

Fishing From a Barrel

Using Behavioral Targeting to Reach the Right People
With the Right Ads at the Right Time



Rob Graham

Author of Advertising Interactively

Forward by Bill Gossman

**FISHING
FROM
A
BARREL**

ALSO BY ROB GRAHAM

Advertising Interactively
Kira and the Oracle

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LEARNINGCRAFT PRESS

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 **FISHING FROM A BARREL** 

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Rob Graham
September 2006

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FORWARD

Looking at the media landscape today, one thing is clear: consumers have readily adapted to, and benefited from the fragmented media environment while the traditional media and advertising industries have not.

Thanks to digital media, consumers can choose when, where and how they consume media. Rather than going to a retailer and buying a CD, they buy music from iTunes by the song. Rather than reading a newspaper's print edition they go online and read just the content they are most interested in. Odds are, if someone handed you a self-printed newspaper on the street, you would dump it in the nearest trash can. But if you came across a random person's blog, you'll not only read it, you may consider it just as relevant as an article in the New York Times.

Now look at media and advertising businesses. By and large, we continue forcing old models and methods from—such as simplistic demographics, a content-centric view of media—onto an interactive, communication-based online world. It's no wonder that media fragmentation has thrown the media and ad business into chaos while consumers have been empowered and are reaping the benefits of unprecedented media access and choice.

Since the days of William Randolph Hearst, channels for content distribution have been scarce. Now, there are a practically infinite number of channels for content distribution. What is scarce is the attention of the consumer.

Some are placing all their bets on search, but search is one small piece of the media business restructuring — about 5% of media consumption. Intent and attention rule across *all* online media interaction, creating the nexus of John Battelle’s “database of intentions” that is critical to media and advertising in the age of fragmentation. Behavioral targeting provides the new model for this new world.

That’s the reality that Rob Graham communicates in *Fishing from a Barrel*. Starting with a conceptual framework, Graham takes readers through the basics and intricacies of behavioral targeting. Readers will gain the knowledge necessary to not only understand the new media environment but to develop and implement real-world strategies for effective, behavior-based marketing campaigns that make real connections with people.

In the end it is a simple concept: basing today’s media on people and their interests not on the place where they fulfill those interests. Consumers are in control and have embraced this shift and are already winning with greater choice and subsidized media. By using behavioral targeting, media and advertising *will* win, improving monetization, reducing waste and, most importantly, adapting themselves in a way that leverages media fragmentation to their benefit.

Bill Gossman
CEO, Revenue Science

[AUTHOR'S NOTE]

There's a story about a guy out walking his dog one night when he sees a man standing under a streetlight peering down at the ground.

"Did you lose something, friend?" the dog walker calls over to the other man.

"Yes," the man replies, "I dropped my gold watch."

So the dog walker joins in the search for the missing treasure and after several minutes of carefully scanning the area finds no sign of the watch.

"Are you sure you dropped it here?" he asks.

"No," says the man, "I dropped it three blocks north of here."

"What?" says the startled dog walker, "Then why are you looking here?"

"Because the light's better."

While this joke plays on the searcher's lack of rational behavior, it also serves as a metaphor for how traditional advertising has generally approached the task of reaching consumers.

For the past 100 plus years the dominant model for getting product knowledge to consumers has meant creating ad campaigns designed to reach as many consumers as possible.

While the mass marketing 'ad saturation' approach has given marketers access to potential customers, it has also consistently reached a majority of consumers with no interest for what's being offered. It's kind of like using a flamethrower to rid your backyard of mosquitoes – effective, perhaps; efficient, definitely not.

Apart from being a waste of resources for advertisers, mass marketing campaigns have also trained generations of consumers to be wary of advertising, whether or not the offers are personally relevant.

But things have changed.

While mass marketing models continue to be used today, many savvy marketers are starting to recognize that reaching the right consumers doesn't require cluster bombing an entire population but can be accomplished with greater finesse by identifying specific individuals based on an understanding of their needs, interests and desires -- in other words, their behaviors.

Behavioral targeting isn't an advertising magic wand but rather a combination of very rational

methodologies that help advertisers find the right consumers by first understanding what they want.

Behavioral targeting solutions also give marketers new tools that can accurately measure the ‘real’ results of a campaign, an option both terrifying and enlightening for advertisers.

Fishing From a Barrel is an attempt to draw a road map that helps online advertisers and publishers understand the process of planning behaviorally targeted online advertising campaigns.

This isn’t a ‘how to’ manual. Because each campaign is different, it would be nearly impossible to write any single book that would address all the needs of all online marketers. It is also not a complete guide to everything BT as the behavioral targeting world is still in the process of being terra-formed and settled. This is an overview of what we’ve learned so far and a peek into the potential that behavioral targeting offers advertisers, online and off.

With little doubt, the future of online marketing technologies and improved understanding of human behaviors will continue to make behavioral targeting a rapidly changing landscape. For now we’ll have to settle for the equivalent of a quick guide sketched out on the back of a cocktail napkin.

My goal for writing this book is to give you a friendly shove in the right direction and help you to starting thinking differently about how you approach your online campaigns, either as an advertiser or a publisher. I’ve purposely left the commentary ‘generic’

in places because we're not in a space where we can point to any single solution and say 'that's the one that will make everything better.'

Understanding the mechanics of online marketing, behaviorally targeted or otherwise, isn't a simple task. There are a huge number of 'moving parts' and any one can be used to reach any single audience. However, with clearly set marketing goals marketers in place, BT can help us find ways to reach those goals.

And we can help. LearningCraft offers on-site and online training workshops focused on helping marketers and corporate communicators better understand the options, opportunities and techniques that successful marketers use to make online advertising the most powerful and effective marketing tool available today. You can learn more on our website - www.learningcraft.com. Besides, the light really is better over here.

Now, it's time to go fishing.

[CHAPTER 1: A BETTER MOUSETRAP]

Welcome to the revolution.

I know, it doesn't look like much right now but things around here are changing. You see, we're all going through a transformation surrounding how we gain access to and view information about consumers. I mean a huge change.

While 'online' has only been around for a relatively short time, it's already dominated our cultures, changed how we do business with one another and totally surpassed our expectations. But it's still very much a 'work in progress'; we're still trying to figure out how to use this new channel to effectively talk to one another.

Part of the problem has been that the online world is still so new that there aren't any hard and fast

rules to guide us on our path. The online world is also very different from any other type of media we've ever used to communicate with one another.

As for advertising, well, it seems that we've only just scratched the surface of ways that online can help advertisers and consumers come together in meaningful and mutually beneficial ways. This isn't based on some miraculous technology* but rather a more efficient way of asking questions and getting answers.

Before we get too far down this path let's agree on one thing: advertising is a form of communication. Granted, for years it's been a rather one-sided conversation, but the online world is changing all that. Not only are we learning to communicate better with one another online but we're also learning how to market our wares more effectively and efficiently in this realm.

Perhaps the biggest hindrance to effective advertising over the years has been that we've been playing a numbers game that is based on a little bit of planning and a whole lot of luck. The 'magic' formula for most marketing in the past has always been based on reaching the greatest number of people with a single message.

Reach and frequency. Frequency and reach. Saturate the market place. Whoever reaches the most eyeballs wins.

* Although there is plenty of that

Once upon a time this approach had some teeth. There were far fewer marketing channels and almost everybody could be reached through television, radio or newspaper advertising.

That was then.

Now we're an ever fragmenting world of different interests that are as diverse and unique as the people behind them. The Internet has become a multi-million channel TV set. We now watch TV while surfing the web and listening to radio programs customized to meet our unique tastes.

We have become a fragmented society of 300 million individual consumers.

The great unwashed masses have gone the way of the buffalo. They've transformed from a passive audience of faceless consumers to being in control of the marketplace. They are starting to recognize that they have this power and are learning how to wield it.

Of course this understanding has also dramatically changed how consumers approach advertising of all types. They're beginning to realize that advertisers need them a lot more than they need advertisers. They're also still a bit bitter and/or guarded due to recent attempts to get their attention online through 'any means necessary'. In fact, much of the past decade of online advertising seems more like a misguided behavioral experiment than anything based on sound business practices. That's not to say that there haven't been some good practices but let's be candid, as an industry we've done a pretty

lousy job of meeting the needs of online consumers so far.

We've also continued to approach advertising like it's something that consumers need to pay attention to because it's what pays for the programming. But that's not always the case.

The reality is that consumers no longer have to pay attention to advertising. The average person doesn't really care about advertising and why should they? Most of it has nothing to do with them.

As advertisers we're still learning how to approach consumers with greater understanding and offers of benefit. Some of the new attempts do an OK job while others, like pop-up ads, make consumers want to run screaming into the night. It's being sorted out a little at a time. The good news is that things are getting better. Advertisers are learning how to treat consumers like individuals and not as sheeple, and consumers are learning how to listen to what advertisers have to say. That is, they're listening when it's relevant.

I GOTTA BE ME

Part of what this marketing paradigm shift has made clear is something we've known all along – we're not all the same person. Hardly earth-shattering news but there it is.

Yet for so many years advertisers have tried to pretend this wasn't the case. Over the past 100 plus years ads have been designed to reach the greatest number of

people. One size fits all. Unfortunately it's more often a case of 'one size fits nobody that well'.

The truth is that advertisers haven't had many alternatives. If they wanted to reach target consumers with an offer they pretty much had to get a little bit on everybody else too. No harm, no foul.

But advertisers can't think that way any more. They now have alternatives that allow them to start real conversations with consumers who represent real customers and not just random passersby.

Sure, it's not a perfect science. Targeting is still in its infancy. We're still learning a great deal about interactive marketing environments, human behaviors, ways to communicate effectively with one another in an online world and how to start conversations with people we never actually see or meet. Sometimes it seems the equivalent of searching for gemstones in a pile of gravel...in the dark...while wearing gloves.

But, Behavioral Targeting is helping advertisers create 'windows' through which they can see who they're really talking to.

The good news is that so far the efforts have paid off. Targeted advertising gets better results, on average, than non-targeted advertising. That's not to say that even the worst conceived marketing campaign can be saved merely by applying some targeting capabilities; bad campaigns are bad campaigns. But with even a modest amount of targeting in place marketers have an advantage. At minimum, advertisers get a better

understanding of who their customers are. The more they learn the better they can meet individual needs.

A NEW KID IN TOWN

For many traditional advertisers, the online world still generates more questions than it does answers. For the past 10+ years the online marketing goal for many advertisers has been to drive traffic to a web site so that a 'real' offer could be made.

The stark reality of this marketing approach is that consumers don't click on online ads.* They don't drop what they're doing and chase after offers. They don't want to be interrupted so they can go to another web site. They don't really even pay attention to online ads anymore. They don't have to.

[AMBIENT NOISE]

I bristle when I see campaigns purely focused on 'driving traffic' to a site. While I don't disagree with the need to get traffic into a site, especially e-commerce sites, I look on the process as being incomplete. Instead, the goal of any online ad campaign should be to drive traffic to a site so that something specific can result, as in, 'Our plan is to drive traffic to the site so we can get site visitors to sign up for our new industry newsletter'.

* To be more accurate 99.7% of them don't click on ads, but it's hard to get excited over a 0.3% 'open rate'.

This way, instead of focusing on click-through numbers (which are largely meaningless), advertisers can look at the number of people who signed up for the newsletter (or downloaded the coupon or bought the doohickey, etc.) Not only are these metrics a better indication of how well a marketing goal is being met but it also represents good campaign planning.

I've also found that a number of advertisers focus on driving traffic because they believe that's the whole purpose of online advertising. Several years ago while working with a client to develop a campaign, I simply asked her why she wanted to drive traffic to the company web site. After a long pause, she answered 'because I thought we were supposed to'.

Online, for all its growth and glory, is a lousy place to use traditional advertising techniques. It's not a quid pro quo environment where consumers dutifully watch commercials so they can get back to the regularly scheduled programming already in progress. Instead they've been given access to a highly interactive environment where they're in charge.

Most advertising to-date has been designed to reach a passive audience whose only real job was to see an ad and then remember who the advertiser was if they ever found themselves in the market for that product.

But the Web isn't just a bulletin board where advertisers can post fliers. It's a world where consumers actively travel about in search of information. Their

reasons for looking for anything are largely personal and meet specific needs.

Driving traffic to a web site and direct product branding have been the primary focus behind most online advertising campaigns so far. One reason is that these metrics are easy to track and measure. Coming up with a percentage figure for the number of consumers who clicked on an ad is child's play. But it's also a pointless metric because it doesn't reflect the true level of consumer interaction. There's a huge difference between going to a site to buy something and staying only long enough to reach for your browser's 'back' button.

Perhaps the closest existing model to the online advertising environment is that of the retail store.

While retail stores continuously promote their wares, they are generally focused on selling those wares as well. But unlike online advertisers, retailers have a huge advantage in that they can see, interact and communicate directly with their customers. They can identify needs and determine solutions on the fly to make sure that customers get the products that best fit those needs.

In traditional advertising, once an ad is running, advertisers have few direct ways of monitoring its impact on individual consumers. They generally don't know who is seeing the ad, who is pointedly ignoring it, who is making plans to take advantage of the offer or who has decided that they will never buy anything from this advertiser again because the ad pisses them off. The

only real indication traditional advertisers have that a campaign has gone right or wrong is an increase or decline in sales.

But unless an advertiser only advertises in one place or once per quarter, it's hard to clearly determine which results following a campaign are based specifically on that campaign, as opposed to the campaign before it, the seasonal sales cycles or the fickle whim of consumers. It's a tough cause and effect model to take to the bank.

Most traditional advertisers base campaigns on a guesstimate of where the big fish are. That's where the lines end up getting tossed.

But does it make sense to cast thousands of lines in an attempt to reach only a few fish willing to bite? Even then, are these the fish that the campaign originally targeted?

Traditional advertisers in the past have relied heavily on segment targeting criteria like demography and geography to reach groups of consumers who share similar traits. But as the Dean of Problem Solving, Daniel Yankelovich pointed out as far back as 1964, "Traditional demographic traits such as age, sex, education levels, and income no longer say enough to serve as a basis for a marketing strategy. Non-demographic traits such as values, tastes, and preferences are more likely to influence consumers' purchases than their demographic traits were. Sound marketing strategy depends on identifying segments

that are potentially receptive to a particular brand and product category.”*

For over 40 years the writing has been on the wall that effective marketing is fully dependent on accurately identifying audience segments, yet advertisers have naively spent thousands of dollars over my lifetime to personally convince me to buy feminine hygiene products, fashionable pumps, and age defying cosmetics.

I'll go out on a limb here and guess that many advertisers aren't doing their due diligence when it comes to accurately targeting audiences. Instead, most of us have become part of every campaign's loss leader.

A WORLD OF INDIVIDUALS

You and I are different people. Yet, for many years we've received the same ads and the same exposure to unique opportunities. This doesn't make sense.

To be effective in the new world, advertisers have to stop targeting 'us' and start targeting 'me'. To do this they need to know things about potential customers that go far beyond crowd similarities and proximity. It's not enough to pick a single characteristic out of a hat and use that as the basis for a campaign.

* 'Rediscovering Market Segmentation', Daniel Yankelovich and David Meer, Harvard Business Review, February 2006

A BETTER MOUSETRAP

While this approach helps to narrow the marketing focus, even consumers who share common interests are often very different people with many other interests.

Using only demographics to target consumers is like using the logic that all men in their 40s are the same person.

We're not all the same. We're all different and we like that about ourselves. But we also share many similarities with other people and that commonality is a big part of who we are as well.

We like personalized experiences. We like the sound of our own names. Our personal identities are tied up in who we are and what we believe. If you want to talk directly to me you have to know who I am and what makes me tick.

Go ahead, try to target me.

The solution here is to find a way to unlock the essence of who I am as an individual and use that understanding to talk to me in my own language. Understand what interests me, what annoys me, what I like, what I don't, what motivates me, what doesn't and what I'm willing to do to take advantage of any offer that makes a direct connection with me.

This is the key to behavioral targeting.

A PEEK THROUGH THE KEYHOLE

Why are we even talking about behavioral targeting in online advertising?

Because it works.

I know, I know, marketers are coming out with new solutions all the time and somehow each one is the greatest discovery since antibiotics. But online behavioral targeting really is different because it encompasses a whole range of marketing approaches into a single concept.

Recently it seems that every case study that explores the viability of behavioral targeting in online advertising can't say enough nice things about it. Campaigns using BT are getting amazing uptick, ROI is up, costs are down and consumers are responding favorably. In June 2006, Jupiter Research went so far as to announce that Behavioral Targeting would 'transform online advertising' and backed up that claim with a 25 page report exploring the different ways that BT was being used to create effective online advertising solutions.*

If you look past the hype you will see marketing models based on some pretty rational concepts, namely, if you want to reach the 'right' person with a message then you need to first determine how to identify that rightness. Getting there includes sorting large groups of consumers into smaller groups based on shared characteristics.

Does this work?

Well, it depends on how you sort them.

* Advertising & Branding – Effective Targeting, Volume 1, 2006, JupiterKagan, Inc.

Behavioral targeting has been around for a long time in other areas of marketing. In retail channels the ability to interact with customers, determine their needs and come up with appropriate solutions is a natural part of the process.

As in a retail store, we can get a better idea of who the customers are and what they might want by watching them. Working blind in this area is no longer an option. Because the online world is also an interactive environment, we can really start communicating with consumers once we know something about them.

A recent study by Revenue Science tracked the results of an online campaign that American Airlines ran on The Wall Street Journal Online (WSJ.com).

The goal of the campaign was to reach two distinct groups of business travelers:

1. Those who traveled on business at least once a year
2. Those who traveled on business five or more times a year.

Added to the targeting was the need to identify those travelers who were the decision makers in the ticket-buying process by either directly influenced the ticket buying process or who bought the tickets themselves.

The campaign focused on a standard Run Of Network (RON) media buy being compared against a portion of the campaign using Revenue Science's

Behavioral Targeting technology. The same ad unit was used for both parts of the campaign.

Dynamic Logic, an analytics company, tracked the results of the campaign and found that American Airlines reached a greater percentage of their key targeted audience with the behavioral targeting portion of the campaign. These BT results also revealed the following:

- There was a 115% lift in reaching business travelers who take a minimum of 1 trip per year
- There was a 145% lift in reaching business travelers who take 5 or more trips a year
- There was a 9% lift in reaching decision makers

The campaign also measured more traditional metrics and revealed that:

- The BT portion of the campaign lifted aided brand awareness by 43%
- Message associating metrics went up 50%
- Brand favorability increased 50%
- Purchase intent increased by 100%

To make matters even better, compared against the RON portion of the campaign, the behaviorally targeted segments targeting business travelers traveling a

minimum of 1 time per year were 15% less expensive to run, while the part of the campaign targeting business travelers who traveled 5 or more times a year cost 32% less to get the same results as the RON campaign.

Yeah, it works.

DOWN IN THE TRENCHES

Web publishers have a tough job.

At some point in the past somebody had an idea that they thought would be of interest to other people. A website was built and nurtured, content was designed, marketing took place and visitors started showing up. Advertisers, hoping to take advantage of this traffic flow, started running ads on the site.

Now the thing has a life of its own. It needs to be fed constantly. There's a staff of people whose job it is to create content, graphics, interactive doohickeys and all sorts of other things so that people will continue to visit.

Advertisers are still showing up because the number of visitors makes it a good place to be but they're now pretty specific about the pages where they place their ads. While competition for some pages helps drive up the price of ad placement, others on the site are being under utilized and are starting to feel more like the bargain bin at a local book store.

It's a juggling act. If the number of visitors declines so will advertising revenue. If advertisers are unhappy with the results they're getting they may move on or renegotiate agreements.

So, it's keep the visitors happy so that the advertisers stay happy so that the publisher stays in business.

Like I said, tough.

But behavioral targeting is becoming a publisher's greatest tool for change.

While advertisers are gaining the most direct advantage from behavioral targeting, it's the publishers that are doing most of the hard work.

Behavioral targeting is based on the premise that if you know a few things about a consumer you can better reach them with an offer that meets those needs. Understanding what consumers want can often be determined by watching what they do. In the online world, publishers have a direct view of the field and can learn quickly what it is that site visitors have on their minds.

By recognizing and tracking the surfing behaviors of individual site visitors, publishers are able to plot patterns of behavior that identify specific areas of interest, current needs and buying intention.

By tracking and collecting this information, advertisers can create groups of consumer that strongly indicate similar needs and expectations.

Once compiled, access to these groups is sold to advertisers who have a message they want to share with this group. Just like that, the advertisers have access to the right consumers.

You might say it's like fishing from a barrel.

THE PROMISE OF BEHAVIORAL TARGETING

Jerry arrives at work one morning and after checking his phone for messages, dives into his e-mail in-box. As expected, most the mail waiting for him consists of an assortment of obvious spam messages, a few industry newsletters that he subscribes to, some news headlines from his regional newspaper and a note from David, a friend of his who lives in England.

That morning David had sent him an email reading 'All work and no play makes Jerry a dull boy!' along with a link to a web site that caters to mountain biking, a passion that the two friends share. Jerry clicks on the link and sees that apart from selling mountain bikes and related paraphernalia the site also has a few pages of articles reviewing mountain biking vacation packages. He and David have talked for years about biking through Europe some day and this just may be the nudge he needs. He finds a page that describes European vacation packages and some of the companies putting them together. He pokes around the site for a few more minutes and then bookmarks it so he could make a return visit when he had more time. This morning he has a ten o'clock conference call looming and still has notes to pull together.

What Jerry doesn't realize is that he has just set into motion a series of events that may benefit him in the near future. For starters, when he visited the mountain biking website it looked on his computer hard drive for a cookie that identifies him as a past visitor. Finding

none, it created a new one and started a data record for Jerry based on the cookie's unique identifying number.

Because the site had been designed to collect certain types of data based on visitor surfing patterns, the newly created data record made notes that Jerry visited site pages that described European vacation packages.

After work, Jerry logs back onto the site and explores some of the vacation packages available. He falls in love with the idea of exploring the French Alps on two-wheels.

He sends a quick note off to David asking, 'France, mon ami?', and then heads home.

The next morning he receives a return note from David enthusiastically supporting a 'reunion tour' and asking Jerry what weeks during the upcoming summer would best fit his schedule.

Jerry brings up the mountain biking web site to check out some of the links he saw during his first visit and is surprised to see an ad on the home page for a company called 'European Rendezvous', advertising just what he wanted – a mountain bike vacation package exploring the French Alps. He clicks on the ad to check out the offer. The web page he jumps to tells him that the current price for the vacation package is €700 Euros and there's a tour scheduled for mid-July. It fits his schedule and budget perfectly! Now he just needs to coordinate things with David and book a flight. He quickly sends the information off to David and gets lost in his work.

It's a tough week and Jerry is unable to follow up on the vacation planning. Finally, late Friday afternoon he gets a chance to think about the upcoming vacation.

He pulls up the 'European Rendezvous' web page and is immediately greeted with an ad informing him of a one-day sale on all week long vacation packages to the French Alps for only €600 Euros if he books his vacation before the end of the day.

With debit card in hand, Jerry takes immediate advantage of the opportunity and saves €100 Euros in the process.

As lucky as Jerry might feel with his good fortune, there was nothing random about the opportunity he was presented. He was targeted based on the interests he exhibited while surfing the web sites. At no point during the process did the web site know anything about Jerry other than he had a cookie on his computer hard drive whose number matched a data record showing that that computer had visited several pages on the site providing content on French Alps mountain biking vacations.

During his first visit the site tracking tools made note of him as a new site visitor and noted the pages of the site that he visited. While the site offered a range of content relating to mountain bikes and biking, that general understanding wasn't very useful as a targeting tool. Overall, there wasn't enough consistent data indicating his interest in any specific portion of the site.

However, when he visited the site a second time, the new data was added to the existing data and a pattern

started to emerge. Jerry's data record was given a new status that profiled him as being a consumer who expressed an interest in a European mountain biking vacation, with the French Alps being of specific interest.

When Jerry clicked on the ad that only reinforced his status as a member of an audience segment interested in this specific type of vacation package. While he read up on the vacation packages available, he didn't sign up at the time.

When he logged in at the end of the week the site knew quite a bit about what he was looking for:

- He was a consumer interested in mountain biking.
- He expressed an interest in a European based vacation package.
- He expressed specific interest in a vacation in the French Alps.
- He had purposefully clicked on an ad that provided him with vacation details and pricing information. This action showed intent.
- He had delayed making a decision or signing up for a vacation. This could denote a cost issue.

