fraction of the cost of more traditional

advertising media. Location and office environment advantages are neutralized over the net (Elfrink, Bachmann & Robideaux, 1997). Internet advertising allows an organization the opportunity to develop a continuous presence on the World Wide Web - marketing itself to well over 1 billion global consumers on a daily basis - by developing, maintaining, and promoting an organizational website. At a fraction of what larger firms pay for television and radio advertising, small organizations use internet advertising to enhance or improve the organization's image, attract new customers, generate general interest in the organization, better serve the organization's present customers, and complement the organization's traditional advertising (1997).

Internet Advertising and Branding

Internet advertising consists of "developing a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers" (Marketing Terms Dictionary - American Marketing Association, n.d.). This development is called branding. Because internet advertisements are relatively low in cost and simple to create, the internet is a very effective tool for creating brand awareness. Internet marketers typically use banner advertisements to create,

develop, or maintain a product's brand awareness. Banner advertisements are much less expensive to create than television or radio advertisements; banner advertisements are easy to update; and banner advertisements are easier and faster to test than radio or television advertisements. Internet marketers can test a wide range of creative content in order to quickly determine which creative is most effective.

Studies have shown that internet advertising is effective at increasing brand awareness and purchase intent. Various advertising formats have varying effects on brand metrics. Larger advertising creative content improve branding metrics by an average of 40%; pop-up advertising improve branding metrics by 194% (Nua Internet Surveys: Online Advertising is Effective for Branding, 2001). Advertisements that use audio, video, and animation have a significantly higher impact on brand awareness than standard banner advertisements and increase branding effectiveness considerably.

Marketers measure brand value by "correlating behavioral data -- including individual user click-streams, repeated patterns and aggregate user behavior -- with the flights of specific ads" (Online Advertising's ROI May Be 25 - 35 percent Higher Than Most Marketers Believe, n.d.).

Click-stream is defined as "the virtual record of an Internet user's activity including every Web site and every Web page visited and how long the user was at each" (Dictionary.com/Clickstream, n.d.). An analysis of mouse click behavior helps marketers quickly determine the effectiveness of chosen advertising formats. This analysis also helps marketers measure product brand metrics. Those internet marketers who do not measure advertisement performance, adjusting advertising formats as necessary, may receive an inadequate return on investment (ROI).

Media buyers are often challenged to justify distributing a larger share of the organization's advertising budget to internet advertising. In addition, media buyers are challenged to quantify the benefits of adding internet advertising to an organization's marketing campaign. Research shows that internet advertising can improve an organization's marketing ROI, but it must be a significant part of the media blend (Internet is Powerful Complement to Traditional Advertising Media, 2002). An organization that increases its internet advertising may see increases in brand awareness, brand attributes, and purchase intent - if the organization monitors, analyzes, and adjusts its internet advertising formats as necessary. Television, print, and internet advertising all offer

effective ways to brand products; however, "internet online is generally more effective in terms of branding increases from the precampaign trail" (2002).

Doubleclick, a professional internet marketing organization, states that internet advertising increased offline product sales in 75% of the products tested. When placed on internet-based newspapers, advertising increased more substantial gains on sales and branding measures. Doubleclick's research also shows that advertising delivery frequency impacts branding (eAdvertising: Does it Work?, 2002). Doubleclick's research also shows that increased delivery frequencies aid in helping consumers become more aware of new products, help consumers recall less-familiar brand names, and increase purchase intent.

Internet advertising is an efficient branding medium compared to television, radio, and print media. Because consumers typically, leave their chairs and take bathroom breaks, smoke breaks, or coffee breaks when commercials air during their favorite television show, television advertising is not as effective as it could be - in theory. Add the cost of television advertising to the mix, and internet advertising is considerably more cost-effective than television advertising (Online Advertising Effectiveness: Rex Briggs Speaks, n.d.).

Leong, Huang & Stanners say the internet is effective for both long-term and short-term marketing objectives. Internet marketing professionals view the internet as a medium that is effective for "creating brand/product/corporate awareness, communicating product/brand image, and communicating corporate image" (Leong, Huang & Stanners, 1998). The internet, as a medium, has a basis in empirical factual knowledge, while television appeals most to the emotions.

