

Data Sheet

Internet advertising

Advertising on internet web-sites involves paying for a box that appears on the screen when a web page is open, which contains a link to the web site of the advertiser, so that if the link is 'clicked', the user switches to the advertiser's website.

An internet advertisement agency arranges for adverts to appear on different web-sites. The advertiser pays an amount of money for their advert to be put onto sites for a period of time. Each advert is placed on different websites over that time, to ensure that it appears on the screens of as many users as possible. The number of times that the advert is shown is the number of "impressions".

The "click through rate" (CTR) is the percentage of times that users 'click' on the advert and go to the advertiser's website. A rate of 1% would mean that one in 100 users clicks on the advert and goes through to the advertiser's website.

There are two main kinds internet adverts, Tower and Banner. Tower adverts generally appear on the right of the screen. Banner adverts appear at the top of the screen.

Here are the costs of adverts from one internet advertisement agency.

	Tower Advert (small)	Tower Advert (large)	Banner Advert
Impressions (each month):	9000	12,000	7000
*CTR:	1.8%	2.8%	9.6%
Cost per month:	£20	£30	£50
*Total clicks:	162	336	675
Cost for 3 months:	£48	£72	£120
*Total clicks:	486	1,008	2,025
Cost for a full year:	£155	£235	£390
*Total clicks:	1,944	4,032	8,100

*These are estimates based on what happened in the past.

Questions

Internet advertising

1

A firm decides to buy a banner advert for 2 months. How much will it cost?

2

How much would it be to have both a large tower advert and a banner advert for a year?

3

One way of comparing costs for adverts is to work out the 'cost per click' – that is how much on average the advert has cost for each person who clicks through to the advertiser's website.

The cost per click for a one month small tower advert is just over 12p.

- (a)** What is the cost per click for a one month banner advert?
Give your answer to the nearest number of pence.

- (b)** Out of all the choices for adverts, which option gives the lowest cost per click?

4

The costs for 3 months and for a whole year include a discount, compared to the monthly rate.

What percentage discount is given for 3 months?

5

If you are going to spend up to £200 on internet advertising over a 12 month period, what is the best way to spend it – that is, what combination of adverts will give the most clicks?