By the time Jerry returned to the site on Friday, enough had been recorded about his interests to make an educated guess about which offer would resonate most with him. By placing a targeted ad with a reduced

price in front of him the advertiser was confident that Jerry would be willing to pull the trigger. Jerry didn't disappoint.

While we rarely think about advertising as a noble event, the site publisher, the advertiser and Jerry all benefit in this scenario.

For Jerry, the ads he saw were relevant and met his needs and desires. He was presented with an opportunity to take advantage of a relevant offer based on terms that were agreeable to him.

For the advertiser, knowing what Jerry was specifically interested in allowed them to make an offer that met those needs precisely. This wasn't a case of sticking a banner on a page and hoping the random right person ended up seeing it. Instead, it was a carefully calculated bet.

For the publisher, creating and tracking a database of visitor characteristics allowed them to note Jerry's interests and sell his profile to the advertiser for a premium.

The publisher made more money, the advertiser reached the right consumer and Jerry finally got a chance to go on a dream vacation.

Win-win-win.

NO ONE-TRICK PONY

While the focus of this book is on the use of behavioral targeting as it applies to online advertising, I want to point out that BT is also being used as a way of

communicating with online audiences in other areas as well.

Granted, using the technology to identify hot prospects is going to get the lion's share of attention going forward, but the data that publishers collect can also aid them in better meeting the needs of site visitors. In short, BT is also an ideal tool for customer acquisition.

Instead of meeting in the virtual equivalent of a darkened basement that's been soundproofed, online companies can use BT tools to watch consumers and provide them with customized and unique messages that help drive a favorable relationship forward.

Because a link already exists between the site publisher and visitors, the ability to measure visitor behaviors, determine which site content is 'stickiest' and what is driving visitors away, isn't that hard to do.

In truth, any company that puts an online feedback loop into their client communication process is going to learn volumes about needs and expectations of customers.

By learning what customers want and expect, how can any business miss meeting those needs?

Behavioral targeting can also reinforce and measure points in the 'conversation' with consumers that deal with softer sciences like branding.

Cause and effect. Ask a question, get an answer.

Now we just need to figure out which are the right questions.

[CHAPTER 2: THE FINE ART OF TARGETING]

Hi.

You must be the lowest common denominator that advertisers have been trying to reach for the past 100+ years. I didn't recognize you. I was expecting more of a throng or perhaps an unwashed mass. How's it going?

You've probably noticed that things are a bit different around here since this whole 'online' thing got underway.

While being online has become an 'ordinary' part of many people's day-to-day lives, the experience of being on the Web is very different from any other type of popular media.

Those of us over the age of twenty clearly remember a world without the 'Internet'. Back in those olden days most media consisted of marketing channels to which

the population flocked as it spewed forth a cornucopia information and programming. In exchange for giving people access to this content, advertisers were given access to the people who came to visit. They tossed their messages in front of us as we wandered around hoping that something would catch our eye. Sometimes it did. Mostly it didn't.

Because these models were based on 'quantity' and not 'quality' of consumers, it was expected up front that there would be a tremendous amount of waste trying to reach the 'right' customers. Advertisers understood that even if they were targeting the best demographic group for an offer there would be plenty of people who would see that offer and would walk away from the TV set, change channels, not turn to that page, ignore the offer or simply not care. For marketers, it was the safety in numbers advertising approach that kept them going.

This approach trained us, as consumers, to realize that our direct involvement in the marketing process wasn't really necessary. The TV commercials would continue to run whether we watched them or not; the print ads would stay right where they were printed even if we didn't open the magazine or newspaper; the ad on the side of the bus would keep moving down Main Street would keep going even if we ignored it.

Certainly we understood that it was the advertising dollars that were keeping the programs coming and the periodicals in print, but it was rare that we were ever told by advertisers that we were important to them. In fact, there has been a fair amount of disrespect shown to

consumers over the years. It was like advertisers didn't really understand that they needed us more than we needed them.

But online started to change things and pretty dramatically. Because we now have millions of destinations to choose from advertisers have started to realize that getting us all together so they could talk at us isn't possible or necessary anymore.

The consumer (us) isn't interested in being talked at but wants to have a dialogue. We have thoughts. We have opinions. We have questions. And more than any time in our history we understand that we are in control of how we spend our money.

If advertisers choose to treat consumers like button clicking monkeys, disrespect or talk down to them, they're going to have a problem. If they're going to try to sell consumers stuff that is irrelevant or doesn't directly meet their needs they're going to have a problem. If they expect any single consumer to behave like a cookie cutter version of every other person in the market, they're going to have a problem.

As a consumer my job isn't to help advertisers with their advertising. I'm here to consume. I need a reason to buy that fits my world view. I need to see the benefits to ME that buying from any vendor will bring. I need to feel smart in my decision to buy. I need to feel valued by the people I buy from as well.

We've been spoiled during the past 12 or so years. For the longest time we were content to passively accept whatever message was coming our way because we

inherently understood that it was this advertising that was paying for our access to the 'good stuff'. Today, we have access to more good stuff than ever before. We don't need the traditional marketing channels like we used to. We also don't need to pay attention to ads any more to get to the good stuff.

We have access to music - our music, 24/7 and we're no longer obligated to listen to a radio station in hope that a song matching our musical taste makes it into the play list.

Television, while still a juggernaut in the media world, can now be time shifted through the use of DVRs allowing us to by-pass irrelevant ads and focus more directly on the stuff we came for. The stuff that interests us.

And print? Heck, newspapers already seem antiquated. Yesterday's news offered today doesn't have much impact in a world where we can hear about world events as they happen. Not only that, but we have quick access to content covering just about every topic under the sun whether it's a glimpse into the mating habits of wombats, an exploration of the best way to remove bloodstains from just about anything or how to make the best Tuna Carpaccio.

We have instant access to all this great stuff and we don't have to pay for a lot of it or sift through a bunch of stuff that isn't relevant to us to get there. We like it this way and we're not going back.

If advertisers want to reach us now, they're going to have to start thinking about having a real dialogue with

us. That means that we get to ask questions and follow paths of interest to us. One size doesn't fit all. It never did. It's all about getting the right message to the right person at the right time. Now that we have that out of the way, let's talk.

GTRMTTRPATRT

As a species and a culture we've developed a number of ways to share information with one another. We've also learned how to customize messages so that they reach specific people. We never pick up the phone and think 'Okay, I need to talk to every person Earth. What's the number?' We don't send an email to everybody in the company every time we have a thought to share with Sandy in accounting.

Fundamentally we understand that most communication is based on a person-to-person model. Yet when we think about advertising we tend to think about ways to create messages that will reach as many people as possible. Does everybody really want to hear what we have to say on any single subject?

Musical humorist Tom Lehrer, in his 1955 'The Hunting Song' poked fun at this level of ambiguity in targeting by sharing the tale of a deer hunter who, on the first day of the hunt, successfully bagged 'Two game wardens, seven hunters and a cow'. While he wasn't addressing mass market advertising directly, Lehrer did point out the folly of not being that discriminating in one's targeting goals.

Despite the paths we've wandered down in the past, effective marketing is all about getting a message to a specific consumer.

When we start any new marketing campaign we need to first think about who the campaign is trying to reach. What is the ultimate goal? What is the campaign saying? What obstacles can get in the way of the right consumer receiving the message? What should the consumer do to take advantage of the offer?

In the past, mass marketing has represented the ultimate delivery mechanism for advertising messages but paints the audience with such a broad brush that its goal of reaching the right people can't be efficiently kept. To be truly effective, a delivery system has to reach the greatest number of individual consumers who can take action on the message being sent.

The bottom line is that a message that reaches 1,000,000 of the wrong people is less effective than a single message that reaches the right person.

ARE YOU TAKING TO ME?

Everyday we're bombarded with an estimated 12,000 to 15,000 different branding messages. For the most part very small percentages have little to do with who we are as individuals or what we want in life.

I know who I am as an individual better than anybody else. I know what I like and what I don't. I know what pleases me, what pisses me off and what doesn't get a reaction from me either way. Yet I'm rarely

asked by marketers about who I am and what I want, even when it's to their advantage. Instead most of them guess who I am and what I want. More often than not, they are dead wrong.

How would they know this? Well, they have to listen to me but in a way they have never tried to listen before. You see, we need to have a conversation. I'm no longer interested in them telling me what I want. I've been able to figure that out for myself. Now I want them to listen to me and understand what I want so they can offer me ways to get what I want. Not a difficult concept to grasp but we need to work together to get there. Think of it as a partnership.

Advertisers also need to understand that I like being an individual. That's not to say I don't share tastes and beliefs with other people, because I do. But I'm unique. What's important to me is what's important to me. If they're going to start a conversation with me they need to understand that the way I view the world makes a difference to me. If they ignore that fact we're going to have a difficult time communicating and isn't that all effective advertising is - a type of communication?

Also understand that I don't really hate advertising. I hate irrelevancy. Not just in advertising but in all parts of my life. I don't pay attention to most things that have nothing to do with me. Why should I? My bandwidth is limited. I'm already being bombarded with thousands of branding messages every day. My filters need to be constantly re-calibrated based on my needs and

interests. I'm not trying to be fickle but I am dynamic. I'm changing constantly and will be for some time.

So how can advertisers talk with me in a way that will make me listen? It's a great question with no single answer. The ways to reach consumers are as individual as the consumers themselves. But one approach that's working is to watch what consumers do and from that gain a better sense of what they want and need. Sure, it's not an exact science but it beats tagging any random consumer as a prospect just because they can fog a mirror with their breath.

THE WATERING HOLE TARGETING METHOD

Quick, I want to pick up a copy of Audrey Niffenegger's amazing book, *The Time Traveler's Wife* as a gift for a friend's birthday. Any ideas? Ok, my local bookstore...uh huh, eBay, good idea...Amazon.com. Ok, good suggestions all.

How about a place where I can pick up a half-gallon of dulce de leche ice cream and a bag of baby spinach for dinner tonight? Sure, my local supermarket is a good place to start. Maybe a quick trip to the local ice cream parlor and the farm stand not too far away from my house would work too.

OK, here's a stumper. Where can I get my ad for mortgage services in front of consumers who have poor credit, already own a home and are looking to buy a new one?

<insert sound of chirping crickets here>

As a society, we've done a pretty good job of organizing things. We've gathered together our written works and placed them in libraries and bookstores. We've created stores that allow us to buy tools and hardware, stores that sell us gardening supplies and tomato seeds and stores where we can pick up a six-pack of beer and a bottle of Aspirin.

All this organization is useful. It allows us to find the things we want because all these similar things are grouped together. But because these stores sell many different products we each have different reasons for going.

But does this uniformity really serve us well as individuals? While I can walk into my local pharmacy and select from a wide variety of different products wouldn't it be easier for me as a consumer to be able to find exactly what I want when I want it without having to sort it out from all the other products? To that point, wouldn't it be even greater if advertisers could tell me what my options were once I knew what it was I wanted?

The Watering Hole Targeting Method only works when a need is universal. In the real world we rarely follow identical paths. Yes, there may be dozens of us in the supermarket at the same time but it's highly improbable that we all showed up at the same time because we needed to pick up a pint of sour cream.

If I wanted to find a common link shared by the watering hole residents, I'm going to end up with a group of animals that share a need for water and have very little else in common. To get a better sense of the group I could target them based on clear distinctions like which are carnivores and which are herbivores and which are nocturnal and which diurnal. What eats what and who eats who might be a good distinction too. In the end I won't end up seeing the watering hole congregation as a whole at all but as smaller clusters of individuals which share similar characteristics. From there, if I decided to target just a single species like, say the hippos, that's a whole other level of targeting.*

STRIVING FOR EFFECTIVENESS

To take advantage of behavioral targeting in online advertising advertisers have to change they way they think about traditional advertising models. Let's get the ugly part out of the way first:

- Reaching everybody with the same message is highly inefficient and largely pointless. Media buys based on reaching the greatest number of people is ill-advised and destined for mediocre performance.

* According to a blurb on Animal Planet, hippopotamuses represent the greatest threat to human beings of any wild animal being directly responsible for about 200 human deaths per year. For that reason alone I wouldn't recommend trying to target them.

- Reaching the wrong consumers with the wrong message too many times is torture to them and doesn't do a positive job of branding either.
- Consumers, online or offline aren't a bunch of brainless sheep who will respond to any offer if it's put in front of them enough times. True, some of them will. Then again, some will eat paste if it's put in front of them.
- Advertisers need consumers more than consumers need advertisers.
- Advertisers have a limited window of opportunity to make a good first impression.
- Advertisers who ignore these points are destined to waste lots of money reaching the wrong people. This is bad and not in the way teenagers use it. It's the other bad.

Traditional business and production models often point out that whenever anything is produced, there is a certain amount of waste generated at the same time, whether we're building a house, making a meal or running an advertising campaign. This is a reality of life and can't be helped.

For many years this waste has been factored into the traditional advertising process. It was an absolute forgone conclusion that no single ad was going to speak directly to every consumer that came in touch with it. In some cases, like Direct Marketing campaigns, it's often

expected that a full 98% of the recipients of an offer will ignore it or throw it away. 98 percent!

According to a study done by marketers Rex Briggs and Greg Stuart in their book, *What Sticks*, (Kaplan Publishing, 2006) it is estimated that of the \$300 billion spent annually in the U.S. on advertising, over \$112 billion of that is wasted. This means that over 37 cents on every dollar spent of advertising is tossed directly into the trash.

This waste, apart from having an impact on natural resources, is also an unnecessary waste of money. After all, the goal of effective advertising is to maximize effectiveness while reducing waste.

For advertising to be effective it needs to efficiently get the right message to the right person at the right time. With behavioral targeting, it's all about maximizing effectiveness.

Behaviorally targeted campaigns have several huge advantages over any created to reach all consumers with the same message:

- Targeting consumers based on understanding who they are and what they need means effectively reaching the right people with less waste.
- Less waste generally* translates into saving money. Better effectiveness generally leads to increases in revenue.

* Obviously not always the case, especially if better targeted campaigns have a higher CPM cost.

I don't want to beat around the bush here – BT offers marketers a more effective way to reach the right consumers. For advertisers this means they can serve fewer impressions and reach more customers. Apart from the money saved not serving useless impressions, more efficient marketing means greater ROI for advertisers.

For publishers, being able to serve highly targeted impressions means being able to charge advertisers a higher CPM for access to these audiences. It also means that advertisers who get a higher ROI are happy advertisers who will return.

For consumers, targeted advertising means greater relevance of ads seen; less waste of time and attention.

What's not to like?

[AMBIENT NOISE]

Most traditional media buys focus on the twin factors of reach and frequency to make their mark. In short, get the right message to the greatest number of people enough times within a certain period.

But if the wrong person gets the wrong message enough times in a row how that does help the advertiser?

With behavioral targeting the relationship between the advertiser and the consumer is on-going. For example, if an ad is served to a

targeted consumer, then that action is noted as part of the ad serving analytics. If the consumer doesn't respond to that ad in any way, a follow-up ad may approach with a different message making a stronger offer. If there is no response to that ad, then the advertiser might follow up with a final offer. After that, it becomes pretty apparent that that particular consumer isn't interested in the offer. At that point the advertiser can remove that consumer from the targeted list, refine the targeting criteria and focus limited marketing resources in another direction.

TARGETING FOR FUN AND PROFIT

It all starts with data collection. In order for a publisher to identify the personal characteristics that make *you* who you are, they first need to have a better idea of who they're looking for.

Online data from web users can come from a variety of places. In some cases a profile is based on a singular event such as a key word used to make a web search or a web page visited that had a contextual identity. As consumers we often willingly give out information if we can see a benefit for doing so. Providing an email address to a publisher so we can receive an online newsletter isn't uncommon, nor is giving our name to access a web site.

There are two sources of data that publishers collect:

1. Declared data
2. Observed data

Declared data is that which we, as consumers, willingly give of ourselves. Most commonly these include demographic information based on registration data (like addresses, emails and names) and personalization data (data used to configure personal pages with custom news content).

Observed data includes that extracted by publishers based on how we used web sites and can include straight surfing behaviors or behaviors surrounding e-commerce and online research.

Consumer profiles, like those used to create targeted audiences are developed using behaviors based on consumer requests or long term behaviors.

For example, if you were to surf over to your web site of choice, the very act of loading its home page into your browser can give the publisher a great deal of data about who you are simply based on where you're calling in from. Your IP address can be used to do a reverse DNS lookup which tells the publisher where the page load request is coming from geographically. Your browser version, browser type and preferred Operating System (and thus, platform) information is also lying there in plain sight. Not a huge violation of privacy but it can tell a publisher if you're technologically savvy or a techno-peasant.

A good deal of targeting is based on assumptions marketers make based on visited site content. For example, it's highly probable that the majority of people surfing over to AARP.org are a very different group from those checking out nick.com. Being able to use observational data helps sort target audience by age and gender and is a big part of identifying consumer traits.

Overall targeting is based on data coming in from many different points. Each is unique and able to tell a different story.

THE FOUNDATION OF TARGETING

If we think of online marketing on the whole as an umbrella that covers a wide range of techniques, channels and approaches for getting messages to the online marketplace, then behavioral targeting is a smaller umbrella under the first.

The focus on behavioral targeting can be broken down into three distinct areas:

- Contextual targeting
- Database targeting
- Behavioral targeting

Let's take a closer look at the differences between these three areas.

CONTEXTUAL TARGETING

The simple definition for contextual targeting is the placement of a message where the people most likely to respond to it are most likely to see it. Contextual targeting is perhaps the oldest type of targeted marketing. For years, trade magazines, area newspapers, local television and radio stations have served as channels for contextual marketing campaigns.

Because each channel caters to a specific range of the population either based on topic interest or region, advertising using contextual targeting has generally meant reaching an audience that has already been 'filtered' down to a common interest or locale. This is a very logical targeting approach. An advertiser looking to reach a specific professional group, say machinists, isn't required to figure out where the machinists are hanging out but instead can work with a trade magazine that caters to the needs and interests of machinists to reach an already self-defined target audience.

In that same way, advertisers looking to reach more general populations can use publications and other media channels that will effectively reach those local markets.

In online marketing, contextual targeting works in a similar way. Many web sites focus on, or have sections that focus on a single or limited range of topics. Like trade publications, these sites attract a self-selected audience who share a common interest whether its butterfly collecting, paintball battlefield strategies or exploring the validity of UFO sightings. For advertisers looking to communicate with these specific groups good

targeting is as close as placing topically relevant ads on those pages.

The biggest problem with contextual marketing online isn't its viability (although there are a few unexplainable factors which we'll explore in a little bit) but a limit to the amount of inventory available to reach certain target audiences. For example, the automotive industry is understandably interested in reaching consumers looking for a new car. Automobile manufactures have a unique challenge in that at any given time less than one percent of the population is in the market for a new car. These consumers are in this market for a maximum of nine weeks and then out of the market again for the next five years. Being able to reach these consumers at the right time is paramount for automobile manufactures.

But there's a lot of competition for the ad spaces that can reach people who might go to a web page to do research on a new car. The target audience is practically guaranteed and reaching this audience is something that all auto manufactures want to do.

As a result, the inventory available to run ads on these pages is hugely expensive due to the bidding wars that result. It's also in short supply. If you can't buy ad space to pitch your brand of automobile or automobile accessories to this ready made audience then you're going to have a harder time reaching the people you need to reach.

The good news is that behavioral targeting eliminates this bottleneck by making every page on a

website a high contextual page for the individual site visitor.*

DEMOGRAPHIC TARGETING

We often think of demographic targeting as a breakdown of populations based on things like age, gender and socio/economic values. Demography covers a broad range of ways in which a population can be sliced up to define certain segments. A few of the more traditional segments include:

- Age/ Lifecycle
- Gender
- Race/Ethnicity
- Socioeconomic status
- Location of residence
- Religion
- Nationality
- Occupation
- Education level
- Family size
- Marital status
- Ownership (of home, boat, car, etc.)
- Language

While many of these characteristics can effectively narrow a population down into an audience, traditional demography often offers just a generalized benchmark

* Much more on this in the next chapter.

of behavior. For example, I currently live in a fairly rural part of the country. While I share a number of demographic characteristics with other people within my particular zip code (middle aged, white, own my own home, went to college, married, speak English, or a variant thereof) those benchmarks do a lousy job at identifying us as a whole or me as an individual. My little town runs the gamut of religious and spiritual beliefs, political leanings, socioeconomic levels, education and what's considered a fun way to spend a Saturday evening. In short, we share very few characteristics as a whole population apart from our choice to live in the same part of the country. For marketers trying to reach 'us' based solely on where we live, unless it's a very local business and even then, the results of any geographically targeted campaign are going to be just about as untargeted as you can get.

While basic demography can offer marketers an indication of characteristics that a population shares the real value of that data is buried in the values we as individual ascribe to each point.

For example, my being married doesn't really say much about me as an individual apart from my willingness to walk down the aisle and my commitment to another person. The characteristics I share with other married people depend on the personal values I ascribe to marriage. Did I get married because I wanted to make a life-long commitment to my wife? Did I get married because I believed that it was the right thing to do before having sex? Did I get married because I believe that children should be born into a union? Did I get married

for the tax break? Did I get married because I lacked a nice fondue set?

Why I got married may be very different from the reasons of other married people. Even though we share the commonality of marriage as a group characteristic, we have a number of different reasons behind the choice to marry. To target me as a 'married' person tells a very limited story about me and my values.

IS GENDER A BEHAVIOR?

I think most of us bristle a little when compared with a large group of other individuals based on a single human characteristic. After all, we want to be unique. However, there are times when segmenting doesn't need to be too thin-sliced to get to the point.

For example, if I said, as a marketer, that I wanted to target women for an upcoming campaign, how accurate would my targeting be? The answer, of course, depends on what I want to sell to this target audience. If it's a political message I'll be all over the map. Same for religion or any type of belief based human characteristic. A new car? Again, way too many variables not being taken into account. How about a new kitchen appliance or food product? Plenty of men cook and shop as well. How about high-heeled shoes? Bingo! This isn't to say that everybody in the target demographic is going to pony up and buy a pair of shoes from me but I feel pretty confident that over 99% of my business is going to come from sales to women. That said, it would be in my best interest to identify other attributes that can be

combined with my target audience's 'femaleness' to sharpen focus on the audience such as individual spending power, fashion/lifestyle needs or current access to similar products.

My point is that while gender is a vague demographic indicator its value as a targeting tool depends on how it's used and what assumptions can be made surrounding the demographic. While I would personally debate the overall universality of gender as a marketing tool, there are cultural instances and behaviors that strongly favor one gender over the other.

AGE AS A TARGETING TOOL

Age is another demographic factor that often strays toward being a behavior. This isn't to say that all 55 year olds share common interests, world views or beliefs, but due to their combined longevity, they have areas of 'experiential commonality' unique to them as a group.

In the early 1920's Hungarian-born sociologist Karl Mannheim first defined what he called 'generational cohorts' as "the aggregation of individuals (within some population definition) who experience the same event within the same time interval". While this doesn't mean that all members of the Class of 1970 share a unifying view of the world, they do share a range of cultural experiences based on living in a similar world at the same time.

Marketers are reaching toward targeting generational cohorts more and more often to reach those groups that can't easily be reached using basic

demography alone. For example, we're all familiar with the concept of 'Baby Boomers' as a segment of the population (defined as those people born between 1946 and 1964). To look at this eighteen-year range of the population as a unified target audience would be incredible folly. However, shared points of commonality ranging from historical events to popular culture to educational backgrounds combine to create a more universal world view among this segment of the population.

Baby Boomers are just one generational cohort. There are also 'Classic' cohorts (defined as being born between 1900 and 1920), 'Echo Boomers' (born between 1977 and 1994) and, of course, more contemporary Generation X and Gen Y cohorts (1965 to 1976 and 1983 to 2007, respectively).

There are also sub-selections within these main cohort groups often based on historical events. For example, many of us have known people who can be classified as 'Depression cohorts' (born between 1912 and 1921) who have clear memories of the American Depression and how that experience may have shaped their lives. The same thing holds true for WWII cohorts (1922-1927), Post-War cohorts (1928-1945) and Baby Boomers who represent the leading edge of the population growth (1946-1957 and trailing edge (1955-1964). Each of these groups and sub-group share common experiences which help shape common perspectives and beliefs in certain areas.

As age based audiences we also share common characteristics based on where we are in our life cycle.

For example, our needs, tastes, beliefs and desires are hugely different at the ages of ten and thirty (or really should be). Many people under the age of twenty-five have been actively preparing for life in the 'post-education' world. Likewise, many people in their thirties and forties are busy raising families, building businesses and securing financial futures. For people in their sixties and seventies the lens may look toward leisure time and philanthropic activities.