Blog Advertising

T. Hespos writes, "if you're not considering advertising on blogs that deal with topics of interest to your clients and their target audiences, you're doing your client a disservice" (Hespos.com: Yes, Blogs Are a Great Advertising Environment, 2004). Wikipedia, the free encyclopedia, defines blog as:

a web application which contains periodic posts on a common webpage. These posts are often but not necessarily in reverse chronological order. Such a Web site would typically be accessible to any Internet user. The term "blog" came into common use as a way of avoiding confusion with the term server log (Blog: Wikipedia, the free encyclopedia, n.d.).

Recent research shows that "61% of those who read blogs are over 30 years old. In addition, 30% are between the ages of 31 and 40, while over 37% span the ages of 41 - 60. And nearly 40 percent have a household income of \$90,000 or more" (Study Shows Blog Readers Defy Stereotypes, n.d.). This research also indicates that many blog readers donate online, purchase books and magazines, and click on associated blog advertising.

Paramount Pictures, The Wall Street Journal, PBS, Nike, and the Gap, are successfully reaching niche audiences using blog advertising -- for a fraction of the cost of traditional advertising. Rick Bruner says, "advertisers should look at blogs in terms of brand development" (Blogs: A Good (If Scary) Buy for Advertisers, 2004). For many organizations, blogs are cost-efficient buys compared with banner ads. Steve Hall, publisher of the popular advertising blog adrants.com says, "Blogging in general is coming out of its geeky shell. In the early days, people said, 'You can't put ads on the Web!' Now, any good media buyer is going to do a test on blogs" (2004).

Most blogs have dynamic keywords and are updated daily by either the blog's writer or the blog's frequent visitors. This constant addition of dynamic keywords translates to more targeted search engine traffic. Typically,

bloggers receive more targeted search engine traffic than traditional webmasters who do not update their websites as often. Another advantage of advertising on blogs as opposed to Web sites is that readers tend to be extremely interested in the topic and very attached to the blogger. Faithful blog readers often trust the content published on blogs they read regularly - including the advertising content.

There are 4.1 million hosted blogs, and according to the Perseus Blog Survey, women are more likely to blog than men - making up 56% percent of the hosted blogs (The Blogging Iceberg, 2004). The survey also stated:

Males were more likely than females to abandon blogs, with 46.4% of abandoned blogs created by males, as compared to 40.7% of active blogs being created by males. Abandonment rates did not vary based on age. Those who abandoned blogs tended to write posts that were only 58% as long as the posts of those who still maintained blogs, which simply indicates that those who enjoy writing stick with blogs longer (2004).

Women dominate the blogosphere, offering unique opportunities for organizations to market directly to women using blog advertising.

Marketing to Women

Women are taking advantage of the internet's ability to save them valuable time, allowing them to shop on a schedule that best fits their needs. In addition, women use the internet to learn more about products before they buy. Automotive, financial services, and technology - traditional male sectors - have made considerable efforts to target female consumers. Women represent a majority of the United States population; therefore, female consumers offer organizations the opportunity to target a large untapped market. According to Microsoft's research, "by 2010, women are expected to control \$1 trillion, or 60% of the country's wealth" (Women power: how to market to 51% of Americans, n.d.). Other relevant data organizations should consider when targeting the female consumer, are:

1. Women purchase or influence the purchase of 80% of all consumer goods, including stocks, computers, and automobiles

2. Women earn more than half of all accounting degrees, four out of every 10 law degrees and almost that many medical degrees
3. More than half of all new Web users are women
4. The solo women's market - defined as never-married women ages 25 to 44 - will approach \$200 billion by 2006 (Women power: how to market to 51% of Americans, n.d.)

Women represent a significant target market for the smart internet marketing professional; women have money; women are independent; and women make big-ticket purchases.

The internet has become an all-encompassing force in modern society, growing considerably over time as household accessibility and organizational bandwidth issues are resolved. The internet, once a privilege for governmental agencies and academia, has now become accessible to a larger segment of the world's population. As women's interest in the internet increases, so has the existence of websites with content designed specifically for women. Websites with women-specific content offer a unique opportunity for organizations to reach their target market quickly and efficiently.

