

Section 7

● Advertisement Strategies of Businesses

1 Network use for advertisement

As consumer's information activities by using networks become more active, companies are also trying to use networks more aggressively in the development of their business. They are providing information directly to the consumers by their active use of homepages, blogs, email messages, and other Internet tools; they are able to get information directly from the consumers and reflect the feedback for their own business development.

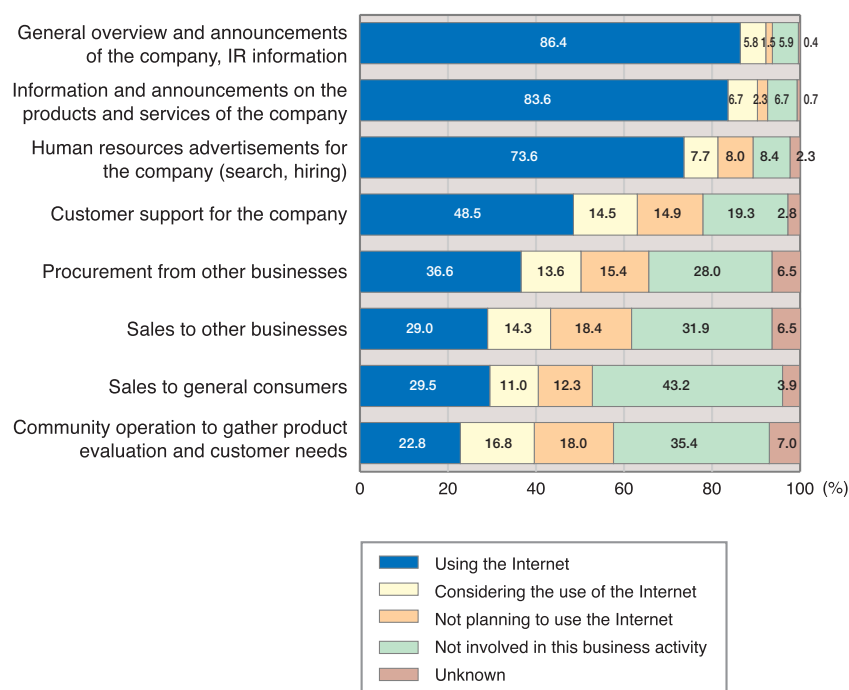
The status of the Internet use by companies shows that the use for "display and announcements on corporate summary of their own company and IR information" was the highest category at 86%, followed by "display and announcements on the company's product and service information," at 84% (Figure 1-7-1). In contrast, "procurement from and sales to other companies" and "sales to general consumers" were around 30 to 40%, and "community operation for gathering product evaluation and customer needs" was merely around 20%.

Most companies now have their own Web site, which suggests that the Internet is used as an inexpensive advertising tool by companies.

2 Internet advertising

In the Internet advertisement, it is possible to send advertisement information only to those consumers who have shown interest in particular products; this is called personal directivity. While the overall advertising costs go up and down, the Internet advertisement cost is consistently increasing; it exceeded radio advertising in 2004, and the amount spent on the Internet advertisement reached 280 billion yen in 2005 (Figure 1-7-2). In the Internet advertisement, bi-directional advertisement is also possible. If a consumer is interested in a product, he or she can place an order and even make a payment for the product on the Web site of the company which sells the product by using the mutual link in the advertisement.

Figure 1-7-1 Status of the Internet use in business activities



3 Portal sites

One crucial presence for the Internet advertisement business is portal site operator. The term “portal site” refers to a front entrance to the Internet, and as such, an Internet user visits a portal site first when connecting to the Internet. Portal sites come in a variety of types, depending on the purpose of the use, anything from information gathering to online shopping.

From the perspective of the form of the information being provided, portal sites can be classified into two categories. One is a total portal site, providing a wide range of information including breaking news, horoscopes, weather, sports, travel, restaurants, business, and finance. The other category is a specialized portal site, providing specific information in a relatively specific field, such as restaurants, electronic products, cosmetics, health foods, jobs, and price comparison.

4 Search Engines

Internet search engines have become an indispensable tool to pick up the information that users are looking for from the almost infinite amount of information on the Internet.

A search system is evaluated according to the level of match between the user’s input information (keywords) and the output information (link). In other words,

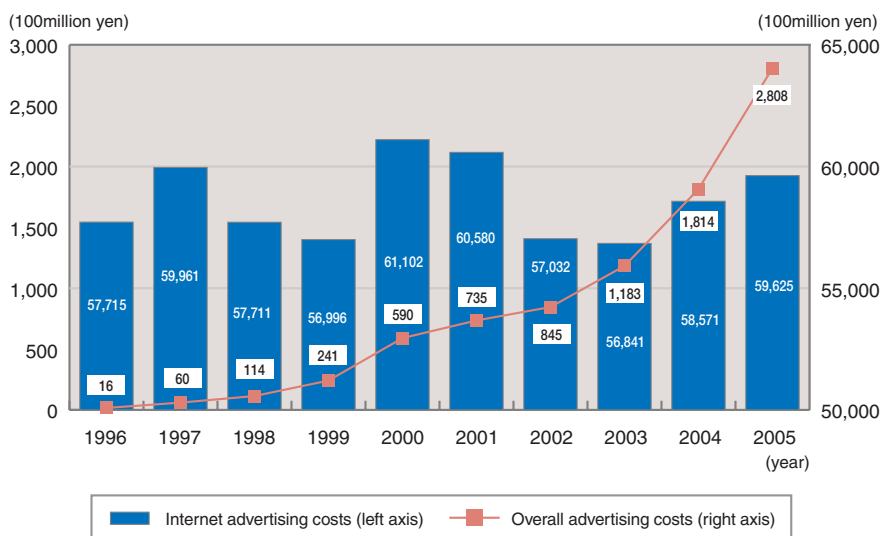
a search system is considered efficient when the mismatch between the information looked for by the user and the search results decreases and the information that the user intended to find is displayed in the top column of the screen.

From this viewpoint, the way to output search results has been innovated and the level of match between input information and output information has been heightened: one system searches only through blogs and video images, another searches for particular news and related blogs at the same time, and another displays search results on a map when the user looks for restaurants, for example.

Along this line, Internet advertisement is also reflecting the advances in recent search systems in order to further enhance an advertisement effect. For instance, a search system itself can guess the contents of the Web sites and send advertisements related to the Web sites.

By analyzing the personal browsing history of the user, the system can also deliver advertisements that match the user’s preference. For example, if there is a user who frequently visits automobile-related Web sites, the system can display automobile-related advertisements even when the user visits a news site not related to cars. As such, the advertisement effect can be improved overall by providing advertisements consistent with the user’s preference, even if the volume of advertisements delivered is small.

Figure 1-7-2 Transition of Internet advertisement costs



Based on telecommunications data