Each stage of the human life cycle brings with it unique concerns that are characteristic of an understanding of the world and relationship to 'relative mortality'. Bluntly put, the further away death seems the less time we spend worrying about inevitable things. It's the extremely rare 14 year old girl who's actively planning her retirement. On the other hand, the average 45 year old businessman generally doesn't get excited that he can stay up as late as he wants every night. At different times in our lives, what we care about and focus on is very different. Using demographics to help identify those characteristics in relation to age makes for effective target planning.

BEYOND DEMOGRAPHICS

Demographics can be useful as a starting point for targeting potential audiences. However, after getting the 30,000 foot view out of the way, targeting needs to take into consideration 'real people' characteristics.

There are a handful of audience-slicing metrics that represent a departure from traditional demographics. Some of these are unique to the online environment while others are natural extensions of demographic models.

Here's a quick overview of each:

PSYCHOGRAPHIC TARGETING

For marketers to effectively target any audience they need to have a clear understanding of the personal interests that the target audience shares. Social scientists categorize this segmentation as the study of psychographics. Psychographics are commonly defined as individual attributes directly relating to personality, values, interests or lifestyles. They are sometimes referred to as IAO variables or characteristics (for Interests, Attitudes and Opinions). Psychographics often target the most personal parts of who we are. More importantly, they are the building blocks that make up our world view.

Human beings generally strive for social commonality. Being surrounded by people who share similar characteristics, beliefs and values is comforting to us as individuals. Being with people who see the world similar to the way we do limits the number of potential conflicts. Whether the common link is political, socioeconomic, religious, or based on common interests like business topics or hobbies, we willingly flock together. While many of the traits that bring us together are deeply embedded parts of our psyche, others are

temporary excursions like being members of a class or even an audience at a trade show.

We belong to multiple psychographic 'groups' based on our interests as individuals. Our relationship with each group ranges from little involvement to whole involvement. For example, I may take my bicycle out for a short spin on a warm summer day. This action classifies me as a bicyclist and helps me to identify with other people who enjoy riding bicycles. However, my involvement in this group is very different from the guy who's training for an upcoming Tour de France and spends 6 hours a day on his bicycle. My identity with bicycling is one of enjoyable pastime while for the guy in training it's almost on par with being a lifestyle. If given the opportunity to purchase bicycling paraphernalia I'm going to have a different perspective as to its value and necessity than he will.

Marketers looking to reach a thin-sliced audience need to understand common shared traits and how individuals in these groups 'weigh' their interests in these areas. Whether targeting deer hunters, urban gays, backgammon players, people of Scotch-Irish descent, unicyclists or guys who mow their lawns on Saturday morning, the value of each psychographic slice is going to depend on how the people in these segments define themselves.

TECHNOGRAPHIC TARGETING

Online targeting is often restricted by technological limitations that prevent marketers from reaching

consumers. For marketers to effectively reach consumers it's often necessary to know where potential obstacles or bottlenecks exist.

Technographic targeting focuses on identifying the technological foundations that online consumers are working from. This includes things like computer CPU speeds, Internet connection speeds, Operating Systems, browser types, browser versions, and drivers or extra software availability.

A common example of technographic targeting is measuring the online bandwidth capabilities of the recipient. For example, if, as a marketer, I wished to send a video based ad to my target audience I'm going to want to know that they can receive the ad. While broadband adoption over recent years has made this task easier, there are still millions and millions of Americans who are using dial-up modems to get online. Without knowing how my target audience accesses the web, I run the risk of wasting impressions by sending ad content to people who can't receive it.

On the other hand, by measuring the connect speed of my target audience, I can then sort that audience into sub-groups and provide separate ad units, some with no video and others with high-quality video streams, to each group.

Many times, especially when using rich media advertising formats, advertisers need to be able to reach consumers who have the Adobe Flash plug-in installed in their browsers. By 'sniffing' for this plug-in, advertisers have the option of avoiding non-Flash

capable browsers or serving a GIF ad to those prospects without Flash playback capabilities.

Technographic measuring can also tell marketers a lot about a potential customer. A high-tech company looking to introduce a new cutting edge product can effectively target prospects by measuring the operating system on the recipient's computer. Prospects running the most recent versions of Windows or the Macintosh OS might be classified as being technologically savvy while prospects still running Windows 98 on a 7 year old PC are probably not good candidates for marketers looking to reach 'early adopters'.

Technographic targeting also includes using reverse DNS look-up to identify the IP addresses of site visitors.

CENTROGRAPHIC TARGETING

While geographical targeting is generally considered part of standard demography there are a few variations that fall outside of the basic geographic targeting realm. Whereas most geographic targeting focuses on regions and areas of the country and world based on their proximity to one another, centographic targeting focuses more on population characteristics that can be associated with specific regions. For example, every winter across the Northern United States there is a need for snow removal services. There is also a need for services like heating system maintenance, fuel delivery and sales of things like ice scrapers and snow tires. Meanwhile, in the Southwestern United States the need for these services or products each winter is very limited

or non-existent. On the other hand, the hot summers in the Southwest requires air conditioning and home cooling services that are not always as necessary in the North.

Centrographic targeting can also identify and isolate differences between population groups. For example, people living in a city like New York have a different perceived need for products and services than people living a few hours north in rural New York might. Even staying within the boroughs of New York, the cultural diversity of different ethnic groups alone makes for dozens of unique regional markets.

Even among cultural groups that share a similar language and history, centographics can identify targeting differences. For example, Hispanic populations living in Southern California and those living in Southern Florida and South Texas may share common cultural histories and ancestry but represent very unique markets based on unique regional characteristics.

HIDING IN PLAIN SIGHT

Getting the right message to the right consumer has never been the easy part.

Throughout the history of modern advertising the biggest bottleneck is measuring how effectively any campaign reaches the people who most want to hear about an offer.

The reality is that most traditional advertisers don't really know who they're reaching when they send an ad

out into the world. They can measure that a TV spot played on ABC at 8:37pm on a Wednesday but can only guess at who saw that ad. There are ways to measure if the TV set in a home is on and tuned to the right channel, but no way to measure if the consumer sat and watched the ad, understood the offer, made plans to take advantage of the offer or wandered off to the kitchen to make a sandwich.

With print, the model is even bleaker because print advertisers can rarely even determine if an individual saw an ad.

Traditional advertisers have put some 'feedback' mechanisms into place, like couponing and 1-800 numbers, that provide a roughly drawn indication of campaign effectiveness, but most of these mechanisms come with a time lag that makes it difficult to determine if results are directly related to a campaign. This latency period also means that advertisers are rarely able to fix campaign shortcomings and improve results while a campaign is still running.

And let's face it, advertising is all about results. For any new technology to gain a foothold in a fully established market it needs to outperform the current technology.

GETTING TO KNOW YOU

There's no way to sugarcoat this; in order to learn more about individual consumers, marketers have to resort to 'spying'. Perhaps a better term is 'observing'

because, while we're able to watch and learn about individual consumers by watching their online behaviors, we are generally only looking for certain characteristics and, in most cases, don't identify who the consumer is as a person.

So let's grab our Dick Tracy spy gear and get a better sense of how the stakeout is going down.

Meet visitor 15361486184320319952057752704642979. 15361486184320319952057752704642979, or Chris for short, just arrived at a website for the first time. The server that served Chris the web page files he/she requested when he/she clicked on the Google link also took a quick peek for associated cookies on Chris's hard drive to see if Chris had ever been to the site before. Finding none that matched the current site's identifier, the server took the initiative of giving Chris a new numerical moniker (cookie) so that it would be able to recognize him/her as a returning visitor on future visits.

So far all that is known about Chris is that he/she is using a computer, is dialing in from an IP location, what time of day it is when the connection is made and that he/she has visited the current web site this one time. However, the longer Chris surfs the site the more that can be learned about him/her. Of course, what gets observed and recorded depends on what it is that the publisher of the web site wants to look for.

We have a heap of choices. Do we want to know Chris's gender? How about where he/she lives? Are we checking Chris out so we can get a better idea if he/she is

interested in a new car, a cruise vacation or a deal on cat food?

The reality here is that before we can know anything useful about Chris we need to ask 'him' the right questions.

Let's say that Chris has just arrived at bunchesofstuff.com for a look around. As you can imagine, bunchesofstuff.com can give Chris access to information about all sorts of things like different products, reviews, access to vendors, news stories and full color pictures. They also present ads on their pages and learned a while ago that advertisers really like running ads on pages that profile products similar to theirs.

Business is booming at bunchesofstuff.com but the publisher has noticed that ad revenues are starting to plateau. The good news is that all of the high demand pages on the site have big advertisers standing in line for the opportunity to place ads on those pages. The auto manufactures, airline companies, movie distributors, vacation providers, dog food manufacturers and even a few 'adult content' providers have been bidding up the price for ads on these pages so they can reach people whose interests match the content of those pages.

However, on the pages catering to the needs and interests of sour cream enthusiasts, yo-yo hobbyists, ferret owners and people who collect wax lips, the demand is, shall we say, underwhelming. What a conundrum! On some pages the CPM being charged is highly competitive and raking in the cash while on other

pages non-profits are deciding whether the 3 cent CPM is worth jumping on.

This scenario isn't uncommon for sites like newspapers, consumer destinations or technical sites that cater to a wide range of consumer interests. Because they offer so many different types of content, they attract many different kinds of people. However, because all these people are different they're really hard to sort into different groups based on a single interest.

Just because a consumer like Chris goes to a web site and checks out a page that offers information about motorcycles doesn't mean that that's all he's interested in. He may also be a huge motorcycle/trout fishing/Dallas area living/Chevy truck owner who has a passion for decoupage and baking cheese cake. Going to a web site that caters to motorcycles will meet one of his interests but what about the others? For a motorcycle manufacture to get a message to Chris, placing an ad on a motorcycle site makes a certain amount of sense* but would an advertiser looking to sell cream cheese by giving away an award winning cheesecake recipe think of placing an ad on a web page profiling hurricane bikes? If they wanted to meet Chris they would.

Contextual marketing is effective but only to a certain point. It's like me calling you on the phone. If

* Although there's a bit of a paradox here. According to Dave Morgan at Tacoda, studies they've done show that contextually based ads often do better on pages that don't cater to the same topic as the ad. It seems that placing ads on pages with related content can cause ads to 'hide in plain sight'.

you're home and answer the phone then we can have a conversation. If you're not, then we can't.

In the same way, if you go to a web page that's targeting you based purely on contextual interests then you may see an ad that matches those needs and interests. However, if you don't go to that page then you probably won't see that ad.

But how about if I give you a call and you've forwarded your home phone so that all calls go to your cell phone? Now when I call you it doesn't matter if you're home or not. I can reach you no matter where are and still have a conversation with you.

It's this concept that's behavioral targeting's secret sauce.

By watching Chris when he comes to a web page and taking notes on the type of things he seems interested in means that Chris can be targeted to see ads that cover his wide range of interests over time.

This also means that if Chris goes back to the motorcycle pages of bunchesofstuff.com in a month he may see an ad for the latest Harley Davidson Touring Bike. He may also see ads for freshwater fishing gear, news of a new Italian restaurant opening in the Greater Dallas area, a recipe for rich and creamy cheesecake or a rich media ad offering a printable coupon for 1/3 off decoupage glue at a local crafts store.

For bunchesofstuff.com, the ability to collect information about a site visitor like Chris also means that they can now sell Chris's consumer 'profile' to advertisers looking to reach him based on his expressed

interests. This increase in revenue is a huge plus for the site. What's also groundbreaking is that it's now possible and cost effective for a smaller advertiser, like a local craft store, to reach a targeted consumer like Chris with such a granular offer.

I will point out that this level of segmentation isn't always available to advertisers because creating micro-segments isn't very cost effective to publishers. No doubt there will be solutions to meet very vertical audiences in the near future.

A PEEK UNDER THE HOOD

While advertisers can benefit from behavioral targeting by reaching consumers who are most apt to want to hear what they have to say, it is the publisher who's often responsible for setting up this future 'relationship'.

A web site is often like a snowflake – multifaceted and different from all other sites. Each has a different reason for existing and a different business model. Each also attracts a unique group of consumers.

Not all web audiences are created equal. Some are looking for specific information while others are 'wandering'. In short, people still behave as people while online.

When it comes to targeting consumer behaviors there are a number of vendors who can provide comprehensive solutions. In most cases the quest for

consumer data starts with the publisher identifying what it is they want to know.

It's possible to collect many types of data from consumer just by observing their surfing behaviors. In some cases a best guess scenario based on assumptions (women like knitting; men like rebuilding truck engines) might be used to help identify audience groups.

For the most part, behavioral targeting tools focus on the task of sorting consumers into groups. A simple task, perhaps, if I gave you a bucket of marbles and asked you to sort them into piles based on similar colors. But how do you sort the 32,000 people who might cram into Fenway Park on a summer's evening to watch the Boston Red Sox trounce the New York Yankees?*

Obviously you need some type of sorting criteria before you get started. It would be an easy enough task to sort people into groups based on gender, age and even how they're dressed. You can put the obvious Red Sox fans on one side of the park and obvious Yankees fans on the other. You could sort the crowd based on hair color, shoe size or a wide range of skin colors. But what if you wanted to sort them based on their favorite flavor of Lifesavers? What if you wanted to know the political leanings of everybody in the crowd?

Before you can get the right answers you need to ask the right questions. Some answers are relevant for one purpose and irrelevant for another. For a publisher looking to identify the types of consumers that come to a

* It could happen...

particular site means asking questions that lead to a specific goal.

For many publishers the questions being 'asked' are based on how useful that answer could be to an advertiser.

For example, let's say that a publisher that runs a site catering to people who want products and services related to kitchen redecorating set out to start sorting site visitors into distinct groups so those groups could be resold to advertisers looking to reach specific target audiences. Most publishers already have a pretty good understanding of the types of people who come to their site. In many cases the theme of the site is enough to draw in people with specific interest.

But, as I've already touched on, most of us don't have only a single interest but are composed of a mirror-ball's worth of facets that explore different interest, tastes, desires, lusts and expectations.

While it would be nice to assume that everybody who goes to a web site that caters to kitchen redecorating is really interested in redecorating their kitchen, it's a lot more reasonable to assume that some of the visitors arrived at the site based on an erroneous understanding of what it offered them while others are more specifically looking for information about a new kitchen sink.

The majority of visitors to the site might have an overall common interest in kitchens but this isn't guaranteed nor does it take into consideration people who stay on the site only long enough to hit their

browser's back button. The real data that publishers are looking for is much deeper down.

Using simple web analytics and cookies, publishers can start to measure simple things like how many of today's visitors have been to the site in the past. Of the percentage visiting today how many are first time visitors? What is the average amount of time spent on the site per visit?

Again, depending on the types of information being presented, the publisher can also start measuring individual site visitors who go to specific pages.

For our kitchen redesign site, perhaps areas of interest can be extracted and broken down into different groups based on a strong interest in appliances, cupboards and cabinetry, flooring, sinks and plumbing supplies and food prep accoutrement.

While this step would break site visitors into more distinct groups, each segment can be broken down further. Are the people on the appliance group interested in stoves, refrigerators, dishwashers, freezers, trash compactors or garbage disposals? Knowing this information gives the publisher greater access to a wider range of advertisers looking to reach specific consumer groups.

This level of granularity often means that publishers need to think very specifically about how to get the answers they need. For our kitchen redesign site publisher the answers lie in being able to associate specific visitors with specific web pages.

Let's say that the site has separate pages that address all sort of kitchen appliances. By tagging each individual page with a unique identifying code, that code can be associated with the cookie of that visitor. On subsequent visits, if the visitor were to again visit pages that related to kitchen appliances, the information being collected could be updated along with her cookie. The greater the 'richness' of the individual's visits the greater the chance that that particular consumer is really interested in buying a specific appliance.

SHOW ME THE MONEY

Most publishers use BT tools to create audience groups that can be sold to advertisers. Like most things in targeting, audience group *quality* matters more than *quantity*.

The goal of advertiser's is to get the greatest reach for their marketing dollars. This means that the more 'right' consumers they can reach with an offer the better their campaign results and, subsequently, ROI. For the real people at the other end of the marketing chain this can mean the difference between a promotion or an early 'retirement'. For the advertiser who can provide these marketers with a list of highly pre-qualified consumers poised to buy a product like the one that the advertiser offers, well, that's money in the bank.

Therefore it's in the publisher's best interest to provide as relevant a list of targeted consumers to their advertisers. Just as knowing that a consumer is

interested in buying a new freezer and not just a new 'appliance', publishers also need to give advertisers access to consumers who are in the right place in the buying cycle. Trying to sell a new freezer to a consumer that bought a competitor's brand a week earlier isn't going to keep the company in the black.

With behavioral targeting comes the ability to reach specific consumers at their greatest moment of need.

Publishers putting together 'need targeted' audiences based on the behaviors of all site visitors need to use refined sorting criteria. For example, if our publisher wanted to identify and group those visitors who seem most interested in buying a new freezer, where would she start?

Often time it is real world rationality that works here. For the site visitor who visits a web page having to do with freezers the real intention is still unknown. Did the visitor come to the page because they want to buy a new freezer or was it by accident? If they are in the market for a new freezer is this the model or type they're interest in?

For the site publisher to put together a comprehensive list of site visitors who have shown great interest in buying a new freezer, she needs to be able to identify characteristics that show great interest and not just casual research. In most cases, the real criteria are based on more than one point. For example, let's say that the criteria used to determine if a consumer is really interested in buying a new freezer includes the following points:

1. Consumer came to the site 3 or more times during a 30 day period
2. Consumer visited pages specific to new freezers 2 or more times during those visits
3. Consumer spent a minimum of 2 minutes total on freezer related pages during each visit.

This may be a realistic 'recipe' by which prospective site visitors most primed to buy a freezer can be identified. Once any individual visitor has met all points of criteria he is added to the 'In the Market for a New Freezer' target audience. Advertisers looking to reach this audience now have access to another consumer who has been pre-screened and whose needs and interests can be directly met with a targeted ad even if they happen to be checking out pages debating the benefits of granite counter tops over those created using man-made materials during their next visit to the site.

Another huge plus to this model is the follow-up data to which advertisers have access. For example, if a member of the 'In the Market for a New Freezer' target audience was presented with a targeted ad and in turn clicked on it to go to the advertiser's web site, that event can be measured. Conversely, if the ads were served but the recipient didn't react to the ad in any measurable way that event can be recorded as well and can lead to serving a different ad or offer in the future.

Advertisers can also use campaign data to retarget prospects and existing customers by thinking about the next steps required to continue a conversation. For example, if you went to a web site, poked around for a while, started filling a shopping cart and then wandered away without buying anything, wouldn't it be in the advertiser/publisher's best interest to understand why?

Also, the conversation an advertiser would have with a consumer who's already come to the site and started a transaction is going to be different from that had with a consumer who has never seen the site.

Retargeting can also allow advertisers to follow up with existing customers. For the customer who has already made a purchase, what's a good way to follow-up with related offers?

What about for the consumer who keeps showing up at a site but still hasn't 'pulled the trigger'? What type of message or offer will allow them to move from the fence and make a buying decision?

With enough analysis of collected data advertisers should be able to identify consumer patterns of behavior that are consistent. This isn't going to happen overnight but we're not far away from the point where those marketers who don't learn how to embrace and use this technology are going to be kicking themselves hard for missing the opportunity.

[CHAPTER 3: HEART OF A NEW MACHINE]

During the past five years there has been an explosion of companies and services focusing on offering advertisers a wide range of Behavioral Targeting Solutions. While there are several variations on how BT providers collect and use targeting data to reach targeted consumers, the basic model for most is:

1. Create page tags that sit on targeted web pages and are triggered when visitors come to those pages.
2. Collect and analyze data coming from the page tags.
3. Group site visitors based on similar patterns of site or network use based on specific actions taken.
4. Refine the groups into clearly defined audiences
5. Sell advertisers access to these target audience groups.

6. Lather. Rinse. Repeat.

The basic promise of behavioral targeting is that by first knowing what the individual consumer wants, needs, craves, desires, covets, or is jonesing for, advertisers can more effectively deliver ads related to those needs.

It's hard not to sound like a cheerleader when describing the advantages that Behavioral Targeting can offer online marketers. Certainly BT still has some rough edges that need to be filed down, but the pure potential of highly targeted marketing represents a very significant jump in the way we're going to approach all marketing in the future. This is 'horse and buggy' being replaced by the automobile' significant.

Behavioral targeting has been around in one form or another for a long time. Direct marketers have based their marketing campaigns on contextual targeting, (reaching target audiences based on common interests, geography, gender, age) for years.

However, what makes recent developments in behavioral targeting so exciting is that marketers are now better able to identify individual customers based on their expressed (and unexpressed) interests and desires just by watching them as they visit web sites and do what it is that they do.

Since the goal of any effective marketing campaign is to get a message in front of the greatest number of people who will respond to *that* message, being able to first identify which consumers should get the message is

a huge advantage over tossing out a few hooked lines and hoping you'll get a bite.

What's most significant is that online marketers are no longer restricted to finding new customers based simply on the web pages they visit, but rather about *who they are* and *what they need*.*

For the first time in the history of marketing the ability to reach individuals based on their needs, interests, desires and sudden urges is within reach of advertisers. Instead of having to wait for the target to wander in sight of a campaign, campaigns can now be created to go in search of the target.

This isn't magic nor is it necessarily easy. But compared to most traditional advertising, it's a huge step forward that can save advertisers billions of dollars and yield greater results than ever before.

Before we look at the future potential of behavioral targeting let's take a quick look back.

A VERY BRIEF HISTORY OF ADVERTISING

In the beginning, advertising was kind of messy. Well, in the very beginning, advertising was very subtle. Even before the advent of the printing press, signs representing a trade or craft (boot shaped sign for the shoe maker, pig for the butcher's shoppe) existed along

* Revenue Science, one of the current leaders in the BT space, has summed up the potential of BT with their tag line 'Target people, not pages'.

with directories that listed a town's vendors and what they offered. An early example of really direct marketing involves a story of French Innkeepers from around 1100 A.D., who formed partnerships with the town criers to call the town's people together in the center of town where they would serve samples of their wine.*

However, advertising as we know it today didn't really take off until nearly 100 years after the invention of Gutenberg's printing press (circa 1438) when a German newspaper printed the first known print ad (circa 1523) promoting a book that 'extolled the virtues of a mysterious drug'.

It wasn't until 1625 that the first ad appeared in an English newspaper. Even then most early ad content was for simple trade promotions or classifieds offering rewards for the return of missing livestock and property.

However, as the 'New World' began to be settled and the United States sprang into existence, population centers started to grow. From 1870 to 1900 the population of the U.S. grew from 38 million to over 75 million. This growth meant an expansion of the labor force and with it a new consumer market. The masses needed to sustain a mass market had arrived.

The decades following the Civil War also brought out the largest category of advertising in the areas of 'miracle cures', ointments and other medically focused

* Several references regarding the earliest days of advertising come from examples in Otto Kleppner's book "Advertising Procedure (Ninth Edition, 1986)".

gear (like electric hats and belts) claiming to cure all ailments from nervous exhaustion to malaria. With a significant percentage of the population suffering from ailments and injuries resulting from the Civil War, it was a seller's market.

However, this early 'spam' advertising ended up driving many legitimate marketers away from advertising venues for fear that all advertising would be viewed through the jaded eye of consumers who had had enough of 'snake oil' offers and unethical marketers with misleading intent.

However, the value of advertising was apparent to many vendors and within a few years legislation, like the Pure Food and Drug Act of 1906 – a law passed to protect the health and well being of consumers, dramatically reduced the number of fraudulent medicine ads. Advertising started to reemerge as a legitimate way for advertisers to tell the world what they offered.

During this time a group of men who saw the value of providing legitimate advertising services emerged. They created and joined advertising clubs and started campaigns promoting 'truth in advertising'. Later they started organizations like the Better Business Bureau to serve as a watchdog agency overseeing ethical and moral marketing issues.

Paradoxically, publishers, during the early part of the 20th century, often played hard and fast with their actual distribution numbers. The result was that advertisers really didn't have an accurate way to verify that ads were getting the distribution promised or being

seen by the people who most needed to see them. This shortcoming resulted in the development of the Audit Bureau of Circulations (ABC).