The internet provides discerning opportunities for organizations to transmit, develop communities, share knowledge, and exchange ideas. These activities are all accomplished using a tool that is accessible by millions of households and individuals. Because the internet is less expensive, with fewer barriers to entry than traditional publishing methods, women-only Web sites establish cost-effective marketing opportunities.

In *Decoding Women's Magazines*, Ellen McCracken analyzed dominant themes in advertising and editorial texts in over 50 women's magazines. She argued that "a varied yet structurally homogenous constellation of negative tropes underlies the preferred meanings that women's magazines attempt to fix in order to sell commodities" (McCracken, 1993). There are many women-themed Web sites, and other sites that are not marketed as women-only, that provide content that specifically target women's interests. E-commerce sites, online banking, investment services, and search engines provide information with strong advertising that appeals to women.

Research shows that women are more likely than men to provide personal information online: credit card numbers, checking account numbers, and social security numbers. Women will most likely provide this information

only if a relationship has been established and the organization has gained their trust. Many large retail organizations aim to establish this relationship with women by creating online chat rooms and message forums for consumers to meet and exchange ideas. This particular marketing strategy turns a mere retail Web site into a virtual community of shoppers who return again and again (Small Business Resource - Marketing to Women 2002).

ReachWomen.com, a marketing organization created specifically to help organizations target female consumers, says:

We propose three different positions a brand can take in reaching women-- visible, hybrid and, our favorite, transparent. Each of these choices requires companies to go beyond making obvious or superficial changes and truly tailor their brands for specific markets. Positioning your brand for women is a key. The incredibly powerful alternatives to pink - visible, hybrid and transparent marketing - will lead companies to more effectively sell their product or service, whether necessity or luxury, high price point or low, by delivering relevance and building

authentic connections with women (Reaching Women, n.d.).

Organizations must allot the resources to invest time, money and human capital to develop a brand that reflects its commitment to serving female consumers. Creating visible, hybrid, and transparent marketing for women may require a significant change in the way organizations approach marketing altogether.

Martha Barletta, author of *Marketing to Women: How to Understand, Reach, and Increase Your Share of the Largest Market Segment*, says "Women are the world's most powerful consumers" (Barletta, 2002). Barletta asserts that men's marketing does not work for women. When compared to men, women have a very different set of priorities, preferences, and attitudes; women's purchase decisions are radically different; and women respond differently to marketing media and messages. Barletta urges top managers to gain an understanding of the importance of marketing to women, then allot the necessary capital and resources to get the job done. For Barletta, women are not a niche market; women are the market.

Barletta works to dispel the myth that, for women, marketing is all about relationships. She says:

While it's true that women put more emphasis on relationships -- personal and corporate -- than men do, their purchase decisions and response to communications are affected by far more than `relationships.' From word meaning to word-of-mouth referrals, product priorities to Internet usage patterns, women differ from men in many, many marketing dimensions. And, to overlook their complexities would be to undermine the effectiveness of your company's programs (2002).

According to Barletta, there are four components of the women's market: earning power, high-net worth women, consumer spending power, and women in business.

Traditionally, married couples list the male's name first. This is the same with famous couples in history and literature, be they married or not. Yvonne Divita, author of *Dickless Marketing: Smart Marketing to Women Online*, suggests this patriarchal stance can be extremely damaging for organizations. Divita discusses research that indicates women now comprise a majority of the current U.S. population. Divita also points out that research shows consumer spending accounts for two-thirds of the economy and women influence 95% and make 85% of all consumer buying

decisions; the majority of corporate purchasing agents and managers are women; and female entrepreneurs account for 70% of new business start-ups (Divita, 2002).

Maria T. Bailey, the CEO of BSM Media, Inc., a media and marketing company that specializes in marketing to mothers, asserts that mothers are a distinct group and respond to different stimuli than other target groups. In her book, *Marketing to Moms: Getting Your Share of the Trillion-Dollar Market*, Bailey states that Moms wield tremendous power as both consumers and decision-makers who control the family checkbook. Mothers typically compare health care coverage, discuss various brands of baby food, and compare family vacation spots. Bailey also contends that Moms spend most of the family's money and discuss where they spend it.

