

Less can be more with digital advertising

 By [Tess Sulaman](#)

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Another tech company will be listing in the next few days at the New York Stock Exchange. Early indications are that the company is most likely to be valued upwards of \$5 billion. The company's main product is video games, but I wonder if the term "video games" still applies.

Their most successful creation is Candy Crush. I have seen the game, I have tried to play it, and I just don't get it. I must confess, I am just a notch below the level of advanced geek, but I could not get Candy Crush! However, it would appear that I am the exception, as reports on Sky News suggest that there have been at least 1 billion downloads of the game.

Yet another geek smiling all the way to the bank, or will be shortly. This is not contempt for geeks but pure, unadulterated envy. This has been the trend in the past decade where some super-smart programmer comes up with an idea, like Facebook for instance, and makes tons of money out of it. The revenue models of these new digital companies mostly baffle the average person on the street. They seem to be acting contrary to Adam Smith's invisible hand - that which motivates us to create something new and of value to the world. These geeks are just handing out their products for free!



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How do they do it

How is it then that they are able to make so much money, or more accurately, why does the market think these companies are worth so much money? Facebook recently bought another economic anomaly, Whatsapp, for more dollars than I have hair on my head!

How on Earth are they doing it? Is this a tech bubble that will blow up in our faces? Well, some may, but most have a very sound business model. Quite simply, they provide a platform that draws masses of people, and the advertising dollars tend to follow. Brand managers are always looking at new ways to reach their target audience, and with electronic platforms like Google and Facebook it has become easier to reach those markets.

The new digital platforms are even better in that the demographics can be segmented much more easily, and one can target a specific niche market. You can even tell how many people have interacted with your advertisement or message, including from which geographic location and for how long.

New age of marketing

This is the new age of marketing. The spray-gun approach (read billboard along the highway) is no longer considered good value for money. So why are you still doing it?

Granted, while not every person advertisers want to reach has access to the Internet, even with high mobile penetration in South Africa (increasingly the preferred route to the Internet), some traditional methods of interacting with potential customers are still relevant.

But consider this: a front-page advertising slot in a leading business newspaper in this country can set you back as much as R60,000, while that amount is enough to run an effective three-month campaign on Facebook.

For a little over R150,000 you can run an email media advertising campaign for a mid-size company for an entire year!

Demonstrating ROI

Both email media, Google and Facebook are able to generate statistics on who viewed your advertising, how many people liked it and so on. On some of the more advanced email media platforms, you can even get fancier than that if you like, adding CRM (customer relationship management) functionality and analytics to tailor-make campaigns on your email media platform and assist marketing teams to stay in touch with the changing needs of your customers.

From a cost-benefit ratio, or return on investment (ROI) - whichever term you prefer, digital advertising is not just a new wave, it's something well worth taking a second look at because it makes financial sense.

When you meet your chief financial officer for annual budgets, this is the language that will get your budget prioritised because you will be able to accurately demonstrate ROI.

ABOUT TESS SULAMAN

Tess Sulaman is CEO of Rocketseed South Africa.

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