The decades that followed brought print, radio and television advertising into the light, each with its own challenges. Again the need for rules and guidelines and organizations like the FCC came into being. For each new advertising medium the techniques used to create effective advertising models went through a fresh evolution that often borrowed heavily from existing models. Early television ads often laughingly appeared as visible radio ads. However, over time each format found its oeuvre and was fine tuned to reach set marketing goals.

The traditional advertising models covering print, outdoor, radio and television have remained virtually unchanged, with few exceptions, since their advent. This was advertising as the world knew it and the rules for its use were clear. Everybody - advertisers, publishers and consumers - knew where they stood.

In August of 1995 the advertising world changed again. This time with a quiet, single panel banner ad for AT&T which belied very little of the advertising potential that would blossom in the decade following. However, this simple ad brought with it the realization that consumers could choose their own paths based on offers they saw while online. Advertisers could spread 'targeted' ad throughout the Web and drive interested consumers to their own sites.

Initial marketing results were outstanding. Not only were large numbers of potential customers clicking on

ad links and coming to sites, but the production and distribution costs for these ads were much, much cheaper than any other mass market advertising option.

However, by the summer of 1996 the reality of online marketing was starting to make itself known to advertisers. The novelty of online advertising was wearing off and consumers grew tired of the interrupt model that online ad banners used to get the job done. Besides, because consumers didn't need to click on ads to reach most Web content, they didn't bother.

It soon became pretty clear that there was a large disconnect between the promise of online advertising and its reality. Consumers weren't clicking on ads like many advertisers had been promised. And, as in traditional marketing channels, most of the offers being made online were irrelevant to a large percentage of those consumers seeing the ads. To make matters worse, many early online advertisers tried to use a page from the print advertising world and created highly non-interactive ad units to talk to an interactive audience.

In a move that now seems counter-intuitive, some advertisers decided that the solution to this 'ad neglect' was to create more invasive ad formats designed to get in the consumer's face at every turn – namely, pop-ups. While some advertisers claimed to get increased campaign results, the word on the street was that consumers absolutely hated pop-up ad formats and would willingly spend cash money on third party tools designed to remove these ads. Pop-up ad effectiveness,

if there had ever been much to begin with, dwindled as fewer and fewer consumers saw the ads.*

On other fronts, the click-through rate of ad banners eventually reached 'underwhelming' status. The Web advertising marketplace had finally settled at an average click-through rate of about a third of a percent. For advertisers this means that a campaign serving say, 1,000,000 impressions could expect roughly 3000 consumers to click on the ad. While this might meet ROI goals for a campaign, the reality was that, on average, fewer than 5% of site visitors ended up converting. This gave advertisers about 150 customers out of every 1,000,000 targeted to choose from. Depending on the size of the purchases, reaching ROI numbers was hardly a slam dunk for most advertisers.

Embattled publishers were forced to lower ad CPM rates (Cost Per 1000 ads served) to keep advertisers in the fold. The promise of online advertising was starting to tarnish with the trifecta of disappointing earnings for publishers, diminished results for advertisers and consumers who were aggressively avoiding the onslaught of ads now pelting them via web pages and their email boxes.

Then things got really ugly.

* While much of this is written in the 'past tense', the reality is that there are still plenty of online advertisers whose sole online advertising goal is to use web ads to drive web traffic or pop-ups to increase branding efforts. Nobody ever said all marketers were good at their jobs.

Economists will tell you that every high-growth industry goes through a period of 'market correction' from time to time. For the six months preceding the Internet bubble burst, online advertising went into a tail spin. Advertisers, already disappointed with results were starting to feel the economic pinch of the upcoming recession.

Online ad sales were dropping and this resulted in agency layoffs, the closure of many specialty online marketing companies and still decreasing CPM rates.

By the winter of 2002, analysts were claiming that advertising had reached its deepest recession since the Great Depression. It was a cold winter for many people in the advertising world.

Ironically the saving grace for many online advertisers was an increase in sales for more traditional advertising media

For many advertisers and publishers the true promise of online advertising was starting to come through. Not only was online emerging as a great way to get advertisers in front of the right consumers but ad formats such as rich media, which had struggled in the late 1990s and early 2000s to gain a foothold, started to reemerge as an effective way to get consumers involved in the marketing process without folding, spindling or mutilating them first.

The increased marketing results for rich media advertising companies like PointRoll and Eyeblaster brought some renewed vigor to the online advertising arena by consistently generating increased click-through

rates and increased campaign branding results.

While every bit helped, many large advertisers were still unwilling to give online more than just a cursory glance when planning their media buys. Too much uncertainty coupled with poor results had made online advertising a nice place to run case studies but not a place where companies were willing to place a large percentage of their marketing dollars.

However, because publishers had been forced to lower rates to make online advertising palatable to advertisers, online advertising again became a cost effective way to get ads in front of a large number of consumers. Coupled with a better understanding of contextual targeting (placing topical ads on web sites with similar topics), advertisers started to see improved results.

And then something quite revolutionary happened. Marketers started to take a closer look at the ROI they were getting from all of their advertising channels. Not only were many online campaigns reaching ROI goals consistently but they were able to offer marketers something they had never been able to get from their other campaigns – immediate and actionable campaign results.

The number of advertisers flocking to the web reset the appletart and revenues started to soar. In 2005 the number of ad dollars spent on web advertising topped \$12 billion dollars for the first time.*

* And is on track to reach the \$16 billion mark in 2006.

Behavioral Targeting was born during this turbulent time as a way to get more measurable benefits from online ads. By measuring online campaigns in real-time and applying the data collected toward reaching the right people with an offer, advertising effectiveness shot up.

For now, it's time to step out of the 'wayback' machine. We're finally here.

SURVEYING THE LANDSCAPE

Behavioral targeting isn't really a *what* but more of a *how*. For marketers trying to reach specific 'target audiences', the first task when planning any campaign is to identify the criteria that will be used to identify if the right people are receiving ads and offers.

In other words, a clear marketing goal needs to be set so the marketer knows if the campaign is effective or not. By first identifying the specific actions consumers need to take, marketers can create ways to capture and measure data to determine if those goals are being met.

For the purpose of this book I am approaching behavioral targeting as it's used in five different areas:

- Publisher solutions
- Ad network solutions
- Adware solutions
- Ad Optimization
- Rich Media/ Direct Advertiser solutions

For each of these solutions, the goal is to define and then capture data which tells a story about individual consumers.

Let's zoom in a little.

PUBLISHER SOLUTIONS

Currently over 90% of advertisers using BT say they are using some type of publisher based behavioral targeting solution. This isn't surprising considering that most publishers are already familiar with the types of audiences that come to their web properties.

Publisher based behavioral targeting uses identifying characteristics of site visitors and applies that understanding to present individual visitors with relevant advertising when they visit a web site.

Behavioral targeting for most publishers begins by setting up a web site with page tags or codes that identify specific page actions taken when a site visitor comes to that page. You might think of it as an interactive map that records the path a visitor takes while surfing a web site.

The main advantage for sites that use behavioral tracking capabilities is that it allows them to be defined within ad networks as a specific audience destination.

For example, let's say that Consumer Cathy is interested in buying a new car and starts out by going online to do a little research.

She has a short list of vehicles she is considering and starts the research process by looking for a site that

allows her to do some side-by-side comparisons of her choices.

One of these sites is the up-and-coming (and highly fictitious) CarsTrucksNVans.com.

When Cathy types CarsTrucksNVans.com into her browser window, she kicks the process off by making a few server calls to the site's hosting server requesting page content. She also triggers a page tag that quickly sets her up with a cookie and then makes a note of the time of her visit.

Cathy spends a few minutes looking around the site and even prints out a full-color brochure for a new SUV model that promises improved fuel efficiency and performance.

With part of her research out of the way, Cathy heads off to another site to collect more information.

However, during the time Cathy spent visiting the CarsTrucksNVans.com site several things took place:

1. Cathy was tagged with a cookie that can be used to identify her computer on subsequent visits.
2. Data surrounding Cathy's visit such as total time on site, time on individual pages, the fact that she clicked on a link to print out a brochure, etc., was recorded and associated with the cookie on Cathy's computer.
3. When Cathy returns to the site in the future, or even during the same session, in many cases, special offers directed to her specific interests can be made.

4. The data collected on Cathy can be sold to advertisers, especially those offering SUVs. Of even greater value, direct access to Cathy can be sold to SUV manufacturers looking for a warm prospect.

Publisher based behavioral targeting is usually based on some element of contextual targeting as well. CarsTrucksNVans.com is going to end up creating a sizable database of individual consumers interested in different aspects of automobiles which can, in turn, be broken down into a number of different segments based on specific consumer interests.

This also means that for automobile manufactures looking to reach individual consumers thinking about buying a little red sports car, the behavioral targeting solution will give them direct access to just the right group rather than everybody who comes to the site.

One advantage of individual web sites is that they can extend their advertising scope by becoming part of a 'remnant network' that matches available inventory to advertiser's needs on the fly. This allows publishers who sell ad space directly to develop new revenue streams by partnering with remnant networks specializing in finding extra inventory. This means that a consumer like Cathy can be targeted over a number of different sites and not just those where her behaviors were recorded.

The down side to the purely contextual marketing approach for a site like CarsTrucksNVans.com is that all its ads will probably end up being automotive specific.

Because of the absolute focus of the site, this would be a lousy place for advertisers looking to reach the home improvement crowd. On the other hand, who's to say that a good number of site visitors don't share those interests as well?

AD NETWORK SOLUTIONS

Ad Networks are generally a collection of sites representing a greater range of places where advertisers can run ads.

Many large publishers sell their remnant inventory, impressions they couldn't sell to advertisers directly, through ad networks. Some ad networks are 'blind networks' which means that an advertiser's ads will run on any site of the network where there is space available for them.

[AMBIENT NOISE]

Blind Network or Run of Network (RON) advertising often means that advertisers pay for impressions on sites and pages that are highly untargeted. This is the electronic equivalent of passing fliers out on a busy street corner.

Traditionally this unfocused advertising approach means advertisers reach untargeted consumers on untargeted sites. Apart from being an inefficient way to market, it's also really hard to measure success.

For publishers, this isn't a problem that needs fixing as long as the money keeps coming

in, but from an 'effectiveness in advertising' standpoint, it's often a dog.

A few years ago I spoke with a client who was absolutely crowing over the fact that he had secured a large run of network media buy for an unbelievably low CPM.

Once the campaign got underway his smugness dissolved quickly.

It turned out that a good number of his ads ended up appearing on 404 pages and transition pages – the online equivalent of swamp land.

It's important to remember that reaching the most people and reaching the right people are different things.

A good number of ad networks work directly with advertisers to select specific sites on which ads should run. Many also have features that allow advertisers to identify competitors so that host pages don't display ads from two competing vendors on the same page at the same time. Other providers have systems that scan host pages for content before placing ads. This can help avoid brand conflict and association with 'distasteful' content. Few advertisers are lining up to be associated with news of a recent air disaster or other catastrophic event.

Ad networks offer a unique wrinkle to the behavioral targeting realm. Like publisher sites, information can be (and is) trapped and tracked based on visits to web sites. However, unlike a single site, ad

networks can collect consumer data on hundreds of sites and, in some cases, track individual consumers as they travel between sites on the same network.

This gives advertisers a greater range of opportunity to reach consumers with a targeted message in more than one place.

ADWARE SOLUTIONS

Adware solutions are an 'opt-in way for advertisers to directly reach consumers.

Adware providers often use free software or online tools as a way to get consumers to agree to receive advertising.*

Once installed, the adware provider has direct access to the consumer and can sell this marketing channel to advertisers.

According to a 2005 iMedia/Ponemon study, about 31% of online advertisers were using Adware to target customers. More recently those numbers have come down.

However, more recently adware, generally a valid permission based marketing tool, has gotten painted with the same broad brush that consumers reserved for spyware. For the players in this space life has gotten 'interesting' due to filed lawsuits claiming that adware companies are spying on consumers. This has led to a

* Although I suspect that many of the consumers installing these 'freebies' have no idea that they've just invited somebody to come and watch over their shoulder while they surf. Oh, and serve them lots of ads.

pullout by major advertisers who don't want to be associated with spyware.

In mid-2006 Claria Corporation stepped out of the Adware space altogether to focus on the development of personalized web tools leaving only a few other players like WhenU to pick up the slack.

Time will tell if Adware is a viable targeting solution for the future.

AD OPTIMIZATION

Ad Optimization is an offshoot of ad serving and generally uses intelligent ad serving technologies to reach target recipients. By sitting in the middle between the publisher web site and the ad serving engine ad optimization companies can provide instructions to ad servers so that ads meeting specific needs and interests can be served to the right spots.

The greatest advantage of this process is that targeted consumers can be reached with tier one targeted ads while visiting pages that normally cater to second and third tier inventory. This allows publishers the opportunity to sell more tier one inventory at a higher CPM.

Re-targeting can also be thought of as a campaign optimization tool. Re-targeting is basically a campaign follow-up based on collected information.

By knowing that a consumer came to a web site and saw an offer or researched a product, advertisers can send that consumer follow-up messages that use that

preexisting experience as the foundation for additional and customized marketing.

RICH MEDIA ADVERTISING SOLUTIONS

While rich media advertising solutions have been around for several years, their capabilities as a data collection tool haven't been fully realized.

I am a huge fan of rich media advertising* and have actively designed and created over 500 rich media ad units in my career. To me the greatest benefit that rich media ads offer advertisers is the ability to help drive the consumer's behavior toward a specific marketing goal.

Often this includes simple tasks like collecting user data such as email addresses, zip codes or product preferences information. In most cases this data is collected within the ad unit and then transferred to a back-end database.

The biggest obstacle for a rich media ad/behavioral targeting campaign tie-in has been getting collected campaign data into the same place as web analytics data. Today there are several behavioral targeting vendors which use data collected from interactive ads and apply it to the BT data collection process.**

Part of the effectiveness of future rich media campaigns is going to depend on the value of the data

* Which I define as ads providing consumers with a meaningful *interactive* experience.

** An extensive list of different vendors and the services they provide can be found in Chapter 8.

being collected. By tying all the collected campaign data together, it is my expectation that rich media and behavioral targeting will become a juggernaut in the land of online advertising.

THE ELEPHANT IN THE CORNER

As promising as many of the recent Behavioral Targeting breakthroughs have been, there is still a large consideration that could prevent BT from gaining the foothold it really needs to complete its paradigm shift – a lack of standardization across solutions.

This isn't a simple VHS vs. Betamax battle.

Because many of the vendors in the BT space use different but similar approaches to reach and target consumers, the landscape is currently a hodgepodge of solutions and options that can't communicate with one another.

This isn't good.

On one side, the lack of standardization means that individual BT providers are free to create innovative solutions that focus on specific needs of the marketplace. This is a good thing and is driving new solutions forward.

On the other side, for an advertiser looking to reach a wide range of consumers, running a campaign with a single vendor probably isn't going to do the trick. Because each vendor is using a proprietary network, advertisers are limited to reaching only the sites that make up the network. Obviously this complicates media buys and also means that advertisers may have to run

several campaigns, using different systems, to get full coverage.

There is no obvious solution here. One possibility is for industry leaders to create a standards and governing body* which can work out a standardization consensus among the major players in the space.

Recently the creation of media exchange solutions like the one that Right Media has created have helped increase the number of consumers that can be reached and are helping to bridge the proprietary gap. By creating large audience networks not associated with any single solution, these companies can sell access to BT providers looking to reach sites not part of the solution provider's own network. It looks like promising values add.

Another option is to take the route that early automotive companies and, more recently, cable providers took – just keep merging and acquiring one another until only a few companies are left standing. At that point the standards will be in place.

TacodaScienceDoubleMedia anyone?

FINDING THE FISH

Behavioral targeting offers publishers a way to create new revenue streams and advertisers a way to consistently reach the right consumers.

* Very much like how the Interactive Advertising Bureau (iab.net) became the center point for many of the online advertising standards.

But how simple is it to make these solutions work?

Advertising isn't a single function tool nor is BT. Branding is different from acquisition which is different from direct sales. To get different results you need to do different things.

Following is a closer look at some of the BT considerations that should be made when striving for specific marketing goals.

BRANDING

Despite being a simple goal, branding is perhaps the most difficult part of advertising to measure accurately. Branding can take place during a single session or over a consumer's lifetime. To that point, how can an advertiser specifically measure if something they do to enhance branding efforts online is working or not?

In the online world we have an advantage when it comes to straight branding – direct response loops. In basic terms, we can see what it is that consumers are doing and from that understanding extract data that supports branding efforts.

For example, using behavioral targeting, an ad server can associate a specific cookie with a specific ad serve. While a lack of interaction may negate the value of the transaction, it does open up a door for the advertisers to present that consumer with a follow-up message the next time their paths cross.

This direct response model also means that if a consumer does click on an ad, that event can be measured not only as a click-through but as a way to

measure a positive branding experience, to measure the effectiveness of ad positioning, to measure the time the visitor spent on the page before they clicked and to measure just about any type of interaction that the consumer had with the ad before clicking on it (you can see how interactive rich media would be a powerful tool here).

By keeping a record of the relationship that a specific consumer has with the advertising brand over time, advertisers and marketers gain a clear understanding of what was done right to get a branded message all the way through.

[AMBIENT NOISE]

I fully understand the need for product branding but feel that it's difficult to effectively measure the impact of a branding campaign without understanding how it changed consumer perceptions or actions.

Branding is often a long term process that can take decades before its value is known. Unlike being able to track a direct response marketing method like couponing or direct sales, branding isn't generally beholden to any single event but rather to a combination of events over the total period of time it took for the consumer to recognize that brand and identify its significance to them personally.

I think that branding is often 'misused' by becoming the default goal for campaigns that

didn't meet their primary goals. It sounds like this: 'Well the campaign to get people to sign up for our newsletter didn't work but at least we got our brand in front of consumers'.

Nonsense.

That's like a major airline using a photo of the twisted remains of one of their jets sticking out of a pile of air crash rubble as part of a brand exposure campaign because it depicts a clear shot of the company logo.

You had better hope to hell you can do better than that.

ACQUISITION

At some point in an active marketing relationship, consumers turn into customers. However, for different vendors this point can happen at different times.

Acquisition can also be defined based on the length of time a customer stays a customer. For some vendors a single sale is nice but acquisition doesn't take place until the customer comes back.

Again, it's the BT feedback loop that makes the difference here. By being able to establish a relationship with a single customer over time, advertisers can have an ongoing conversation with consumers and not have to start from scratch each time.

It's the difference between having a conversation with a long-time friend and somebody you've just met. In the former case, there's an established back history so

the questions and conversation are going to be very different from those of the first time conversation.

For advertisers, BT tools allow them to measure the number of times that a consumer comes in contact with a specific brand or offer or the number of times they visit a web site. Add pure targeting functionality and advertisers can also make sure that they are reaching the right consumer with the right offer.

DIRECT RESPONSE

One of the greatest advantages behaviorally targeted advertising offers advertisers is the ability to customize marketing messages. Not only can this level of customization focus on the needs of an individual consumer by addressing specific characteristics, but it can also do it in a way that reaches the consumer's sense of self.

There's a huge difference in how we perceive the value between a direct mail offer with our name on it and the one addressed to Current Resident. Even if the offer hits its target, the 'one size fits all' blanket mailing feels so impersonal that it's almost insulting.

As consumers we want everything we deal with to be about meeting our needs. The better job a marketer does of recognizing us as individuals the better we feel about it. It also means that we're more apt to hold up our part of the 'conversation' by positively responding to advertisers.

Behavioral targeting is a great direct response tool. Even if the consumer doesn't necessarily interact with an ad, brand or web site, the metrics being generated can show if there is an interest in a theme or offer.

Even if advertisers don't use personally identifiable information about consumers to reach them, an understanding about what individual consumers need and desire is a good place to start.

If we add an interactive rich media solution into the mix the ability to hone in on a consumer's need and reaction to an offer can be greatly clarified.

A CROSS-MEDIA SOLUTION

While the focus of this book is on how behavioral targeting is used to create online advertising solutions, I would be remiss if I didn't also point out the BT is being used successfully to help marketers to focus on and track advertising in more traditional channels.

True, it's not always possible to directly tie offline consumer data with collected online data. However, using some old fashioned market indicators can go a long way to help marketers make certain they're reaching the best audience.

For example, if I wanted to do a little digging on how I might best reach a target audience, I could go to a traditional media research source like Mediamark Research, Scarborough Research or EnviroSell and get a better sense of marketing trends that are up and coming. With this understanding, I could focus on creating

online audience segments that target these groups. Not only will a little research help me to create a richer offering for advertisers but could also provide them with a true cross-media marketing strategy in which apples can be compared to apples.

If you need to sell media across platform, BT can help provide some solid insight that can be used to put together some pretty appealing packages.

BT AND SEARCH

BT is an inherent part of other online marketing channels. For example, search is a really targeted mirror image of BT. Want to know what's on the consumer's mind? Just check out what they're searching for.*

While the purpose of search is to give individual consumers access to a wide array of possible advertisers, BT is designed to help a large number of advertisers reach a single consumer.

Search, because it focuses on matching queries with results, only does half the job of accurately targeting consumer needs.

If I type in the name of a product or service that behavior exhibits a possible interest in that product. But

* And as a recent AOL search data glitch revealed, what many people are regularly searching for reads like a who's who from the sacred to the profane.

what if I Google my friend 'Andrea Goodman'? What does that put me in the market for?*

Search is a good solution when you know what you want but a tough place to introduce new ideas.

BT AND EMAIL

An online marketing channel like email can take huge advantage of user supplied data to target consumers. Not only do many consumers willingly offer up an email address in exchange for newsletters, free software or access to web sites, but much of this information can be traced back to a specific cookie.

For the marketer who is willing to do so, being able to track and measure an individual consumer's actions over a site network (and collecting an email address) can mean opening a door that reaches that consumer with highly customize emails and other messages.

Again, one of the greatest BT tools available to marketers is the ability to measure how far along in the 'conversation' the advertisers and the consumers are.

For a consumer who has opened an email offer, future conversations with the advertiser has to be different than those with consumers who haven't yet responded or interacted with an offer. Because we can now measure marketing progression, the onus to make

** I'm still amused when I see eBay text ads on Google trying to encourage me to log into eBay via a link so I can buy a few 'Andrea Goodmans'.

sure that this relationship moves forward is fully on the shoulders of the advertiser.

A progressive series of five emails, each presenting a different aspect of an offer and its value to the consumer is going to have a much greater impact than hitting the same consumer with the same message five times.

BT AND TV

While the passive nature of traditional television broadcasts makes it a hard media to measure ad effectiveness, the recent rise of DVRs has introduced a new mechanism that allows advertisers gain better understanding of how well their advertising is doing its job.

One of the aspects of DVR use that seems to be underreported is that more ads are being seen by more people. Traditional broadcasting gives viewers the opportunity to watch a program as a one-time event. Get home late from your yoga class, miss your favorite show. With DVRs, time shifting broadcasts means the viewers have access to the same program as it was broadcast, at their convenience. The days of breaking local traffic laws to get in front of the TV before the Simpsons starts is a thing of the past.

[AMBIENT NOISE]

Like many people I didn't even contemplate skipping TV commercials until I bought a Tivo

box. Even that seemed to be outside of my normal pattern since I don't watch that much TV.

After a few months of using Tivo a few things occurred to me:

- Skipping irrelevant commercials doesn't make me feel guilty. At all.
- I now watch more TV than ever before.

The whole concept of time shifting has meant that I no longer have to plan far ahead to have my butt in place before the top of the hour. It also means that I'm able to enjoy targeted programs without being interrupted by many meaningless and irrelevant ads.

But I've noticed something else that I think is equally important, I have the ability to rewind ads and watch them. I also have the ability to rewind ads and share them with other members of my family.

While many advertisers are complaining about commercials being skipped, how many of them are complaining that the number of potential viewers for an ad has increased? For somebody like me, I'm seeing the ads (albeit often in 'SpeedoVision') that I wouldn't normally be seeing because I wouldn't be watching. I find that even sped up I can identify the ad and the brand. I don't need to

see the ad over and over again for it to get its job done. For the ads that are irrelevant to me it's already a waste of my time. For the ads I choose to rewind and watch, the branding goal has been met the first time.

I like to think of the fast forward button on my DVR as my own damn frequency cap.

But DVRs are also allowing consumers to watch ads on purpose. Not only can I watch an ad on my DVR, but if I find something that catches my attention, I can call my wife into the room and show her the ad. In fact, on occasion, we have used our DVR to record just ads so that we can share them with one another.