Female Business Owners and Internet Marketing

The Small Business Association states, "the number of women-owned business enterprises is growing faster than the economy at large in many countries. Across the world, women-owned firms comprise one quarter to one third of businesses" (Women, Business & International Trade, 2001). Of the 60 global female-owned organizations profiled in *Leading Women Entrepreneurs of the World 1997*, two thirds

of those organizations actively participate in international trade (2001).

The Center for Women's Business Research reports that "as of 2004, there are an estimated 10.6 million privately-held, 50% or more women-owned firms in the U.S., accounting for nearly half (47.7%) of all privately-held firms in the country" (Center for Women's Business Research, 2004). Privately-held women-owned organizations in the United States generated \$2.46 trillion in sales in 2004. The largest share of privately-held women-owned organizations is in the service industry, with nearly half of these organizations accounting for the service sector: 1.8 million are in retail trade; 966,662 are in finance, insurance or real estate; and 652,807 are in construction. Approximately 1.4 million additional privately-held women-owned organizations are in industries that are not classified (2004).

Internet Advertising Networks

thenewjane's design is that of an advertising network: an extended group of websites, connected by a central server, that publish advertisements using the same software programming and scripting. Advertising networks aggregate publishers and advertisers using an interactive marketplace. Advertising networks offer a substantial

value for advertisers and publishers alike, such as frequency capping, complete online reporting, complete online campaign control and the ability to expand an advertiser's reach to Web sites that are high traffic Web sites the advertiser may be completely unaware of. The most familiar, and most profitable, example of an advertising network is Google's Adwords and AdSense. Google provides internet advertising for organizations through its pay-for-performance advertising program. The organization sells search-linked advertisements using an auction-style process. Advertisers submit bids stating how much they are willing to pay Google when Web users click on their ads. The highest bidders get placement alongside search results. In addition to Google's search-based Adwords sales, Google also provides an advertising network using the same auction-style format. Publishers, webmasters who wish to generate revenue using their Web sites, earn a percentage of all advertising sales by participating in Google's AdSense program. AdSense publishers add a simple java script code to their Web sites; this java script code delivers advertisements to the Web site based on the Web site's content. The advertisements published on the Web site change automatically as the Web site's content changes. Advertisers submit bids stating how much they are

willing to pay Google when Web users click on their ads. The highest bidders get placement on various Web sites with content that matches the keywords assigned to the advertisement. This program allows small business owners an opportunity to create affordable advertising campaigns that they pay for only if the advertisement generates enough interest to entice a Web site visitor to click on the advertising text. Because the ads are textual in nature, instead of graphical, publishers - those wishing to earn money by placing Google advertisements on their websites -- can place multiple advertisements on one page, maximizing their earning potential while avoiding the overcrowded look.

According to a recent Computerworld report, Google reported \$52 million net income earnings for 2004. Yahoo!, another popular search engine offering search-based text advertisement sales sold in an auction-format, reported in October 2004 that sales surged 84 percent to \$655 million, up from \$357 million a year ago. The company contributes the sales increase to a 212 percent jump in revenues from the company's core advertising business, which includes the sponsored search market (Amazon.com net sales jump 29%; Google reports \$52M in net income, 2004).

Google and Yahoo! experienced extraordinary sales increases because pay-per-performance advertising is one of the most cost effective ways to target new customers, generate leads to a selective market, or both. One of the reasons pay-per-performance advertising gains in popularity because of the ability to choose highly targeted places to display advertisements. In addition, the added benefit of paying only if a web user clicks on an advertisement encourages new business owners with small advertising budgets to look to pay-per-click advertising before paying for other forms of internet advertising.

The online preference marketing methods of network advertisers have caused a considerable amount of concern about user privacy. The technology driving network advertising methods is often too technical or complex for organizational marketing professionals to deal with in-house. Advertising networks offer publishers the opportunity to hand-off consumer privacy concerns to third party advertising networks; these networks handle all consumer information, including address, phone number, checking account and credit card numbers. Advertising networks assume the liability for mishandled private consumer information. In addition, many publishers do not choose the advertisements that are displayed on their Web

sites; the advertisements are screened, selected and delivered by the third party. In general, these network advertising organizations do not merely supply the advertisements; they also collect data about the consumers who view their ads. This consumer data is often merged with data on the consumer's offline purchases, or information collected directly from consumers through surveys and registration forms (Welcome to Advertising Network Initiative, 2001).