Tivo recently announced that they were developing reporting capabilities that could measure when viewers watched an ad and even when they rewound to watch an ad. This data will allow advertisers to identify characteristics of commercials that best meet consumer appeal (even when viewed in FF mode), and also measure the effectiveness of ads in the new medium.

Once again, a feedback loop now exists that can tell the story better than anything that has come before it.

Whether or not DVRs are a big threat, traditional television advertising is in trouble. The television watching population has fragmented. Not only are traditional demographic groups now dividing their former television watching time between TV, online and video viewing, but television channels are starting to

run into fierce competition from challengers that have never existed before – individual 'citizen' broadcasters.

Gone are the days when the media companies controlled creation and distribution of programs. Today, anybody with a cheap laptop, a video camera, some affordable video editing software and an Internet connection can compete directly with the networks. The result will be millions of new channels all presenting original content to a wide range of audiences.

For the major networks this is a huge wake up call. Apart from being able to create unique programming for unique audiences, these programmers will eventually start drawing in advertising dollars focused on reaching those unique audiences. Not only will this erode the revenue streams of the major broadcasters but it will continue to make the idea of mass 'broadcast' advertising seem archaic and inefficient.

[AMBIENT NOISE]

A recent news story reported that ABC is considering implementing new technology which will make it impossible to Fast Forward through their broadcasts using DVRs. While implementing this feature would require the cooperation of DVR manufacturers (and I should mention that ABC manufactures and markets a DVR box of its own), how it will sit with consumers is still to be debated.

ABC's President of Advertising Sales summed it up like this:

"I'm not so sure that the whole issue really is one of commercial avoidance. It's really a matter of convenience—so you don't miss your favorite show. And quite frankly, we're just training a new generation of viewers to skip commercials because they can. I'm not sure that the driving reason to get a DVR in the first place is just to skip commercials. I don't fundamentally believe that. People can understand in order to have convenience and on-demand (options), that you can't skip commercials."*

I personally feel that this delusional view of consumer behaviors is going to end up hurting ABC in the long run. Not recognizing that consumers are now demanding to be in control of the advertising that reaches them is a big mistake.

Assuming that consumers understand and accept the *quid pro quo* relationship between commercials and programming is also naive.

Making ads relevant to individual viewers is going to be the solution of the future. Forcing people to watch ads against their wills, not so much.

* "ABC Looks Beyond Upfront to DVR, Commercial Ratings Issues", Media Daily News, July 6, 2006

From an 'economies of scale' standpoint, the single program reaching a vertical market doesn't need to sell multi-million front end media buys to stay in business. It can reach highly targeted consumers, satisfy the targeting goals of advertisers and make a few hundred thousand dollars every year in the process. This concept of decentralized wealth brings with it a shift in the role of media companies. Distribution of content in the hands of anybody with a good idea and a server will find an audience. Like other advertisers, broadcasters are going to have to focus more on the value of the individuals in that audience and less on the number of people they reach.

BT AND MOBILE

Mobile technologies have made great strides in the past few years but mobile advertising is still being birthed.

Targeting mobile device users has a long way to go before it can be fully defined. One of the behavioral keys to future targeting will have to do with the context and type of messaging.

Text messaging gives mobile users the opportunity to send quick messages to one another. The context of these messages can be used by advertisers to provide

special opportunities and offers.* For example, let's say one mobile phone user texts a message to his friend asking, 'dinner tonight?' Using a simple language parser, the keyword combined with geo-targeting data could allow an intelligent agent to automatically pop-up information from restaurants in the immediate vicinity.

Another example would be to search for keywords that relate to apologies, birthdays, anniversaries, etc., that bring up an offer for the sender to purchase an interactive greeting card that amplifies the message.

The purchase of ring tones can also tell marketers a little about the purchaser. While picking up the latest and greatest hip-hop ring tone doesn't guarantee a youthful consumer, statistical analysis will no doubt show a heavy trend toward a younger audience while classic rock and classical music ring tones might well represent other clear demographics.

Apart from offering up additional genre matching ring tones to these users, advertisers looking to reach a particular demography can use these indicators to hone in on a better targeted audience.

BT AND DIRECT MARKETING

Behavioral and contextual targeting is not new to the direct marketing space. Direct marketers have collected

* And while it's an intriguing idea there will probably be privacy issues and legislation that needs to be worked out before this approach becomes a viable option.

and sorted database content for years to create segmented audiences. However, in most cases this data was derived from direct response campaigns and other more traditional marketing paths.

Online behavioral targeting can serve as an additional source of rich data for DM campaigns by collecting data from online campaigns and associating it with existing customer databases.

For example, a traditional DM campaign may offer an online component that gives the customer the opportunity to visit a web site to learn more about an offer. The log-in process can include an exclusive code that gives the customer web access and also points to their existing data record. From that point on online behaviors, including paths navigated, pages visited and downloading of specific content, can tie in to the visitor's record.

Obviously this approach means that marketers need to start getting new data collection mechanisms in place (not to mention revamped privacy policies) but I suspect that before long this will be a necessary step for all traditional marketers looking to enhance their understanding of what their customers and prospects want and need.

TALK TO ME

One of the factors that make BT so powerful is that these solutions are able to identify us as individuals. We

are different people and we like being different (to a certain point) from one another.

We also like it the way we like it. Our personal tastes in things like fashion, home décor, the foods we eat, the music we listen to, and the cars we drive become part of our self-identities.

We like the sound of our own names and we like to order our worlds so that we're the center of them.

For marketers to be effective, they need to understand all this and talk directly to us in ways that meet our purchasing needs and also our emotion ones.

For online consumers the world has become a personal place. We're able to choose the music we want to listen to by downloading files to our personal players or 'tuning' into online radio stations that play only the music we want to hear. We're no longer required to let program managers and editors decide what it is that interests us personally.

We can create online newspapers that pull content from hundreds of sources around the world and present it to us in a highly personalized way. Our online stock reports allow us to see the market from our points of view. Our online weather forecasts are for where we live.

Now online 'television' stations are being created that allow us to select the content we want to see from lists we create.

In every aspect of our online lives we can personalize features so that we gain access to the content that means the most to us as individuals.

 **FISHING FROM A BARREL** 

For online advertising to remain viable, it has to follow suit. Irrelevant ads are noise. Offers that fail to meet personal needs are noise.

Behavioral targeting is the solution that advertisers have been looking for for over 100 years. In the 1890s, dry goods pioneer John Wanamaker famously said “Half my advertising is wasted; the problem is I don't know which half.”

We do now. It's that half that isn't being sent to the right consumers. But with BT, this is no longer the case. Now it's just a matter of correctly and intelligently identifying what individual consumers want so marketers can meet those needs.

And that's what really counts.

[CHAPTER 4: MEASURING UP]

The driving force behind effective behavioral targeting is the data that gets generated by site visitors. To be useful, this data needs to be controlled and monitored by publishers so that specific points of interaction, significant to publishers and advertisers, can be measured.

For most publishers, it's the company web site that is the core of the business model. This is the public face of the company that online consumers see and it's often the place where business transactions start taking place; from sales promotions to direct sales.

The company web site is also where a lot of the action is. The comings and goings of site visitors, the serving of ads on pages, interactions with multimedia tools and e-commerce transactions tell the story of how

well companies are meeting the needs of consumers. But is anybody listening?

The online world brings with it something unprecedented in the history of business – the ability to accurately track and measure every point of interaction with customers, from marketing all the way to purchasing, and to determine the value and effectiveness every step of the way.

For most publishers, business success relies on convincing web site visitors that this is a place they want to be. To make this happen consistently means identifying why visitors come to a site, why they stay and why they leave.

When we think about behavioral targeting we talk a lot about the need to collect data. It's this flow of data that tells a story over time. However, left to its own, data only represents potential understanding. The greatest database in the world is useless unless that data is analyzed in some way to help answer questions.

Most web sites have access to some level of web analytics. Even small personal web pages being hosted by third party vendors provide a basic level of analytics such as measuring the number of site visitors and level of data throughput for the site. For online advertisers the amount of data available covers a much wider scope of possibilities.

Web analytics give online marketers an advantage in determining the value of their web properties by measuring 'how' they are being used, from the number of daily or hourly site visitors to identifying the specific

pages that catch their interests. By collecting and analyzing this data, marketers can identify areas of high interest and activity, market trends, transactional efficiency and many other indicators that allow them to make important business decisions.

It is often these decisions that mean the difference between success and failure. Without the ability to measure what is really happening on a site, publishers are blind to the reasons behind what makes customers come and stay, and perhaps more importantly, leave and never return.

The following is a look at some of the web analysis tools and options that are available to today's web marketer. Like most things, success with these tools means first understanding what the eventual business goal is.

THINKING AHEAD

Effective analytics is about getting the right answers. The foundation of success for any publisher is to ask the right questions.

During the creation of any web site or online business, the development team designs and develops an online 'presence' that they feel does a solid job of explaining the value of the company to consumers.

While most sites focus on being a valuable destination, the reality of how consumers approach and use a site can be different from what the designers

originally envisioned. How can a publisher know if the site is successful or not?

Because each business is different, each business has different goals. Even a standard goal like Return On Investment (ROI) can mean different things for different sites. For example, a site representing a Consumer Packaged Good (CPG) product like children's cereal is going to have different acquisition goals compared to a site that sells boutique cosmetics directly to consumers. For the cereal advertiser, the single over-riding goal may be to create a web site that serves as a re-branding tool. To measure site effectiveness that publisher will want to know the number of consumers who visited the site, where they came from, what they saw and did while on the site and how often they returned during a 30 day period.

The cosmetics site, on the other hand, might need to gain a better understanding of the types of people who are coming to the web site, which products are getting the most attention and interest, the number of people who start shopping and then abandon their carts, the pages on the site where visitor interest starts to wane and how many visitors end up becoming customers.

For the cereal marketer the value of the web site has nothing to do with selling the product through the web site but serves as a branding and marketing tool. For the cosmetics company, the goal is all about getting consumers to make a purchase through the site.

IDENTIFYING CAMPAIGN GOALS

Once a publisher understands what the site needs to accomplish to be effective; they need to be able to answer the question, “What are my prospects and customers looking for?” Understandably, it's the customers that are the fuel that drives the entire marketing process. That means that publishers need to understand what it is consumers want when they come to a site. Are they looking for information? A diversion? Quick access to specific resources? The ability to make a purchase on demand?

Measuring business success for a web site often depends on setting Key Performance Indicators (KPI) goals. KPIs are the questions that need to be answered to determine if the business is heading in the right direction.

A KPI doesn't have to be an over-arching goal for the entire web site but can be based on smaller elements whose combined effectiveness adds to the overall ROI goals. For example, if a site wanted to include a feature allowing site visitors to sign up for a free newsletter by submitting an email address, then the KPI for the that campaign would be the number of email addresses that were successfully collected over a set period of time.

For some publishers a KPI may be to drive traffic to a specific branding page or micro-site. In this instance the publisher might need to measure the number of daily, weekly or monthly visitors who followed those links. For other publishers, success in this area could be based on the number of product units sold, the number of

downloads made, the number of email addresses captured or the number of product brochures printed.

Again, different businesses will have different goals that need to be met. That means finding different ways to measure how those goals are being met.

Publishers need to know when goals aren't being met. By measuring the length of the average visitor stay, the number of returns and where the visitor went on the site, the publisher learns volumes about what's working and what isn't for the visitors coming to the site.

To be successful publishers need to consider these things when designing a site. However, it is ongoing collection and analysis of data that is going to tell the real story of how well those goals are being met.

TALKING DIRECTLY TO VISITORS

Publishers understand that not every site visit is meaningful. Many visitors cross digital doorways without a clear understanding of what a site offers or even what they're looking for. These visitors are on par with the brick and mortar store shoppers who quickly duck into a store, glance around and duck out again. Using analytics to weed out the 'false positives' provides a more accurate understanding of the needs of visitors.*

* It is also pretty indicative of why measuring 'click throughs' is a high erroneous metric. Without a way to determine the value of each individual visit all visits have the same weight, even though this is rarely the case.

Web analytics provides a clear understanding of why it is that visitors come to a site or even a particular page of a site. By measuring the length of stay, repeat visits, acquisitions rates and the pages which generate the most traffic, publishers can more easily identify patterns of use (and abuse) and optimize those web features to dramatically improve future results.

It would be useful if every visitor to a site took the time out to leave a note for the publisher mentioning what they liked and didn't like about the site. Of course this doesn't happen. But with solid data collection and analytics in place, publishers can gain access to that information by measuring site visitors in action.

For publishers who use tagged web pages, it's like leaving a trail of virtual breadcrumbs. Every time a visitor comes to a page, those page tags send information to the server and record that event. Over time, the publisher is able to clearly see what is working and what isn't simply by identifying the pages that get the most traffic and what types of things happen on those pages.

Analysis of this collected data can also tell the publisher the average amount of time that visitors spent on any specific page, the time of day when pages have the most visitors, the day of the week when pages have the most traffic, and even when visitors come to a page more than once during a set period of time.

Collecting this data isn't difficult. Any web analytics firm can help you to set up your pages and identify the metrics that will help you to identify site and campaign

goals. What is complicated is learning how to make changes to the structure of a site or a campaign to make certain that long term marketing objectives are being met.

As I mentioned before, data isn't valuable until it's analyzed. The value of that analysis depends on the questions that a publisher needs to answer. Access to this data means nothing if the publisher doesn't know which questions to ask.

For example, if a site draws 10,000 visitors a day, is that site reaching its business goals? The answer depends on what those goals are. While 10,000 visitors a day might be great for one site, it could be a disaster for another.

Also, the value of each visit depends on what occurred during that visit. Did the visitor receive the information that the publisher wanted to share? Did the visitor buy anything? Did the visitor leave an email address, download an interactive doohickey or play a branded game for 20 minutes?

Publishers also need to know the 'why' behind visitor actions. Why did the visitor come to the site? Where did they come from? How much did buying customers spend on average? How many of them were returning customers? How many were men? How many women? Where do they live? What time of day did they visit? Why is this significant?

Being able to answer questions like these give publishers greater insight into the nature of the site and how it's being used by visitors. For example, if visitor

data analysis revealed that 60% of the site's visitors visit during morning hours, then that site has solid insight about the best times to approach site visitors with special offers that can increase sales or site interactivity.

THE BEHAVIORAL TARGETING ANGLE

Every visitor to a site leaves behind a 'footprint' that is unique and, if analyzed, can tell publishers a great deal about that visitor. Over time, the publisher can create a 'relationship profile' that outlines the life cycle relationship that visitor has with the site. A typical 'life cycle' may include some of the following points:

- Date when the visitor first visited the site
- Dates when the visitor made follow up visits
- The frequency of visits
- Pages the visitor went to while on the site
- Points at which the visitor met the publishers set criteria for acquisition and retention
- Point at which the visitor moved from active to inactive status
- Point at which the visitor's status moved from inactive to being removed from the database

Apart from these general points in an online 'relationship', most publishers need to dig a little deeper to get a better understanding of the needs of site visitors.

For example, a visitor who comes to the site, stays for less than 30 seconds and is never going to return again is of far less value to the publisher than the visitors who shows up 5+ times a month and stays for over 15 minutes each visit.

There are four primary areas of web site metrics that publishers need to track:

- Reach
- Acquisitions
- Conversion
- Retention

Let's take a closer look at each.

REACH

Reach measures how effectively a site is able to attract attention to itself either through search engine traffic, appeal of the site content or because it offers specific applications and features.

In basic terms, why do people choose to come to the site? For a publisher, being able to answer this question means first getting the answers to other questions like:

- How many visitors does the site draw to it daily? Weekly? Monthly?
- How many visitors are first time visitors?

- How many are returning visitors?
- Which pages are attracting the most attention?
- How long are visitors staying on the site on average?
- Where are they arriving from?
- Do these visitors represent the target audience?
- How many ads were served to these visitors?

Being able to answer these questions enables publishers to better identify future marketing angles that are likely to generate the greatest response and site features that will have the greatest appeal to visitors.

ACQUISITION

Acquisition measures the number of active site visitors who have shown a sustained interest in the site based on the pages they navigate to and how much time they spend on the site per visit.

Because each visitor follows a different path based on unique interests, being able to sort out visitor trends and patterns is important for publishers and the advertisers they represent. Acquisition metrics include being able to answer questions like:

- What percentage of visitors are new visitors?
- What's the average number of visits over a visitor's life cycle?
- What's the average number of page views per visit?

- What's the average length of a page view?
- What's the average length of time that visitors spend on the site?

Being able to answer these questions can also tell publishers more about how to structure the criteria for creating targeted segments.

For example, a single visitor to a certain page of the site wouldn't be considered a good candidate for a targeted segment. However, if that visitor returned to that page 5 or more time in a 30 day period that visitor would be a prime candidate.

Knowing the average number of views for each page can help identify if the criteria used to identify points of acquisition is realistic or not.

CONVERSION

Conversion measures when a site visitor has met a set goal that the publisher considers to be a key component in meeting business and marketing goals.

Again, not every potential customer follows the same path so the publisher needs to be able to identify those visitors who behave in ways more likely to meet the marketing needs of advertisers. Conversion metrics can help answer questions like:

- Has the visitor seen/accessed/interacted with areas of the site that meet publisher's goals?

- Did the visitor download, print or capture a target item (form, white paper, coupon, screen saver, etc.)?
- Did the visitor stay on each page a sufficient length of time?
- Did the visitor complete other set tasks (submitting an email address, filling out a form, pressing the 'print' button, etc.)?
- What percentage of visitors interacted with ad units?
- What percent of site visits met at least one point of targeting criteria?
- How many visitors started a task and then abandoned it?
- How many visitors completed set tasks?

There is no set hard and fast rule on which answers are of greatest value. It's up to the individual publisher to identify the sorting criteria used to determine if conversion has occurred.

RETENTION

Retention measures how many times a single visitor returns to the site over a set period of time. Often, retention metrics are used to identify future trends and to segment site visitors into groups based on factors such as loyalty and past patronage.

Retention metrics help answer questions like:

- Has the visitor come to the site enough times to be classified as 'retained'?
- What is the frequency of returning visitors?
- What are the visitor 'loyalty' metrics?
- How often does the visitor visit?
- When was the most recent visit?
- What points of commonality do visitors share?
- How many returning visitors are also returning customers (make multiple purchases)?

Again, using these points to answer questions of retention often depends on the needs of the individual publisher.

THE ART OF SEGMENTING

One of the greatest promises of behavioral targeting is the ability to reach ever granular consumer groups. That said, it's generally not cost effective for publishers to dig too deep.

Putting together a target audience takes time, an understanding of the site audience characteristics and refinement. For a publisher to use resources to create any target audience segment means they feel pretty confident that that segment can be resold to advertisers in the future.

Advertisers need to create campaigns that move the needle. Marketing goals need to drive the purpose of

campaigns. Collecting data doesn't matter if that knowledge can't be turned in to revenue.

When we look at consumers we need to consider what it will take to get them to make a purchase. Not only does each consumer have unique needs, but each is also in a different place with regard to their needs.

To that point, behavioral targeting isn't about driving immediate sales. It is about learning where consumers are in the sales cycle. Certainly some will be willing to make an immediate purchase while others are going to need some time to come around to the belief that a purchase will make their lives better.

For example, let's say that the team at bunchesofstuff.com has been collecting data on site visitors for the last 90 days. During that time they have been able to put together several comprehensive segments that meet the needs of some of their top advertisers.

For advertisers using these segments, the promise is that they will be able to reach a group of consumers who have already expressed an interest or need for the type of products and services that the advertiser is pitching. However, there is no promise that every profile in the segment will be queuing up to make a purchase.

Instead, the segment will be comprised of a bell-curve of consumers that run the gamut from having no interest in that particular offer to whipping out a credit card on the spot.

If done correctly, each segment can be broken down into smaller slices that indicate specific consumer intentions.

For example, any particular segment can be broken down into smaller pieces that focus specifically on:

- Behaviors that indicate specific consumer interests
- Behaviors that indicate an overwhelming interest
- Behaviors that indicate levels of sales readiness
- Behaviors that indicate crossover with other segments

For the boutique advertiser looking to reach people who might be interested in buying a new tennis racket, it's going to be a tough task to find any publisher who can provide that level of consumer segment granularity.

At this point in time publishers are still going after the 'big chunks'. An audience segment that yields a couple of thousand profiles just isn't worth the resources needed to create it nor are most advertisers going to get excited about a direct marketing opportunity that gives them access to only a few thousand potential customers.

Most of the players in today's behavioral marketing industry are focused on identifying groups of consumers using categories that cover a wide swath.

For example, Tacoda focuses on tracking and collecting fewer than 35 primary audience segments. Each covers a minimum of half a million individual profiles and runs the gamut from 'Recreation Sports Fan' to 'Gourmet Chef' to 'Photo Bug'.

Each segment also matches a pedigree of interests that can be associated with a typical audience member.

For example, Tacoda's 'Technology Maven' segment contains around 4,900,000 unique profiles whose top interests include technology news sites, technology content, photo sites, news sites and business technology news. Armed with this information advertisers can do a much better job tightening up their media buys.

On the other hand, Revenue Science was the first and only BT company to provide a solution for publishers that enables them to use keywords to create customized segments based on what users are searching for or reading on a page.

Most of the BT solutions enable publishers to create segments based on rules like visiting the golf section two times in the last 60 days. Using Revenue Science, advertisers can search by content which means that they can type keywords like "SUV, Mercedes" and get related keywords that have been read or searched for these during a set time span. The publisher can then take it a step further by using their Behavioral Relevance Index, a reach/relevance slider bar used to adjust the segment size based on the reach or relevance of the terms/words being used to build segments. Working with premium publishers, Revenue Science provides advertisers with access to over 2,000 segments in 20 different categories.

Other solutions, like 24/7 Real Media's Open AdStream solution, incorporates segmenting tools that allow publishers to create customized segments. Instead of being restricted to the segments created by BT

companies, individual publishers can create smaller audience segments using unique and highly customized criteria. This means that the publisher running a site catering to the interests of older athletes might create segments by sorting different audiences from all site visitors to create unique segments focused on tennis players, softball aficionados and swimmers.

One last thing I'll mention is that we are constantly moving in and out of segments. The plans you have to buy a new camcorder immediately go away once you've purchased it. While you may have exhibited the characteristics of a starving college student at one point in your life, now you exhibit the characteristics of expectant parents or a struggling entrepreneur, or both.

As our lives change so do we. It's the savvy marketer who recognizes and tracks these changes. Just because you're not interested in an offer today doesn't mean you won't be interested next week.

A WORD OF CAUTION

While collecting site visitor data is of utmost importance to publishers, there can be too much of a good thing. Too many data points being tracked at the same time can not only extend the amount of time it takes to do meaningful analysis but can also result in less meaningful results.

Identifying the characteristics of a target audience can go in thousands of different directions. When

identifying targeting criteria, too many points of commonality are the same as not enough.

For example, let's say that an automobile manufacturer wants to get branding push for a new hybrid SUV out to potential car buyers. Creating a segment that targets all potential car buyers is too broad an audience for targeting. On the other hand, targeting just those consumers interested in purchasing a standard transmission version of the car would be far too restricting. Instead, the publisher and the advertiser need to work together to identify points of criteria that would allow them to reach an audience segment that showed a specific interest in cars using hybrid technology.

OPTIMIZING MESSAGE EFFECTIVENESS

While advertising online is rarely a slam dunk, there is one advantage it offers over all other forms of advertising – the ability to measure a campaign's progress in real time and optimize that campaign as needed.

Most traditional marketing channels require a media buy and advertising content to be submitted months or weeks before the campaign runs. Once a campaign goes live it's difficult to impossible to yank a creative and replace it with another (radio and TV difficult; print, fuggeddaboutit). Even more difficult is the ability to clearly identify if a particular ad unit is pulling its weight or dragging the campaign down.

However, online advertising gives marketers the ability to take advantage of web metrics that most publishers collect, such as number of page views and ad click through rates, and combine them with behavioral targeting metrics such as number of times an ad has been served to a member of a segment or group. The result is that ads that are under-performing can be quickly swapped out for other ads even if a campaign has been live for just a day.

By setting clear performance goals for a campaign, online marketers can constantly watch a campaign's performance and using the collected metrics (feedback), quickly determine if an ad is performing or not performing based on those goals.

A few years ago I created an interactive ad for a client that was designed to allow consumers to take a 3-question survey in exchange for an opportunity to get access to a special report. When the ad went live the results were lackluster. At the request of the advertiser, I redesigned the ad's opening screen to get the consumer to the survey more quickly and re Trafficked the new version within the hour. We started measuring campaign results from that point forward and were thrilled to see that the overall interaction rate increased by 400% for the remainder of the campaign.