Advertising networks offer organizations an additional benefit; they collect and analyze data that will allow the advertising networks to make a variety of assumptions about each consumer's interests and preferences. The results derived from this data attempt to predict consumer tastes, needs, and purchasing habits. This data also allows network marketing organizations the ability to make decisions about advertisement deliver based on consumer buying patterns and interests (2001).

Blogads.com is an advertising network for bloggers. The Blogads network is different from traditional advertising networks in that publishers must commit to posting the Blogads java script code on blogs only. Another distinct difference is advertisers choose which blogs across the network they wish to have their

advertisements delivered, and blog publishers have the final say about what advertisements they wish to have delivered on their blogs. Bloggers work to ensure that advertisements delivered on the blog will appeal to their readership. This editorial discretion works well for all involved: the publishers, advertisers, and Blogads.com. Research shows that a blogger who has a steady stream of loyal visitors is able to generate interest in the advertisements displayed on the blog simply because the blog's visitors have developed a relationship with the blogger. Blogads maintains possession of all the advertiser's personal information and distributes regular surveys designed to analyze consumer interests and buying patterns (Blogads: Who Are We?, 2002).

Conclusion

This literature review examined internet marketing and its effects on brand management. In addition, this literature review examined research on weblog advertising, internet marketing to women, and advertising networks. The decision criteria discussed in Chapter 1 will be applied to information gathered in the Literature review to determine the business model for thenewjane.com. Chapter 3 will: examine how the research for this Capstone document was conducted; discuss, in further detail, the alternatives

discussed in Chapter 2; further define the decision criteria discussed in Chapter 1; and discuss the analytical tools and tests applied in this Capstone document.

Chapter 3: Method

Statement of Purpose

The research in the Literature review investigates various internet marketing data, with the purpose of recommending a business model for thenewjane that would provide maximum profit potential. The method provides an opportunity to analyze research that addresses the cost-effective and profit maximizing benefits of various internet marketing organizations and techniques. The approach for this research document is descriptive in nature, as indicated by the five step procedure outlined in the applied decision report described in the course syllabus:

1. Define a problem or research opportunity; state research question
2. Review literature to identify potential solutions and criteria
3. Set alternatives, judgment criteria, and method analysis
4. Collect and analyze data
5. Decide on the best alternative; discuss implementation (Cardinal Stritch University, 2004)

Proper use of the Applied Research method will help identify the best business model for thenewjane.

Research Question

What is the most profit-maximizing business model for thenewjane.com? This research will investigate various internet marketing data and recommend the alternative that offers the maximum profit potential.

Definitions. Several important terms are defined in order to foster further understanding of the internet marketing industry:

1. advertising network - a network representing many Web sites in selling advertising, allowing advertising buyers to reach broad audiences relatively easily through run-of-category and run-of-network buys
2. banner advertisements - graphical images, usually in the shape of a rectangle, used as advertisements on a Web site
3. email marketing - the distribution of paid advertising through email
4. keyword marketing - putting a message in front of consumers who are searching using particular keywords and key phrases

5. search engine optimization - a set of methodologies aimed at improving the visibility of a website in search engine listings (Search engine optimization - Wikipedia, the free encyclopedia, 2004).

6. sponsorships - advertising that seeks to establish a deeper association and integration between an advertiser and a publisher, often involving coordinated beyond-the-banner placements (Online Advertising Category at Marketing Terms.com, n.d.)

7. weblog: an online diary, a personal chronological log of thoughts published on a web page, typically shortened to the word "blog"

Additional terms warrant definition. These terms define important parameters of the Capstone research:

1. cost-effective - used to define an activity that is economical in terms of the goods or services received for the money spent
2. profit-maximizing - maximization of an organization's net income

Cost-effective advertising is measured by the amount of profit returned based on the amount of resources used to produce it. This is called the advertising return on

investment (ROI). An organization has maximized profit when it receives an excess of income over all costs using the most economical activities available.

Alternatives

Several alternative solutions will be considered throughout the research process:

1. Establish a blog advertising organization that specifically targets female consumers and female business owners
2. Establish a traditional internet marketing organization that specifically targets female consumers and female business owners
3. Establish a traditional internet marketing organization with no specific niche market
4. Establish a blog advertising organization with no specific niche market
5. Establish no advertising organization at all

A decision matrix will help determine the most profit-maximizing business model for thenewjane from among the five alternatives.