For most online publishers the ability to swap one creative out for another is part of the process and usually doesn't require an additional insertion order.

I strongly encourage my clients to think ahead on contingency plans in order to optimize campaign

MEASURING UP

performance. Online advertising doesn't have to be a 'set it and forget it' proposition. The ability to micromanage each online campaign is possible and should be taken advantage of.

[CHAPTER 5: THE BATTLE FOR PRIVACY]

Let's go back to the mall for a moment. As we've already explored, the people we run into every day are a treasure trove of personal data, much of it free for the taking. For me to sit quietly in the mall and identify the approximate age, gender and even levels of cultural sophistication or the buying power of each passer-by would be a pretty accurate and very non-invasive way to collect consumer data. I'm not taking anything that isn't being readily offered.

But what if I stood up, clipboard in hand, and started to follow individual shoppers around the mall, all the while taking notes on what stores they entered, what items they looked at, what they bought, who they spoke with, what they said to the clerk and how long they spent in each store. Is this an invasion of their privacy?

Again, the consumer doesn't know they're being observed and the data I'm collecting will only be used to create marketing programs to address their unique consuming needs.

What if I shadow consumers out of the mall and follow them home so I can make notes about the type of neighborhoods each lives in, the cars they drive, the distance they live from the mall, how well their lawn is kept and whether or not they have pets?

Perhaps I can dig through their trash *just a little* looking for additional data. Maybe a few quick peeks through the downstairs windows of the house will give me a more accurate idea of lifestyle and the types of things they like.

Later I could follow the kids to school to learn more about them as individuals and perhaps shadow mom and dad to their jobs to fill in any data holes.

For most of us, at some point this scenario goes from being acceptable to just plain creepy.

Actively 'spying' on people, even if my data collecting actions aren't obvious or illegal (although trespassing and stalking may certainly be) and is being done to the benefit of the consumer, creates a moral disconnect between the *value* of observed behavior data and *methods* used to obtain it. For most of us this scenario strikes a protective chord that says 'I wouldn't want *my* privacy violated like this'.

In the United States most of us consider the right to privacy to be an absolute right.*

Privacy is a tricky thing to define because we all have different and very personal, definitions of what privacy is. People who grew up in a house with a lot of siblings have a different perspective on privacy compared to a single child, for instance.

The root of each definition is often less about *how* data about us is being collected than *why* it's being collected.

As consumers we understand that advertisers want to know more about us. For years we've been asked to sign-up for newsletters and subscriptions. We're asked to weigh in on issues by filling out questionnaires. We've redeemed retailer rebates and traded personal info in exchange for a cheaper price. We sign-up for store credit cards to save money at the register. Overall, we are generally very amenable to sharing personal information when it directly benefits us.

And *benefit* is the key word here. As consumers we demand to know 'what's in it for me' before taking any action. Relevancy is king. If I'm going to give you something I expect to get something in return.

For example, many of us have signed up for supermarket rewards cards. These are cards that can offer significant savings on the prices paid at the register

* A concept not always in line with federal laws, especially more current anti-terrorist legislation.

in exchange for the right of the store to make a record of what we purchased.

I personally understand that the supermarket is using my personal shopping data for their benefit and I'm willing to agree to it. Not only are they able to collect this data from me each time I visit the store, but they are able to apply it directly to *me*. They know my name, where I live and my phone number to boot! This is a very direct personal data collection model. If *they* wanted to, *they* could jump in a car and come find me. Yes, the possibility of having my privacy severely violated exists in this scenario.

On the other hand, I see direct personal value by participating. Not only do I save an average of \$30 on my groceries every time I visit the supermarket, giving the store an understanding of the types of products I buy allows them to offer me discount or manufacturer coupons for similar products. And if allowing manufacturers to see that my purchase of large bags of Pedigree kibble means that I own a dog* this isn't information that I'm struggling to keep secret. If having this information means that marketers can directly offer me coupons and incentives for buying their brands of dog food, I win. In the long run I save money, my dog continues to eat, the supermarket has data it can sell and advertisers learn how to better reach me.

Different people approach the value of privacy in different ways. While there is, no doubt, a bell curve of

* or have fallen on really hard times.

possibilities, three distinct privacy relationship groups can be identified**

GROUP ONE – PRIVACY MILITANTS

Giving up personal privacy isn't even an option here. These are the people who don't sign up for the supermarket rewards cards or, in some cases, magazine subscriptions because they don't want anybody to have access to their personal information. As a marketer you're not getting in so don't even bother to ask.

GROUP TWO – PRIVACY CONTROLLERS

These consumers may be willing to share some personal data with marketers but it has to be on their terms and the benefits have to be direct and pretty much guaranteed. Think of it as an uneasy partnership.

GROUP THREE – PRIVACY COMPROMISERS

These consumers are generally willing to trade personal data for something of a perceived greater or equal value even if it's only a chance at winning a sweepstakes.

** A tip of the chapeau to Jim Meskauskas for originally breaking these groups out.

I would guess that for many of us the concept of privacy walks a fine line between opportunity and paranoia.

Personal privacy is something we're cautious about but we're also not actively hiding behind dead bolted doors and firewalls terrified that somebody will come along and steal our personal identities. To be an active member of society there is a certain amount of personal information that needs to be disclosed.

If you visit a doctor and refuse to disclose any personal information it's going to be very difficult to help you. If you go to the bank for a loan and refuse to discuss or disclose your finances then you're going home without a loan. If you refuse to let the electric company know where you live it's going to get dark much earlier every day. The value of privacy is directly proportional to what giving it up can earn you.

Because the models we use to reach consumers online are based on direct interactions with those consumers, we need to recognize and understand that consumers are now in control of what they see and interact with. This goes for the ads that marketers place in front of them and every other speck on content on the Web. If a consumer doesn't want to interact with a brand, concept or idea they don't have to.

According to an article in The Economist in mid 2005, consumer control is going to be the driving force behind how all types of media are approached and used in the future.

“As media becomes increasingly interactive, consumers will be able to exercise ever more choice over which of them they consume, how, when and where. Getting advertising will be optional – so it had better be good, useful and relevant to their lives.”

Advertising is no longer the 'push' medium it's been for many years, but has become a 'pull' medium. When a consumer wants something they will go and look for it. As marketers it is our job to be ready to take advantage of these opportunities.

This also means that as marketers we need to think differently about our relationship with consumers. The *predator/prey* marketing models* that have been in place for decades won't work here. Apart from being distasteful, these models are largely irrelevant. Consumers are no longer sitting around and waiting for content to come to them. They are now actively searching for what they need.

DO NOT CALL

As noble as it might be, collecting data to provide consumers with relevant offers doesn't necessarily mesh with consumer needs.

Currently, the majority of consumers don't want advertisers collecting data about them or their surfing

* as in 'sense movement and then fire until you hit something'

habits. A Burst! Media survey from 2005 found that only 20% of respondents would be willing to have their surfing habits monitored if it resulted in more relevant advertising while 56% said they would not approve of data collection of any type.

Obviously this isn't good news for marketers looking to target consumers based on their online behaviors. Without the 'participation' of consumers, there are fewer alternatives for targeting. In turn this could lead back to fairly pointless mass marketing models. But do consumers really care?

Selling consumers on the idea of relevancy is a tough task. Most consumers, if asked, would tell you that they want to receive absolutely no advertising...ever.

This would, of course, be a disaster for online advertising not to mention the web infrastructure that is being held up due to advertising dollars.

But if consumers were given the opportunity to 'opt-out' completely from web advertising - how many would choose that option? It's a bold experiment that few advertisers would be willing to support. Perhaps the people who hate advertising so much they never want to see another ad are the worst consumers to try to contact anyway.*

Because advertisers need to advertise, the consumer is a necessary part of the process. But marketing to an audience that doesn't want to hear from you is a tough sell. Trying to reach them through ever more invasive

* and an absolutely incorrect assumption!

methods (think pop-up ads) does little to establish détente between advertisers and consumers.

Is there a solution here? Not unless consumers are given the power to control the relevancy of the ads they see. Currently, the best way to have this happen is to identify what that consumer is interested in by peeking over their shoulders while they surf.

Many publishers and advertisers are considering the value of transparency when dealing directly with consumers. Instead of stealthily placing cookies on site visitor's computers, sites could ask permission to place a cookie on the consumer's hard drive or at least inform consumers when a cookie placement is taking place. The downside of this type of model is that the average consumer would be inundated with pop-up dialog boxes requesting permission to place cookies.

With little doubt this approach would become tiresome and most consumers would start opting out altogether.

As it stands right now, we still have a way to go.

GIMME A COOKIE

Consumers are afraid of cookies. To many, cookies represent evil lurking in the bushes. Consumers often believe that cookies make it possible for our identities to be stolen by cyber-thieves or make our computers slow down and can destroy our data. In short, consumers want nothing to do with cookies.

Cookies, in a real simplified form, are simply ID tags that are placed on the consumer's computer if they visit a web site, click on an ad or subscribe to a web page. In most cases these cookies serve as a lookup key when a consumer returns to a web site.

When a consumer types in a URL to go to a web site, that computer's browser 'talks' with a web server to have the content of the requested page, including HTML code, graphics, Flash files, JavaScript functions and Java applications, among others, sent to the requesting computer so it can be displayed in the browser. In some cases the site will place a cookie on the visitor's computer so they can determine in the future if the visitor is a repeat visitor.

In many cases, especially with web pages that display ads, the ad content comes from a different server than the one providing the rest of the page content. Because advertisers are interested in measuring the lifespan and effectiveness of ads, ad serving companies may also drop a cookie on the consumer's computer as part of an ad call. These are known as '3rd party' cookies because they come from a server different from the one that hosts the content for the rest of the page.

Originally created to help online stores create virtual shopping carts, cookies can also hold a list of information on a local computer (the consumer's) and feed that data into a web page as needed. This includes information like names, email addresses and site passwords.

Matching a cookie to a visitor can also tell publishers what pages that visitor has been to on the site (if the site has been tagged to collect that data). Cookies are also used to store e-commerce information, such a shopping cart inventory, so that if a visitor leaves the site without finishing a transaction they can come back and pick up where they left off without having to re-shop or fill in all the data fields again.

Most cookies can only be read by the servers that placed them on the computer in the first place.

Despite the headlines and fear surrounding the invasiveness of cookies, cookies do not damage your hard drive, copy or erase your data or email your in-laws if you accidentally surf over to www.eharmony.com.

In short, when used ethically and as designed, cookies provide benefit to both consumers and vendors.

JUST BECAUSE YOU'RE PARANOID...

That's not to say it's all good news.

While most cookies serve as an advertiser's point of reference for whether or not an ad has been seen by a consumer, or serves as a record of a site visit or enrollment on a site, there are a few dark tales where cookies may represent the danger that many opponents ascribe to them.

Sadly, the most common abuse of cookies seems to surround the U.S. Government's efforts to keep a watch over its citizens. In 2000 it was discovered that the White

House Office of National Drug Control Policy (ONDCP) had tagged a number of online anti-drug ads they were running and added cookies to computers in order to monitor if those ad recipients were subsequently visiting sites that promoted drug making or glorified drug use.

Public pressure put an immediate stop to this practice and led to a new series of rules surrounding privacy policies on government web sites. This included a ban on 'persistent' cookies (those with a greatly extended expiration date) and is generally used to track browsers across web sites.

In 2002 privacy advocate Daniel Brandt discovered that the CIA was placing persistent cookies onto computers that visited CIA related government web pages including those that included the use of keywords used to look for specific content.

Once called on it, the CIA immediately removed the tags and claimed that the cookie placement had been completely unintentional. As a CIA spokesperson put it, 'The public does not need to be concerned that the CIA is tracking them. We're a bit busy to be doing that'.

Indeed.

Then on Christmas Day of 2005 Brandt again discovered that the National Security Agency (NSA) was placing two persistent cookies (scheduled to expire in 2035) onto the computers of visitors to some National Security themed websites. Again the page tags were removed and an apology was issued.

This past year Google has come under fire for using a cookie expiration date of 2038. While there is no

evidence of wrong doing, it does raise a caution flag in the cookie debate, and begs the question, 'why does anybody need a cookie with a 32 year shelf life?'

More recently AT&T came under fire for its apparent willingness to work with the NSA to tap domestic phone lines, whether legally sanctioned or not.

According to an article in the San Francisco Chronicle in June 2006, AT&T changed its posted privacy policy shortly after the news about their willing surveillance broke.

“AT&T has issued an updated privacy policy that takes effect Friday June 23, 2006. The changes are significant because they appear to give the telecom giant more latitude when it comes to sharing customers' personal data with government officials.

The new policy says that AT&T – not customers – owns customers' confidential info and can use it 'to protect its legitimate business interests, safeguard others, or respond to legal process.’”

Time will tell if a little privacy paranoia in this area is a good thing.

THE PRIVACY WARS – PART ONE

Where we are today didn't happen overnight. Once upon a time most of us were content to give total strangers our mailing addresses, credit card numbers and access to our medical records. Then some bad people started to take advantage of this naiveté and things got very sticky.

The media happily jumped onto these consumer crimes by pointing out the most egregious cases of identity theft, and launched exposés into how Nigerian widows were now funding their retirements. As a result, consumers in general started to become a lot more cautious.

Unfortunately the timing wasn't very good as it corresponded with the rise in web marketing.

During the late 1990s a number of online companies got into the data collection business. They tried to apply the rules of traditional Direct Marketing to this new medium and before long things started to fall apart.

Many early online data collection programs were based on sweepstakes or give-aways. By offering a significantly valuable prize, like a brand new car, marketers were able to get consumers to willingly provide huge volumes of Personally Identifiable Information (PII). I would guess that few consumers completing these questionnaires fully understood that the data they provided was being collected, sorted and compiled so it could be sold to other marketers.

When ad serving giant DoubleClick announced in 2000 that it was combining collected behavioral data

together with data collected through incentive sign-ups and selling that information to 3rd party marketers, things quickly fell apart. DoubleClick became the target of privacy advocates, ended up as a defendant in 18 class-action lawsuits and had the FTC sniffing at their doors.

The truth is that DoubleClick wasn't doing anything with their collected data that other companies weren't doing. The practice wasn't illegal or intended to be an underhanded business practice. But public perception of privacy was against them.

For many years prior, direct marketers had actively collected consumer data taken from surveys and consumer questionnaires and sold it to 3rd party marketers. However, in this case what caused DoubleClick to come under fire was that they were collecting PII from consumers without their direct knowledge.

The basic gist of this battle was that most consumers believed that online marketers didn't have the right to collect personal information about them and then sell that information without first getting the consumer's full permission to do so. Several of the data collection companies tried to explain to consumers that the value to them was more targeted advertising. Apart from the logistic issues surrounding this process, it became clear that few consumers were willing to trade personally identifiable data (PID) in exchange for more advertising.

Companies like Matchlogic also faced class-action lawsuits accusing them of collecting PID and selling it

without customer permission. Adding fuel to the fire were accusations that these companies were implanting cookies on Internet user's hard drives without consent or authorization and secretly tracking their movements across the Internet. The suits also alleged that Matchlogic and other companies were using collected email addresses, search engine terms, purchasing history and "other personal or demographic data" that were personal and private information collected for commercial benefit. In late 2001 Matchlogic closed their doors* once it became clear that the data collection models they had put into place were no longer viable.

For DoubleClick the fallout, apart from a temporarily tarnished reputation and sinking stock price, meant no longer collecting or using PID without permission from individual consumers.

Federal legislation soon followed requiring all web companies to inform site visitors if and when personal data was being collected and to allow them to opt-out. It also meant that companies collecting PID, even if it was for the benefit of site visitors, needed to be vigilant on how they protected and used collected data.

Online marketers also started to recognize that a lot of the data they had been collecting was based on historical data structures and was often irrelevant for meeting the needs of web marketers.

* Partly due to the privacy issue fallout and because parent company Excite@Home was quickly taking on water. Excite@Home shut its door a few months later.

For example, collecting name, mailing address and phone number data isn't of great value to marketers who have no intention of calling consumers or sending them snail mail.

But being able to reach a consumer online doesn't necessarily require knowing who they are or where they live. This understanding allowed online marketers to focus on developing ways to collect data from consumers that does not violate privacy laws but can still provide relevant behavioral metrics. This new path, while much less personal, was also littered with its share of new obstacles.

THE PRIVACY WARS – PART TWO

An initial understanding of how to collect and use data to track the behavioral patterns of consumers led to the development of companies like Tacoda and Revenue Science. Both companies from the start have focused on solutions that allow advertisers and publishers to work together to reach consumers who are most likely to benefit from any single advertising offer.

By 'watching' what site visitors do while on a site gives marketers insight into areas of interest for those anonymous visitors. Being able to track and measure return visits helped develop a more definitive picture of each visitor; less a case of 'who' site visitors are and instead a more definitive look at 'what' is grabbing their attention.

In return, this data can be sold to advertisers looking to reach specific audience segments more likely to buy the products being offered.

Companies like 24/7 Real Media and DoubleClick, who have historically served ads to web sites, started to develop new programs that could identify individual consumers by their computer cookies and serve relevant ad content based on advertisers needs and consumer's interests.

Other companies, most notably Claria, DirectRevenue, WeatherBug and WhenU, developed a new wrinkle in the process and offered consumers free desktop software programs in exchange for the opportunity to peek over their shoulders while they surfed. Apart from learning what consumers were interested in, these Adware programs also allowed individual ad units to be uploaded and stored on the consumer's computer so that when a match occurred the needed ad unit could be presented to consumers instantly. Consumers using these Adware programs were given the opportunity to opt-out at any time by uninstalling the programs.

However, the promise of easy access to consumer data led to the development of less savory players in this space who created applications that covertly installed themselves on a consumer's computer if they clicked on a link, opened an email attachment, downloaded a shareware application, etc. This 'spyware', in turn, created a direct channel allowing data to be collected about that consumer's web surfing behaviors without

their knowledge. In turn, this data was collected and sold.

Spyware started to get press primarily because it was causing consumer computers, which were now transmitting volumes of online behavioral data, to run more slowly. While each program only used a few kilobytes of RAM to do its job, an over abundance of these little spies on the average consumer's hard drive really started to make a difference. Once it was learned that these invasive programs were being placed onto consumer's hard drives without their permission, the privacy debate was off and running again.

THE BABY WITH THE BATHWATER

In mid 2005 Jupiter Research published the results of a study showing that 40% of all web users were regularly deleting cookies. Studies from other analytical firms followed, refuting the high numbers Jupiter was presenting, but most pointed out that an increase in 'cookie scrubbing' was taking place.

Meanwhile, some marketers, who were getting less response from their online page ads, began using pop-up ad formats as an alternative. The result was the equivalent of an electronic carpet bombing of consumers. Before long public relations between online advertisers and consumers was in tatters.

The biggest challenge wasn't individual consumers actively scrubbing cookies out of their browsers but software programs that many consumers had recently

installed to protect themselves from spyware, pop-ups, viruses and other malware.* These programs, in their attempt to find and remove malicious programs, decided that any 3rd party cookies found on the computer were part of the problem.

Companies like Symantic built applications that scanned for spyware, virus and other bad guys and removed offending code. Other spyware prevention tools went a step further by allowing consumers to remove cookies from their computers in real time.

Most consumers, tired of having their computers hijacked every time they went online, happily zapped anything that seemed like it might be spying on them or getting in the way of productivity. This led to the removal of cookies used by ad networks to identify site visitors as well as cookies that held codes for client's subscription and log-in information, the latter event requiring consumers to re-enter passwords and other personal information each time the site was accessed.

These applications are often sold with an over abundance of hyperbole designed to scare the crap out of consumers. It worked.

The sale of spyware prevention software went through the roof along with programs designed to remove viruses, adware and cookies.

* Along with a few applications that pretended to remove spyware but actually installed additional spyware programs

[AMBIENT NOISE]

Because so many consumers jumped onto the anti-spyware bandwagon, it's indicative of the damage that many marketers have done to create such resentment. Pop-ups, fake interactive ads, unscrupulous affiliates, deceptive ad practices, no apparent frequency caps and just plain lousy marketing karma have destroyed any goodwill that might have been used to encourage consumers to believe that web advertising can benefit them.

Most web consumers have had enough. Their trust has been abused and it's going to be very hard to get back into their good graces. The logical next step is to give control back to the consumer so they can avoid *abusive* relationships and instead focus on reaching what they want and need.

This is much easier said than done.

THE SEARCH FOR FUTURE SOLUTIONS

If a visitor goes to a site and gets cookied, removes that cookie and returns to the site the next day the system will tag that user as a new user and issue them a new cookie. Apart from giving publishers erroneous data, cookie scrubbing makes the current tagging and tracking process less accurate and the result is that consumer's won't be accurately assessed and served relevant ads.

But is that a huge concern for consumers? Generally not.

In an effort to bring the problem of cookie scrubbing to the forefront, Nick Nyhan, the founder of Digital Logic and Cory Treffeletti of Carat Interactive started SafeCount, a group of advertisers, agencies and publishers working together to find data collecting solutions that aren't a threat to consumers. The group also works to inform consumers about the benefits of cookies and to find a middle group that serves both advertisers and consumers.

But is a PR campaign extolling the virtues of web cookies the right message to share with consumers? According to privacy expert Alan Chapell it's not about the technology at all but how we use it.

“When we talk about the 'cookie problem' it often seems like we're talking about technology – first party/third party, how many are deleted, by whom or what programs, etc. But this is not really an issue of technology so much as it's an issue about the way we use that technology. In other words, it's the behaviors – our use of cookies and the consumer response - that we need to be addressing.”*

* “Counting on SafeCount?, Alan Chapell for iMediaConnection, October 2005

[AMBIENT NOISE]

I believe cookies that allow accurate consumer targeting to take place are beneficial to all parties involved. But saying to a consumer 'Hey, you shouldn't delete your cookies. If you keep them we'll be able to send you better targeted ads!' isn't the overwhelming motivational force one might think. It's on par with offering a sweepstakes in which the grand prize is a free Colonoscopy.

Granted, this is a prize of great value to the *right* person but most of us would rather win a car.

While finding an alternative to cookies may be a long time coming, there are some steps that can help both publishers and consumers regain trust. One suggestion that has been made in the past is to incorporate some sort of technique to weigh the value of individual cookies that end up on a consumer's computer.

For example, we all have a number of sites that we might visit in a given week. For many of us this is generally a short list of sites that we visit daily or even hourly. Measuring the number of times that a cookie is referenced can determine its value to that consumer. By keeping track of which cookies are frequently updated and which represent a one-time visit, cookie caches could be cleaned out regularly with those cookies representing, say, the top 20 most popular in a consumers cache, being protected from any purge while the less valuable (and irrelevant) cookies get flushed.

Publishers might also consider ways to accomplish target marketing in the short term.

But if the life expectancy of a cookie is less than a day, because of regular cookie purges, what can publishers and advertisers do to reach visitors during the same session of their visit?

According to Corey Kronengold, Senior Marketing Manager at 121 Media in New York, effective targeting can be done in a single session.

“We can learn what consumers are looking for while they're still visiting a site. Each page they visit tells part of the story. When cookies are purged you lose that profile, but we can re-target the consumer the next time they visit and target them within that session too.”

WORKING WITH THE WATCH DOGS

When the privacy debate started in 1999, privacy advocates and others were concerned that online marketing companies would be able to create 'super profiles' of consumers that directly linked back to the individuals being profiled. This possibility raised concerns and eventually led to the creation of the NAI Principles, a set of standards put together by the Network Advertising Industry trade association.

These *principles* set up online data collection regulation that were designed to allow the online advertising industry to be self-policing so they could avoid having the federal government propose ways to safeguard consumers. The FTC endorsed these standards in a report to Congress in 2000.

The Principles addressed the collection of non-personal information for the purposes of behavioral targeting and required networks participating to post conspicuous privacy policies that disclosed:

- *The publisher's use of the network advertisers services for online behavioral marketing*
- *The type of information that was being collected by network advertisers*
- *The consumer's right to opt-out and not participate in this data collection*

Consumer trust is a key part of the privacy battle. Consumers that trust a site not to harm them are often dedicated customers. Like many things, our perception of a company's merit is based on our personal experience with that company or from information we get from people whom we trust.

Because consumer trust is central to providing good service for many companies, safeguards like privacy policies are taken seriously and upheld at every turn.

According to Boulder, Colorado Anti-spyware developer, WebRoot, by the end of 2005 more than 400,000 web sites worldwide were distributing spyware with approximately 120,000 different variations in circulation; triple what it had been a year earlier.