Data Collection

The data used is to determine the most profit-maximizing business model for thenewjane was gathered from the literature review performed in Chapter 2. The

majority of the data is subjective in nature as it relates to the organization; therefore, the data was evaluated based on a similar same subjective basis. Factual data is also analyzed from a subjective basis; advertising statistics are gathered, then compared against each other to assign numerical values -- that represent subjective qualities -- to various variables.

Analytical Tools and Tests

The tools used for this research document were the internet, internet research databases, Cardinal Stritch University's library, and an online library located at Questia.com. Most of the data gathered is descriptive in nature. The data describes numerous variables related to internet marketing.

A decision matrix is used to help determine the most profit-maximizing business model for thenewjane.

A matrix of the following variables is used in order to compare the five alternatives:

1. The model provides a competitive advantage.
2. The model affords the ability to differentiate thenewjane.com from its competitors.
3. The model allows thenewjane the ability to reach the largest market.
4. The model has been tested.

5. The model is vulnerable to market trends.

Each model is scored between 0 and 3 based on the answer to each question, with 0 being the worst score and 3 being the best possible score. The scores are then averaged. The model with the highest average score is the tentative business model for thenewjane.com. It must be noted that a certain degree of subjectivity is used in assigning scores to each model.

Challenges

The data collected in the literature review was assessed using a fair amount of bias. This is due to time constraints. A thorough assessment of specific measurable factors, such as click-thru rates and conversion rates, would have required more time than allotted for completion of the Capstone research document. Most of the data used in the research document is used to approach decision-making process in a subjective fashion. A quantitative content analysis that would aid in the decision-making process would require a more comprehensive assessment and understanding of key internet marketing terms and processes. Chapter 4 will explain the results of the data gathered and provide an analysis of the research collected.

Conclusion

The research gathered focuses on internet advertising, instead of advertising activities involving traditional media like television, radio, and print. Considerable attention is paid to material that addresses the internet's cost-effective qualities. In addition, this research document closely examines marketing strategies tailored to meet the demands of the female consumer. Because thenewjane's initial development plan was to create an advertising organization that caters to female consumers and female business owners, this research focused on internet marketing and marketing to women. The data collected for this research document aims to provide a tool that will help determine the business model that maximizes thenewjane's profit potential.

Chapter 4: Results and Analysis

Findings

Based on an analysis of the information gathered in the Literature Review in Chapter 2, a blog advertising network that specifically targets the female market is the best business model for thenewjane.com. This model affords the organization the best competitive advantage and the ability to differentiate itself from its competitors. This model is the first of its kind; therefore it offers thenewjane an opportunity to take maximize the organization's first mover advantage. In addition, this business model is best for its market reach and profit potential. Small, non-intrusive text-based advertisements that require one line of java code for placement on blogs is the best method to use since Blogads.com dominates the blog advertising market with the large banner and text ad combination model. Further explanation of the decision matrix in Appendix A follows in this chapter.

Competitive Advantage & Differentiation

A blog advertising network for women offers a competitive advantage for thenewjane because no other blog advertising network for women exists at this time. In addition, this business model allows thenewjane to offer its clients more value than its competitors because it will

take advantage of the growing popularity of blogging - particularly the growing trend among female bloggers. If implemented quickly and efficiently, this business model will allow thenewjane to profit off the first mover advantage: "a sometimes insurmountable advantage gained by the first significant company to move into a new market" (First-Mover Advantage: definition, information, sites, articles, n.d.).

If thenewjane were developed as an internet advertising network without a specific target market, the organization would be tossed into a sea of thousands of banner advertising networks, pay-per-click networks, pop-under ad networks, and email marketing networks available to internet marketers. There is no competitive advantage available with that model.

Blogads.com, a blog advertising network developed by Henry Copeland, has no specific target market; however the organization has leveraged the first-mover advantage on the banner and text ad combination model. Blogads are advertisements that are 150x200 banner ads combined with 300 characters of text. It would be advantageous for thenewjane to use text-based advertisements only and focus on the female market. This format would allow thenewjane

to differentiate itself from Blogads and all the other advertising network formats available at this time.