For several publishers the need to distance themselves from sites that host spyware is a matter of survival. Any company offering any type of download, especially sites that provide any kind of shareware or

freeware, need to be especially vigilant in making certain that not even a single loose malware application makes it into the mix.

For other sites the need to be perceived as one of the 'good guys' might mean establishing a comprehensive but iron clad privacy policy and passing a privacy protection review from a third party company that can offer, quite literally, a seal of approval.

Companies like TRUSTe have worked with e-commerce companies for a number of years to identify areas where consumers need to feel protected and establish certification programs that allow different companies to follow standard practices that meet consumer needs and expectations. Initially TRUSTe worked to promote consumer confidence when making online purchases. More recently TRUSTe has evolved to provide safeguards against threats like viruses and malware.

In late 2005 TRUSTe announced its plans to start the 'Trusted Download Program' that would evaluate adware and trackware applications for certification. While this might not get consumers excited, its a good first step to separating opt-in adware vendors from those peddling spyware.

Other online 'trust' organizations like BBBonline (a subsidiary of the Council of Better Business Bureaus) are working to develop ratings programs and seals that vendors can place on web sites informing consumers that they have passed muster as far as online privacy is concerned.

The requirements for displaying a seal generally include posting a privacy statement that's easy to access and understand and provides information about the company's data collection process and how that data will be used, and if it's being shared with third party vendors. Once accepted, vendors undergo periodic audits to review privacy for continued compliance.

Outside of the watchdog organizations, there are consumer groups that allow individuals to weigh in on how good a job that company is doing. Companies like BizRate keep track of how well companies meet pricing, customer services and overall quality needs for consumers while companies like Epinions allow consumers to review products, both good and bad, allowing other consumers to get a better sense of the value of the products.

A SILVER LINING

Bill Gossman, the CEO of Revenue Science, points out that online Behavioral Targeting is much less invasive than most of the marketing efforts we've lived with comfortably during the past 50 years.

“Advertising grew up a largely non-targeted, imprecise media, where knowing as much as possible about exact individuals being reached was always the goal. This was never truly possible until the Internet. Suddenly, advertisers had access to reams of personally

identifiable information (PII) on Web users and began advertising to them directly, raising all sorts of new privacy concerns. While the industry was grappling with a way to leverage its new knowledge while addressing consumer worries, behavioral targeting quietly came along and removed PII from the equation.” *

It's true. Most BT data collection today is highly non-invasive. It's also designed to identify specific consumer need and desire instead of just targeting any consumer who can sustain a pulse. Used correctly it can help advertisers save money and stop wasting their marketing resources along with the consumer's time and attention.

But in order for this or any targeting technology to be widely accepted it needs to be wielded with respect for consumers and their needs. Consumers are the reason for the advertising. They are the reason for businesses being in business. Treating them like prey will chase them away. Treating them all the same will make the deaf to relevant messages. Striving to establish a partnership in which consumers are part of the equation may be the secret sauce that advertisers are looking for.

* “*Changing the Privacy Paradigm*”, Bill Gossman for iMediaConnection. June 2004.

[CHAPTER SIX: THE HUMAN CONDITION]

It's difficult to understand the parameters of Behavioral Targeting without first understanding the realm of human behavior just a little. While this chapter has little to do with directly creating and running behaviorally targeted marketing campaigns, I'm hopeful it will give you some insight into the *hows* and *whys* behind many of the consumer behaviors you will be targeting.

JUST WHO ARE YOU ANYWAY?

It's an interesting question, isn't it? If you ever want a nice challenge, try to write down the essence of what makes you *you* - just the key points. I suspect you'll run out of paper before you run out of possibilities.

It's an almost impossible task to clearly identify ourselves because we have perhaps thousands of different identities. We behave differently in front of our co-workers compared against how we behave in front of our closest friends; different in front of our parents than in front of our children. We abide by different sets of behavioral rules when attending a board meeting, having a backyard bar-b-que with friends or going to a wedding. In short, it's really hard to identify all the 'parts' that give each of us our unique characteristics.

Who we are as individuals is vastly important to us. We place a great deal of emphasis on our own self-identities. In some sense we are a complex list of the beliefs, experiences, perceptions, understanding and fantasies that make up our unique view of the world. This list of 'us' characteristics is like a coded strand of DNA that reveals us as being poor math students, fond of horses, disliking brussel sprouts, an above average driver, a life-long democrat, allergic to shellfish, a lousy bowler, a cigarette smoker, a huge fan of Pink Floyd, and phobic about spiders.

Again, who we are is very important to us. Even negative or self-destructive behaviors are part of who we are. Anybody who has ever faced the task of quitting smoking can tell you that part of the challenge is changing how you personally identify yourself in relationship to smoking. To be successful, not only does a smoker need to stop stuffing cigarettes between his lips but he also need to change his self-perception of himself from being a smoker to being a non-smoker.

For people with deep phobias, one of the challenges faced to remove or lessen these phobias is to first overcome an unconscious effort by the individual to hold onto the identity that accompanies what can be a negative or limiting behavior.

We often think of ourselves in unrealistically positive terms. For example, a number of polls have been submitted over the years asking people to rate their abilities and talents when driving an automobile. Consistently, about 75% of those being polled classify themselves as being 'above average' drivers. In other cases of self-assessment, we also have the tendency to overrate our levels of honesty, intelligence, ability to make friends and general all around 'goodness' when compared to the population at large.

We like to think about ourselves in positive terms. It's hard to get someone to raise their hand when asking for volunteers to identify themselves as dishonest, bad parents, lazy slobs, lousy drivers or socially inept (although some of us must be tracking below average).

Instead we're overly willing to see ourselves as educated, thrifty, intelligent, honest, rational, capable, patriotic, hard-working, passionate, fun-loving, desirable, faithful, skilled and responsible even if our personal behaviors don't always live up to that self-view.

What we deeply believe is also a large part of our personal reality. Differences in religious beliefs, political leanings, tastes in music and other pop media, can leave us shaking our heads wondering how in the world this

other guy can possibly like/tolerate/believe stuff that we find to be offensive, stupid, annoying and just plain wrong.

Yet it is the other side of this coin that brings us together when we share common traits and characteristics.

For example, you and I may not see eye-to-eye politically but share similar tastes in books, art or restaurants that we enjoy. It is this commonality that brings us together just as a lack of commonality may drive us apart.

It is also commonality that helps define many of our behaviors. In some cases the common trait is pretty universal ('Attention all men who want a better sex life!') while at other times it is the uniqueness of our tastes that bring us together ('One night only! Wang Chung reunion concert!')

To effectively target individuals, marketers need to effectively target this sense of self.

THE NOT SO UNIQUE INDIVIDUALS

Chances are we've never met yet I can tell you all sorts of things about yourself. For example, you generally like to be appreciated by the people you interact with day to day. You also want to be considered attractive to at least one other person in the world. You dislike being in pain. You avoid social situations that make you feel awkward, inferior or threatened. You like meeting and spending time with other people who share

similar beliefs and values. You hate lousy drivers and often wonder how it is that some of these imbeciles were able to get a license.

How'd I do?

Of course I don't have any great insight into who you are. But I do have an understanding of many of the characteristics we share. Odds are good that I was pretty accurate about many of the things you think and feel because I think and feel them too.

In spite of the complexities that make us all different people, we're not all that hard to peg when it comes to certain behaviors.

While billions of words have been written down over the years to explain the human condition, I can break down the motivation behind most human behaviors to just two factors:

1. A desire for gain
2. An avoidance of pain

Really. That's the foundation behind just about everything we do. With few exceptions, like mental illness, all of our motivations boil down to these two factors. That's not to say there isn't more to day-to-day human behavior, but an understanding of these two points can cover a lot of ground.

As biological entities we spend our days striving for homeostasis; a balance. We work at not being too hot or too cold, we keep eating to avoid being hungry, drinking to avoid being thirsty. We sleep to avoid being

tired; we search for ways to entertain ourselves; we hang out with other people who share our beliefs so we can minimize social conflict. Metaphorically, our entire life is a balancing act focused on helping us stay comfortable.

For marketers this understanding has been the foundation for most advertising messages. 'Buy my crap!', they cry, 'because it will make you feel better!' And we do because it does.

In his book, *The Cluetrain Manifesto*, (Perseus Books, 2000) Christopher Locke hypothesizes that the core of personal consumption is based on our understanding as humans that we're going to die someday. Buying things lets us feel like we accomplish something with our lives and that makes us feel better.

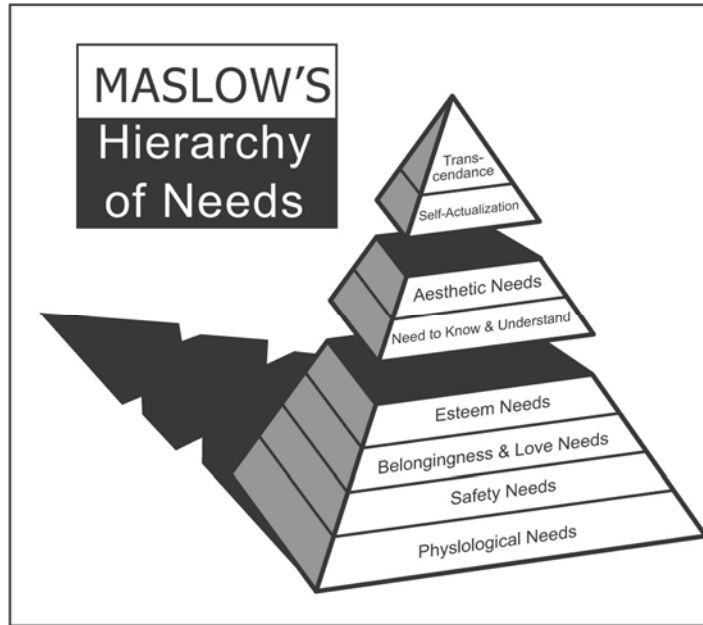
Perhaps the greatest breakthrough in understanding why people consistently do what they do comes from Dr. Abraham Maslow, a behavioral scientist who, in 1943, theorized that the majority of human behaviors were based on the need for self-preservation. Of these innate needs, breathable air, potable water and edible food make up the first layer of a pyramid covering all human needs. After these needs are met the individual is free to pursue other needs.

For example, Maslow's hierarchy of needs places the human need for love and belonging as one of the core human needs. However, for an individual who hasn't eaten in a week or is trapped in a burning building, love and its pursuit are largely secondary.

The good news, according to Maslow is that it's rare to find individuals in modern society whose lives are

fully consumed with meeting the basics of survival.

As a result we are receptive to meeting other needs like the need to be loved and appreciated, the need for positive recognition and the need for personal fulfillment.



For marketers, understanding that most people are actively involved in finding 'balance' means being able to target ways to help them accomplish these tasks. And that means understanding how to communicate with these people.

WHAT'S IN IT FOR ME?

In case you've never noticed, people are a bit self-centered. This isn't to say that we're all selfish to a fault, but we do have our own agendas and they largely revolve around... us, and why not? We spend 24 hours a day working on achieving balance and thinking about what we want and how we might go about getting it. It's the world according to us and we're the star.

Our lives are subjected to an almost constant stream of input from media sources, marketing and branding offers, conversations with friends, biological self-monitoring, and conversations we have with ourselves. We are busy. There's a lot of stuff we have to think about/deal with and we have very limited bandwidth, frankly, to deal with anything new.

For marketers, the holy grail is to reach people who will not only be receptive to the advertiser's message but who will also have a perceived need that can be satisfied for only 3 payments of \$19.99 each. However, this isn't easy to do at all.

When given an opportunity to experience a new idea or buy something we first 'try it on' to see if it fits 'us'. This filter is the one we use to identify personal value. Based on our beliefs, tastes, view of the world, the filter may or may not allow an 'opportunity' through. If there's no connection then the opportunity disappears off our radar and out of our consciousness.

And what we want is what we want. We don't need to explain it or apologize for it. It's what it is. But if a

marketer wants to reach or me then that offer needs to talk to us directly.

What we 'need' is open to our interpretation. As long as we're being fed on a regular basis and have ways to protect ourselves from the weather, we're pretty much all set. Nobody has ever died because they didn't buy an iPod, a Ford Mustang or a house in the Hamptons. That's not to say that these things aren't important to those who want them. The importance of these things is based on a different hierarchy of needs that is highly personal and largely unencumbered by reality.

You may think that the latest and greatest hip-hop classic is a must have while another guy is aiming at acquiring the complete works of Yanni. You might fervently believe that an artist's work should be hung in your home while your girlfriend believes that the artist should be hung from a tree. Taste is purely subjective but that doesn't diminish its value to us personally.

These 'perceived' needs are built on our personal models of value and relevancy. While a lower priced Hyundai will accomplish the same transportation goals as a high-end Lexus, the Lexus provides a different value in the minds of those who buy it. Whether you think a \$70,000 car is of greater value than a \$12,000 one isn't the point. It's really about how buying a Lexus makes you feel about yourself.

You might personally take great pride in your thriftiness and think that buying a Lexus or any luxury car is a huge waste of money and instead opt for a *used*

Hyundai as your vehicle of choice. This choice would make you feel good about your sense of value and thrift.

Another person might readily buy a brand new Lexus purely because of the message they hope it presents to the world regarding their level of personal success and prestige.

As individuals we buy different things for different reasons. We're not always even conscious of what those reasons are but react to marketing offers based on this set of 'rules' that is often as unique as we are.

For most of us relevance is based on the emotional benefits that accompany purchasing products.

Several years ago I set out to create a list of 'emotional values' that are the true driving force behind why consumers buy what they buy. This is what I came up with:

- Gives consumer a sense of emotional well-being
- Offers consumer a sense of convenience
- Offers consumer an increased sense of security
- Makes the consumer feel more effective/ productive
- Makes the consumer feel special/advantaged
- Provides the consumer with a clear sense of continuity
- Enhances the consumer's sense of personal social standing
- Gives the consumer a sense of possibility

While I doubt this is a complete list I think that it covers a large percentage of the emotions that 'speak' to us. Note that each definition has to do with sensing or feeling the benefit being offered and doesn't necessarily reflect what the product's specific purpose is.

Relevance is largely based on the emotional connection an offer can give us.

Equally valuable is our perception of an offer and how it fits our self-identity. My offering you a life-time membership as a charter member of the National Rifle associate will either have value to you or repel you based on your beliefs and how you emotionally identify yourself in relation to the opportunity.

A simpler example might be how you and I would relate and react to direct mail campaigns.

You might go to your mailbox one day and pull out ten pieces of 'junk' mail. The direct marketers who sent you these offers are hopeful that they've made a good connection with you. But that's up to you to decide isn't it? As you stand over the trash you pass judgment on each piece by personally interpreting its direct value to you. Those that are irrelevant, don't generate interest, don't fit your self-identity or don't make their value immediately clear to you become victims of gravity and drop into the can. However, every so often a piece of mail, through the miracle of junk mail transubstantiation, is no longer 'junk' after all but becomes 'information' or 'an opportunity'. It has a stay of execution and might even go on to serve you.

Let's say I get the same ten pieces of mail. My sorting might follow a different pattern and the few that don't make it into my trash could be offers that you readily deep-sixed. Obviously the offers themselves haven't changed an iota but our individual perceptions transform their value to us.

We employ this type of relevancy filter to almost everything we come in contact with. We use our personal criteria to select the types of TV shows we watch, the types of movies we attend, the types of magazines we read and the types of music we listen to.

While strolling through the aisles of our local supermarket we use our personal perspective to guide us through the process of shopping. We follow rules that we've created over time that allow us to get through the process quickly and with little conflict. We have tested lists of stuff that we buy because we like these products and can fit them into our lives. We leave behind plenty of other products because we know we don't like them, aren't familiar with the value they present to us or simply don't even perceive them.

Of the thousands of new products that reach supermarket shelves every year we might only become aware of a dozen or so.

Our filtering process is necessary. Without it we would have difficulty navigating our worlds. If every decision needed our full attention to be made we would accomplish very little in our day-to-day lives. A simple trip to the supermarket might take weeks to complete

only to be followed by hospitalization for treatment of exhaustion.

We break our worlds down into sets of 'rules' and we use these rules to determine the value of stimuli to us. Our brain is actually wired to allow this to happen. A section of our brain, called the Reticular Activating System (RAS), has the job of serving as an information switching yard. As stimuli enter our lives the RAS sorts them for relevance. This includes sounds, sights, thoughts, decision points and our physical proximity.

For example, if you were standing on a street corner and saw a car driving through an intersection three blocks away from you, you probably aren't going to even register the event. However, a car driving through the intersection in front of you would be very relevant to your safety if you tried to cross the street at that moment. Relevancy based on physical proximity could be the difference between life and death.

In another example, it's a warm summer evening and a couple has left the bedroom window open during the night in the hope of catching any passing breezes. Outside, a occasional car or truck passes in front of the house. Not far away a dog is barking at something in the night. Overhead a jet passes by with a deep rumble while in the distance an ambulance siren can be heard as it answers a call. Two rooms away the couple's three-month old daughter sneezes in her sleep and both parents immediately wake up and get out of bed to check on her.

While there were plenty of sounds in the night, only one of them held any great relevance to the couple, and that's the one that got a reaction. It is the RAS that serves as our primary filter to store the criteria that allows stimuli to get through.

In marketing, before a message can be successful it has to get on the consumer's internal radar. This is generally only accomplished by meeting existing needs or creating new ones.

COGNITIVE FILTERING

In my 2003 book, *Advertising Interactively*, I covered cognitive filtering in-depth. I won't do that here but will give you a very brief run down of what we should consider as online marketers.

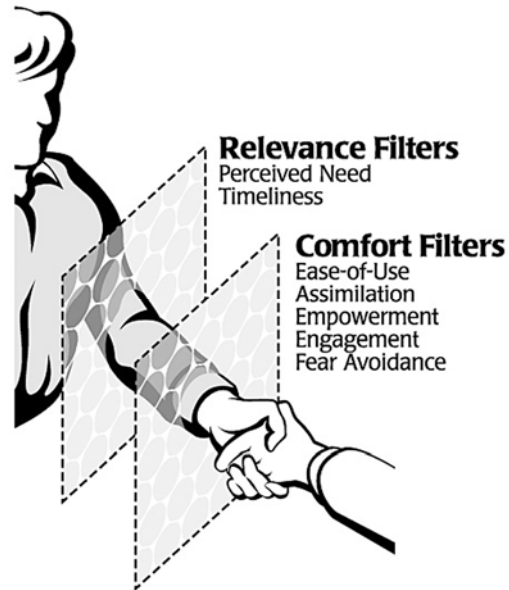
To begin with, there's no shortage of messages from marketers vying for our daily attention. It's currently estimated that the average consumer is bombarded with 12,000 to 15,000 individual branding messages every day.

As a matter of pure survival, we filter out most of this daily onslaught so we receive only those messages that are relevant to us as individuals.

Comfort Filters are those cognitive barriers we put in place to prevent us from coming in contact with anything that makes us feel badly. This includes feeling inferior, jealous, guilty, unsafe, fearful, confused, inadequate, embarrassed, angry or uncomfortable.

Again, human beings don't like to feel discomfort, and will actively avoid any stimulus that threatens them.

We avoid emotional and physical pain. We hate to be talked down to, minimized or threatened. Even something as simple as a Web ad is a potential threat to our psyches.



For example, if we see an offer and don't understand what it's advertising or what the benefit is, that makes us feel stupid. We want to know how to process stimuli and order it so that it fits our world view. To avoid the possibility of conflict, anything that

doesn't mesh with our comfort filters doesn't even make it to our consciousness.

You might call it better living through avoidance and denial!

As a general rule, we like things to be intuitive and easy to use. We want to be engaged and empowered when online. We also want to understand the offers being made in the least complicated way possible. We need to be able to easily grok the point and benefit to us of any offer. If an ad misses any of these points then we're gone and we're probably not coming back.

Relevance filters work to repel any messages that don't fit a current need or match our world view.*

In order for a message to be of importance to a consumer it needs to be relevant at the time the message is received (timeliness).

For example, if I was in the market for a car last month and have since purchased a car then no amount of targeting and marketing will make that need relevant for me right away. Anybody wanting to sell me a car is too late and the next opportunity to get me into the automotive cross-hairs is a good 4 to 6 years away (barring a serious accident or theft.)

As marketers we understand relevancy and timeliness. What we often don't take into consideration

* While not a unique concept, I credit Seth Godin for using the term 'world view' in his book 'All Marketers are Liars', a book you should read as soon as you're done with this one.

FISHING FROM A BARREL

are the methods we use to 'talk' with consumers and how they are perceived by those customers.

To be effective marketers need to communicate directly with consumers and present them with messages that offer benefit, value and meet needs. Because most advertising models are presented passively, consumers are free to ignore them.

It isn't simply a matter of getting a message in front of the right consumers. It's about having a meaningful conversation with the right consumers.

[CHAPTER 7: TALKING LOUD AND CLEAR]

Communication. Our lives are filled with communication. We talk with our co-workers, our friends, our families and sometimes ourselves. We share our perspectives, dreams, fears, beliefs and disappointments. We do this by interacting with other people. By asking questions, by providing answers, by making comments.

For most of us this process is largely automatic and doesn't require a lot of thought. Yet, to communicate effectively requires an innate understanding of what other people want to hear and how to best present that information.

We've developed a number of different ways to communicate with one another. We write and send each other email, chat on telephones with people all over the world, create media programs that share unique stories

and perspectives, write books, articles, plays and a seemingly never-ending supply of web sites covering just about anything that can be thought. Oh yeah, we also try to come up with a lot of ways to sell each other stuff.

Our ability to package complex thoughts into language and behaviors and then pass that information to others is one of those things that separate us from every other species.

But, even though we understand how to talk with one another on an interpersonal level, we don't always understand the difference between communicating effectively or ineffectively.

For each and every communication method we use to get our messages across, whether through standard media channels, intimate conversation, subtle glances across a crowded room or rude hand gestures used while driving, the overall goal is the same - to get a message from one point to another successfully.

At its foundation, all communication consists of three basic parts.

1. A message
2. A distribution channel
3. An audience

This communication process rarely varies. What changes are the methods that represent each part of the communications chain model.

🐟 TALKING LOUD AND CLEAR 🐟

For example, if you and I were to stand in a hallway and discuss the finer points of last night's big game, the model might look like:

- My thoughts on the missed field goal being structured into vocal language
- My voice moving through the air between us/ my gestures being passed by reflected light
- You

If I were trying to communicate with you through an online ad, the model might look more like:

1. Advertiser creates web ad
2. Publisher's site displays web ad
3. Consumers see web ad

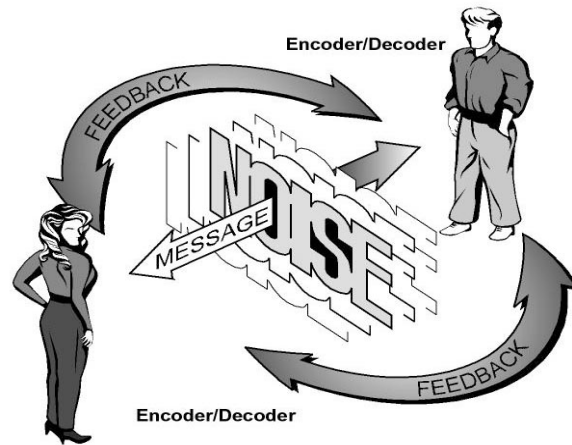
But as simple as this model is, the complexities of each stage quell any thoughts of this being an easy process to accomplish successfully. The main goal with any communications model isn't to get a message to the audience. Overall, that's not hard. What's hard is to get the message to a member of the audience who will pay attention to it, understand it and take action on it.

COMMUNICATING EFFECTIVELY

A conversation between two people presents us with a simple model to explore. In this model each

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person plays two roles; an encoder of information and a decoder of information.



Interpersonal Communications model

When we encode information we take our understanding of something and package it using language. We then 'transmit' this information to the other person using our voices to send sound waves through the air.

When we receive a message from another person we need to first collect the information being passed to us and then decode it to ascertain its meaning.

Back and forth we go, passing and catching messages from one another. But it's not always that easy because between us at all times is a barrier called 'noise'.

Noise is defined as anything that prevents the message from getting from one point to another cleanly and clearly.

Noise can be, quite literally, noise. If you and I are sitting in the third row at a Megadeath concert we're probably going to find ourselves unable to communicate effectively through conversation.