Market Reach

It is important the business model chosen reaches the largest market possible. For the purpose of this research, "largest market" means the market containing the most people with the most disposable income. An analysis of the five alternatives shows that an internet advertising network that has no specific niche market would reach the most people with the most disposable income. The use of banner advertisements, pay-per-click ads, pop-up and pop-under ads, spyware advertising, and email advertising in an advertising network without restrictions allows advertisers to reach billions more consumers than a simple text-based advertising network that places restrictions on its market.

Time-Tested

The internet advertising network that has no specific target market has been time-tested by various internet marketing organizations like Google Adwords, Overture, Yahoo!, and DoubleClick. The research available after studying those organizations allows copycats an opportunity to create efficient models. At this time, there is no blog advertising network designed with the female consumer and

female business owner in mind. The first organization of its kind has no model to simulate.

Vulnerable to Market Trends

All the business models suggested are vulnerable to internet marketing trends. The internet changes rapidly and so do the latest trends in internet marketing. In addition, software programs become obsolete quite rapidly. Since all the business models suggested would require publishers to place java code or other software coding on their website or blog in order to display the advertisements, it stands to reason that each business model would be extremely vulnerable to internet marketing trends as software programs change.

Profit Potential

Each business model, except the "do nothing at all" option offers an opportunity to earn revenue. Based on the research, the internet advertising market is less expensive, with fewer barriers to entry than traditional publishing methods. Internet advertising sales offer businesses an opportunity to increase sales and branding measures. All these factors translate to profit gains for any well-run internet advertising organization; however, the decision matrix was used to determine the model that would maximize profit potential. The research in the

Literature Review shows that women are most likely to provide credit card information online. In addition, the research shows that women make or contribute to 80% of the purchasing decisions in United States households and that women write 56% of the 4 million blogs in existence. Based on this information, a blog advertising network for women seemed to be the business model that has the most profit potential.

Conclusion

Based on an analysis of the information gathered in the Literature Review in Chapter 2, a blog advertising network that specifically targets the female market is the best business model for thenewjane.com. This model affords the organization the best competitive advantage and the ability to differentiate itself from its competitors because it is the first of its kind. In addition, this business model is best for its market reach and profit potential. Small, non-intrusive text-based advertisements that require one line of java code for placement on blogs is the best method to use since Blogads.com dominates the blog advertising market with the large banner and text ad combination model.

Recommendations

The following is a list of recommendations that would be useful when implementing the chosen model:

1. Gather and analyze more data on women's internet buying patterns
2. Gather and analyze data related to the types of blogs women write
3. Gather and analyze data related to the advertising needs of female business owners

4. Develop thenewjane's marketing plan based on the information gathered
5. Optimize thenewjane's website to specifically target relevant industry keywords in search engines (marketing to women, blog advertising, pay-per-click, blog ads)

Since thenewjane's official launch on February 12, 2005, several popular pay-per-click advertising firms have registered for the service, but have yet to use the service. It would be advantageous for thenewjane's developers to learn more about those organizations as they are certainly learning more about thenewjane.

Very little quantitative data was used in this research. Further research could have included financial reports from various internet advertising organizations. In addition, statistical research related to household income, education, and other demographics could have been included also. As a follow-up, future research would include this information.

Implementation

Thenewjane.com was launched officially on February 12, 2005. A strategic business plan must be developed once further research is undertaken using the recommendations suggested.

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Appendix A Decision Matrix

Decision Matrix for thenewjane.com Business Model							
Decision Criteria							
Alternatives	Competitive Advantage	Ability to Differentiate	Reach Largest Market	Time Tested	Subject to Trends	Profit Potential	Avg Score
Blog Ad Network for Women	3	3	2	1	1	2	2
Ad Network for Women	2	3	2	1	1	2	1.833333333
Ad Network No Niche Market	1	0	3	3	1	1	1.5
Blog Ad Network No Niche Market	2	2	1	2	1	2	1.666666667
No Ad Network At All	0	0	0	3	3	0	1

A blog advertising network specifically for women scored the highest average score.

3 = Excellent
 2 = Good
 1 = Fair
 0 = Poor