Noise can also be an inability for one side or the other to accurately decode the message because of a lack of understanding. If you and I speak different languages we're going to have a hard time communicating even if we can hear each other just fine. Perhaps we dwell in different industries and use a lot specific industry jargon ('What was the ROI on the YTD CPMs?') The inability to understand specific terms prevents us both from understanding the information being passed. Any disconnect in language understanding can obfuscate* meaning.

Noise can also take the form of emotional barriers. I can clearly hear what you're saying but I hate your guts. The guy you voted for isn't the guy I voted for. Your favorite team sucks. You're an infidel heretic and a loser as well. You can tell me that fire is hot and water is wet and I'm not going to listen to or believe you even if it's to my benefit. We are not going to connect!

Finally noise can be the context (or lack thereof) of how a message is presented. If I were to walk into the house one evening after a particularly trying commute

* :-)

home and comment to my wife “Well, that's ugly” she may not understand my meaning. To further complicate matters she may have just adopted a new hair style that day and my comment, taken out of context, brings with it a new and fully unintended meaning. This, in turn, could lead to certain marital unrest and perhaps a few nights sleeping on the couch.

But we have an ally to help us to defeat noise - an ally called feedback.

FEEDBACK

We can think of feedback almost as a secondary conversation that takes place at the same time as the primary, but uses different channels to communicate additional meaning.

When we speak with one another this secondary stream of information flows between us. By watching how you react to my messages I can determine if I was able to communicate a point effectively.

For example, if you scowl and shake your head I understand that you probably disagree with what I've said. If you cup a hand to your ear I understand this to be a sign that you can't clearly hear me.

Feedback is also a tool for clarifying the primary flow of information. Our expressions, manners, tone of voice, volume of speech, and body language serve to support the meaning behind the primary conversation. Even if you can't understand what a foreign speaker is saying to you, you can determine from the cadence of

the language, facial expression of the speaker and circumstances if the conversation is positive or negative.

And while most of our primary conversations are based on language, it is factors such as tone of voice and approach that gives that language meaning.

For example, if I were to scream at my wife 'I love you!' as loudly as I could, it probably wouldn't be interpreted as a nice way to express my affection. True, the words are the right ones but the context is going to become noise and my wife may assume I've lost my mind.

We also use feedback, often unconsciously, to describe how effectively a message is getting through. We've all experienced talking to another person in a social gathering and watched as they disconnected from our conversation and start glancing past us. Even though they may still be nodding and giving us signals that they are listening, we know when people have left us for the moment.

Our bodies constantly reflect what's on our minds. Fidgeting, playing with jewelry, crossing our legs, crossing our arms over our chests and casting-down our eyes all betray emotional states such as nervousness, excitement, fear or happiness.

Apart from being a tool used to help us optimize our encoding process, feedback also helps us to identify other ways to overcome noise.

Feedback can also give us alternative channels through which to communicate. For example, if you and I were on opposite sides of a crowded room filled with

loud conversations, it would be difficult to us to speak to one another and be heard. However, this unique situation means that we could use sign language or placards to communicate effectively across the room.

Likewise, in a room filled with nothing but signs or people using sign language, a single voice would clearly transmit meaning across the room.

Even if we spoke different languages, using gestures, pantomime and facial expressions, we can effectively pass information to one another ('what's that, Lassie? A hunter has fallen down the abandoned mine shaft?')

In his landmark book *The Tipping Point* (Little, Brown; 2000) Malcom Gladwell cites analysis by researcher William Condon who, in the 1960s, repeatedly observed a four-and-a-half second segment of film of a family dining together, until he was able to perceive the physical 'micromovements' that were taking place as part of the conversation. These movements showed the coming together of the speakers in what Condon termed 'interactional synchrony'. The movements were best described as a physical dance in which the movements of each speaker are matched and compliment one another.

This barely perceptible movement between speakers may be the basis for overall effectiveness in interpersonal communication. In conversations where interactional synchrony doesn't occur the potential for miscommunication is much higher.

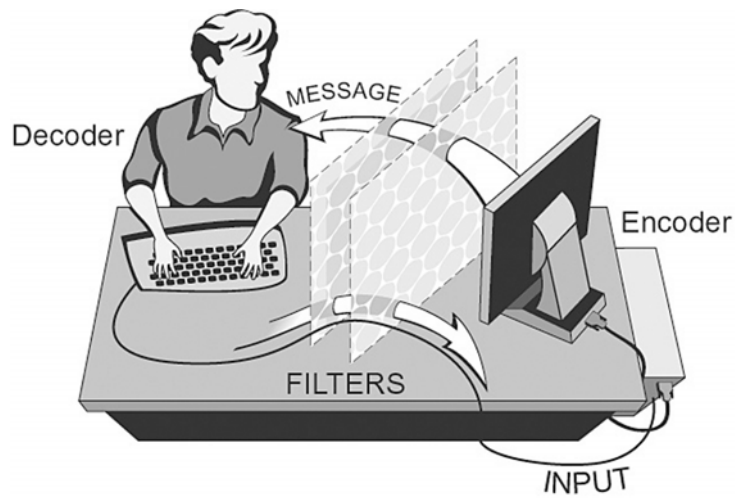
Some books covering selling techniques describe using interactional synchrony as a way to improve sales closing results. Through the use of 'mirroring' (subtly matching the physical positioning of the person you are trying to persuade) and looking for involuntary synchrony on the part of a client (them leaning forward, lips slightly parted, excepting and in agreement with what you have to say) can all be used as part of the selling process. While I personally feel that this level of manipulation is often cheap and unwarranted I have little doubt that it works.

Interpersonal communication is based on a series of checks and balances that measure the ongoing effectiveness of the current conversation. But what happens when one of the people in the model is replaced with a computer?

THE ONLINE COMMUNICATIONS MODEL

Human beings are not easy to communicate with. We change moods, minds, opinions and rational thoughts constantly. When we communicate with one another we use a number of different techniques of varying complexity to pass messages between one another.

Computers on the other hand are almost boringly stable. They thrive on constancy, don't have bad days (at least not that we can measure) and will willingly do the same dull thing over and over until we ask them to do something different.



When we communicate with computers the 'conversation' is generally one-way – from the computer to us. However, we're often given control of how the conversation unfolds and in what form.

Interactivity takes the place of feedback in the Online Communications Model. Through the use of input devices, generally a mouse and keyboard or touch screen, we provide information to the computer.

The Online Communication Model is based on 'cause and effect' communications. Without us the computer has no need to communicate anything. It only needs to understand what our input means in order to provide us with useful interactivity. A computer doesn't care if you shake your fist at it, threaten it or say nasty things about its motherboard. It doesn't recognize when

you don't understand something. It can't read your facial expressions or change its messaging to react to that feedback.

Instead we need to tell the computer what we want to hear, know and understand. This is the only feedback it will receive. It's a very limited communication partner.

We don't make it easy. We're generally high-maintenance beings. We erect filters between us and the information coming from the computer designed to 'protect' us from the onslaught of irrelevant information.

Because of this the computer (actually, the computer's programmers) needs to work on finding ways to effectively communicate with us without ever meeting us.

In the Online Communications Model, 'cognitive' filters are the equivalents of noise. These filters are part of us as individuals and are in place to help 'protect' us and assist us in ordering our private universes.

We subconsciously put these barriers in place to restrict the flow of information that gets into our heads. Obviously this makes communicating with us really difficult for marketers.

STARTING A CONVERSATION

When people have a conversation, its main purposed is to pass information back and forth. But conversation isn't restricted to 2 people having an intimate chat. For example, I'm trying to have a conversation with you right now even though we may never actually meet. I

know next to nothing about you, what you look like, where you live, what you like to do in your free time or even what your dreams and aspirations are. You are a stranger to me and yet I'm trying to build a relationship with you and share with you some of what I know.

To make the possibility of us communicating more effective, I'm writing on a topic that you, hopefully, find interesting and are reading to learn more about behavioral targeting in online advertising, and more specifically at this point, how human beings communicate with one another online.

Books are hardly a new way of communicating. Yet they are an effective way of presenting knowledge in a time shifted way. Since you can't be with me right now, I'm writing this in a way that will allow you to read it and understand its meaning at a later time. Because you and I speak/read a similar language I can structure meaning into my sentences and paragraphs that (if done correctly) will allow you to interpret the full meaning when you read it. Not always an easy task but pretty effective if done right.

But something important is missing. While my goal is to talk with you, in truth I'm actually talking 'at' you. You have no input into the message I'm providing you. Regardless of what you think or say, the text before you will remain unchanged.

As a way to have a conversation, the written word is a pretty weak contender. Without a direct feedback loop in place I have no clear way of knowing how well the conversation is going. Did the average reader give up

halfway through the first chapter and then use the text for kindling or did they read it twice and hand it off to colleagues with hearty recommendations? Apart from you sending me an email that tells me that you enjoyed or were confused by our *conversation* I will never know how my messages affected you. Seeing multiple used copies offered on Amazon will also send me a message.

Not coincidentally this is the same problem almost every ad since the dawn of time has faced. Each is created with the best intentions for what it says and who it says it too and is then released to the world with a wing and a prayer. Certainly we've developed some ways to measure ad effectiveness but these methods generally measure response but not understanding. They measure what's there but not what's missing. Because they lack a direct communication channel with the consumer it's hard to really measure an ad's overall effectiveness.

To get around this obvious flaw I'm going to do what savvy advertisers have done for years – make a scientific wild ass guess as to what I think I know about you.

For example, unless you picked this book up thinking that you were going to pick up a few pointers on how to catch more trout, I'm assuming that you're interested in how you can use Behavioral Targeting methodologies and technologies to create more effective online advertising campaigns and, thus, make more money. I'm also assuming that the reason you're reading this book (and have made it all the way to Chapter 7) is

that your job and ability to do it well has emotional value to you.

This simple assumption serves as an anchor for this book. If I'm wrong then I'm going to be very disappointed. Slapping down 50,000+ words isn't something you do in an afternoon. It's a huge investment of time and it would be a lot easier to not write the book.

But, if I'm right, then I'll be able to share what I've learned about BT with you. In turn, you benefit from this knowledge and can help create really cool online ads that reach the right people and help you make more money. I also hope that you'll see the value of working with me and consider hiring me to train members of your team, come to see me speak at industry functions and read my columns.

I've started our conversation by identifying what it is I think you want or need. Now I need to follow up by giving you information that supports my understanding of your needs. But I still don't know enough about you as an individual. Are you an advertiser or a publisher? Do you already believe that BT increases online advertising results or do I have to convince you of its viability? Are you looking for ways to enhance your online ads or are you focused on optimizing your search campaigns? Are you an executive looking to enhance your company's online marketing effectiveness or did your supervisor toss the book on your desk with a note saying 'Read this. You're our new BT expert'?

As you can see, I still have plenty to learn about your needs before I can have a meaningful conversation with you. The real problem is that I'm trying to have a conversation with a bunch of other people at the same time.

Understandably, my focus is a bit scattered.

As much as I'd like to give you a tailored solution to your particular problems, you're still going to have to do most of the work. Sure, you can skip around from page to page but it's an inefficient and hard way to find just the information you need.

Obviously it would be impractical to create a customized version of the book for every separate reader. So I won't. Instead I'll create a single version of the book and structure it in a way that I hope allows you to find the content that best meets your needs.

Quite possibly you're also going to have to muddle through a bunch of information that isn't relevant to you to get to the parts that are. Thus, a very linear book covering the merits of flexible and personalized advertising is the definition of irony.

The good news is that our online advertising efforts are no longer restricted like this. Now we can learn about our prospective customers and change our messaging so it directly meets their needs. This is a good thing. It not as easy as the old method but it's a heck of a lot more effective.

THE NEED FOR INTERACTIVITY

The core of behavioral targeting is based on an interaction with consumers. From the creation of segments to simple analytics designed to measure page views, it is interactivity that drives the process forward.

To that point, using a simple click through or branding page ad to communicate with interested consumers isn't the most dynamic way to start a conversation. To really have a conversation there has to be a response or some type of input from the consumer.

Interactive and rich media advertising is a natural match for behaviorally targeted online ad campaigns. It also gives advertisers a greater range of understanding about the needs of consumers and can serve as a highly accurate way to collect valuable marketing data.

As an example, say that an automobile manufacturer wants to run an ad that profiles three of its new models. In this case let's say that these three vehicles are an SUV, a sedan and a pickup truck.

The goals for a campaign of this type may differ but let's say that the primary goal of this campaign is to get car brochures into the hands of prospects and encourage them to visit their local dealership for the test drive. This ad doesn't focus on click-through or driving traffic at all.

Using a program like Flash, the advertiser can create an interactive ad that shows all three vehicles and informs consumers that clicking on any one of them will print out a full color brochure and data sheet for that vehicle.

A campaign of this type accomplishes many things that can't be done using any other advertising medium:

- It empowers the consumer to personalize the marketing experience and allows each to home in on vehicle(s) that meets specific needs and interests
- It gives the consumer something of 'value' (printed brochure) that can be used to help them make an informed buying decision.
- It gives the advertiser unparalleled data showing the number of consumers who interacted with the ad (and could be used to determine branding effectiveness) but also provides a clear count of which vehicle garnered the greatest interest. In turn, this data can be used to create future campaigns that focus on specific vehicles.
- It puts a selling tool (the brochure) directly in the hands of consumers. Using simple geo-targeting data for each consumer, this brochure could also be dynamically personalized for each visitor to include the name and address and maybe a map for the closest dealership.

The advertiser also saves money by not having to print out brochures and distribute them.

Interactive ads can also be used to create a more personalized experience. Just tracking the time of day when the consumer sees the ad offers a range of possibilities.

For example, let's say that a large beverage company wants to create ads that profiled its products in a flexible and logical way. When an ad server gets a request to place an ad on a page it could do something as simple as check the local time for the visitor's computer. Based on this single point of data, the advertiser can present an ad that corresponds with consumer's needs during that time of day.

For example, an ad served in the early morning may present a new coffee drink while an ad at mid-day present an energizing soda and during evening hours a soothing herbal drink.

Seasonal data added to the mix could also present cooling and warming drinks depending on the climate of the visitor.

[CHAPTER 8: BT RESOURCE PACK]

Chances are you're not planning on building a Behavioral Targeting solution from the ground up. To that point, there are a number of companies who can help you get up to speed and on your way to creating highly-targeted online advertising campaigns.

The following list of companies is some of the current players in the behavioral targeting space and is presented in alphabetical order.

I take no responsibility for the accuracy of this information as most was taken directly from each vendor's web site. Actual mileage may vary.

121Media – (www.121Media.com)

121Media is a technology-driven online marketing and advertising services company. 121Media provides Advertisers with powerful new tools to reach their ideal consumers on contextually relevant pages across the web, while enabling Publishers, ISPs, and Ad Networks to increase the contextual relevancy of their ad placements, sell more targeted inventory, and increase ROI.

Business Focus:

PageSense, 121Media's innovative ad-serving technology, makes it all possible. PageSense identifies the contextual relevancy of a page, on the fly, for all types of ad formats, across a complete range of aggregated content.

121Media introduces the Bridge-Ad, a compelling new ad format that can be served within the browser, whenever a user leaves a web domain. The result is an incredibly visible placement, offering the power of a TV commercial right in the browser of your most ideal customer.

Contact Information:

264 W 40th Street
16th Floor
New York, NY 10018
+1-646-217-0598

24/7 Real Media – (www.247realmedia.com)

24/7 Real Media, a pioneer in interactive marketing and technology, targets and delivers audiences for publishers and marketers. Our customers generate increased revenue and profits through media and search services, coupled with one seamless platform of serving, targeting, tracking and analytics technologies.

Whether you're a publisher or a marketer, we strive to offer valuable audiences and innovative technology solutions designed to maximize revenue opportunities and increase advertising operations efficiency. Our relevant and practical marketing and technology solutions are designed to meet your individual business needs.

Business Focus:

Open AdStream 6 Applications for Publishers

With Open AdStream 6 applications, the audience segments advertisers want to reach most can be defined, targeted and served in real time with the most compelling creative, geared to their on-site behaviors. All on one highly-accessible, easy-to-use, fully-integrated Web-based interface.

Contact Information:

Headquarters:

132 West 31st Street
New York, NY 10001
212-231-7100 Phone

Advertising.com – (www.advertising.com)

From building brand awareness to increasing your online revenue, Advertising.com guarantees bottom-line results for our advertiser and publisher partners. With diverse tools, innovative thinking and the most expansive reach in the industry, make the most of every advertising dollar.

Business Focus:

Behavioral Targeting is all the rage, but often audience reach is sacrificed for audience targeting. With Advertising.com, you benefit from a proven suite of behavioral solutions that leverages the industry's most expansive reach - providing you with pinpoint targeting on a mass scale.

- **Audience LeadBack** targets highly concentrated behavioral segments within the Advertising.com network.
- **Advertiser LeadBack** enables you to remarket to your visitors across our network based on their site activity.
- **Search LeadBack** enables you to remarket to your site visitors based on their keyword search.
- **Creative LeadBack** enables you to deliver sequential messaging to users who have been exposed to your ads.

Contact Information:

1020 Hull Street
Ivory Building
Baltimore, MD 21230
Telephone: (410) 244-1370

Accipiter – (www.accipiter.com)

Accipiter's established industry experience and substantial investment in technology provides their customers with the very latest in advanced online advertising solutions.

Accipiter's technology supports and delivers ads in any emerging rich media format, including RSS feeds, podcasts, blogs, photocasts, and streaming audio and video. With more than 350 customers worldwide, over 50 billion online ads are served each month using Accipiter's technology.

Business Focus:

Accipiter offers publishers the industry standard in behavioral ad targeting. VIBE (Visitor Interest Behavioral Targeting Engine) helps publishers turn low-CPM pages into premium inventory while delivering a more meaningful visitor experience.

Key Benefits:

- Ad Management solutions
- Ad Trafficking services
- Behavioral Targeting solution
- RSS Ad Delivery, Podcasting Ad Delivery, Photocasting, Mobile Ad Delivery and In-Game Ad Delivery

Contact Information:

Accipiter Solutions, Inc.
8601 Six Forks Road, Suite 160
Raleigh, NC 27615
Telephone: (919) 872-7755

AlmondNet – (www.almondnet.com)

AlmondNet revolutionizes search and makes the Internet advertising market efficient by distributing relevant paid search ads to people wherever they go, based on recent searches they made.

Business Focus:

As people spend less than 5% of their time searching and over 95% of their time browsing different kinds of content on the web, AlmondNet's patented Post-Search solution provides a significant new distribution channel for paid search ads for the benefit of all parties involved:

Site Visitors- Benefit from relevant ads while privacy is maintained (No personally-identifiable information is collected; All collected behavioral information is cookie-based).

Advertisers- Reach their target audience everywhere with less competition for people's attention than on search results pages.

Publishers- Maximize effective CPM.

Paid Search Providers- Multiply click-stream revenues by acquiring additional opportunities to display paid listings to relevant users that are in purchasing mode.

Profile Providers- Acquire an incremental revenue stream.

Contact Information:

134 Spring Street, Suite 302
New York, NY 10012
Tel: (212) 219-5070

DigitalGrit – (www.DigitalGrit.com)

DigitalGrit, a full-service interactive marketing firm, is dedicated to helping leading companies realize the full potential of the Internet to build their brands, increase sales, improve processes and reduce costs.

Business Focus:

Our services combine online marketing channels, proprietary and existing technology and years of marketing expertise to help the leading organizations of the world realize the full potential of the Internet. The result? Companies build their brands, increase sales and retention, improve processes and reduce costs.

Using permission-based technologies (users have agreed to be marketed to, in exchange for free content, utilities or software) we'll deliver information your prospects actually want - when they actually want it.

Our behavioral marketing services help you to achieve your goals - whether you need to drive traffic to your site, or promote a product or service. We combine powerful insights into consumer behavior with contextually relevant messages that result in click-through and conversion rates far exceeding traditional banner ads.

Contact Information:

716 Main Street
Boonton, NJ 07005
Tel: 973-316-9696

Direct Revenue – (www.directrevenue.com)

Through superior targeting, Direct Revenue presents search results and other behaviorally targeted messages to consumers precisely when they are likely to want to see them. Our precision targeting is based on searching and browsing behavior and does not capture or use any personally identifiable information.

Direct Revenue provides advertisers with a one-stop solution for behaviorally targeting consumers. We use client technology and search, as well as behaviorally targeted, IAB standard ads appearing on a large publishers network. We find consumers based on their category interests, determined by anonymous behavior at a variety of commercial sites.

Business Focus:

CPV Market is the flexible, low-cost and simple solution that allows small to mid-sized advertisers to gain access to inventory throughout our exclusive network, which reaches more than 30 million customers each month. CPV Market allows you to maximize your budget. You to set the price for each lead and pay only when a customer reaches your site.

Contact Information:

Direct Revenue LLC
New York, New York
646.613.0376

DoubleClick – (www.Doubleclick.com)

DoubleClick Digital Advertising Solutions provides technology and services that empower marketers, agencies and web publishers to work together successfully. Our focus on innovation, reliability and insight enables clients to improve productivity and results.

Business Focus:

MediaVisor

A hosted, web-based media planning, buying and campaign management workflow solution. This intuitive, easy-to-use tool automates many time-consuming, repetitive administrative tasks, such as RFPs, Insertion Orders, flow charts and more.

DART for Advertisers (DFA)

A hosted, web-based ad management and serving application, DART for Advertisers (DFA) is a reliable, scalable tool for targeting, serving and analyzing online campaigns.

DART for Publishers (DFP)

A hosted, web-based ad management and serving application, DART for Publishers (DFP) is a reliable, scalable tool for effectively monetizing a publisher's advertising inventory.

Contact Information:

111 Eighth Avenue
10th Floor
New York, NY 10011
Tel: 212-683-0001

Kefta – (www.kefta.com)

It's all about visitors.

Through generations of marketing insight we've been taught that every target market consists of many individuals, each having distinct needs and expectations; and, these potential customers react to your messages and offers with similarity only when viewed within groupings that share similar needs. As marketers, we constantly strive to find those similarities.

Site visitors and their needs are at the center of the Kefta Dynamic Targeting equation. It's a complete solution that creates the best online experience, going beyond results achieved through simple A/B or multivariate tests, yet requiring no additional effort on your part.

Business Focus:

As each visitor comes to your site, the Kefta Solution automatically gathers information that is pertinent to your business. Although numerous dimensions are available, first click decision-making information commonly includes: paid and organic keywords, affiliate and link tracking codes, banner and email promotional codes, demographics, speed of connection, and prior behavioral information such as purchases or products of interest.

Using this information, a profile is constructed that develops with each step of the purchase cycle, for each visitor. Augmented by your business objectives, visitors are then dynamically treated to a relevant experience, from first click, through purchase, to repeat purchase.

Contact Information:

(415) 391-6881

NextStage Global – (www.nextstageglobal.com)

NextStage Global provides cutting-edge analytics tools to online marketers looking for highly effective behavioral marketing solutions. Our benchmark product, TargetTrack, is a media analysis tool which identifies primary target audiences and markets for all types of digital marketing media including websites, brochures, online and print ads and video.

NextStage Global also offers advanced marketing technologies that monitor website traffic and anonymously identify site visitors by personality types, intent to purchase, levels of understanding and levels of interest using exclusive predictive models that don't require the use of cookies, personal histories or any invasive analysis to identify and provide consumers with customized offers.

Business Focus:

WebSight is a visitor identification tool that watches how site visitors navigate websites and mathematically determines who they are (as a personality type) and what their needs and desires are. By using advanced algorithms to calculate user intentions, mood and desires, WebSight can predetermine how a visitor will react to page content without requiring a personal database for that visitor, cookies, or anything else that might interfere with the user experience. Through this analysis, WebSight can determine that consumer's demographic, interests, needs and expectations along with current intentions.

Contact Information:

7045 Edwards Ave
Suite 401
Mississauga, Ontario L5S 1X2
(905) 564-6929

Revenue Science – (www.revenuescience.com)

Revenue Science is the global leader in behavioral targeting for brand and search advertising that connects marketers to qualified audiences, enables publishers to increase revenue and creates a better consumer experience.

Business Focus:

Managing over 1 billion online behaviors per day with access to over 3,000 websites that reach the majority of the US internet population, Revenue Science represents the most targeted audience segments available today. Their leading publishers partners include The Wall Street Journal Online at WSJ.com, Edmunds.com, ESPN.com, [Interactive Corp.](http://InteractiveCorp.com), [The Guardian.co.uk](http://TheGuardian.co.uk), KelleyBlueBook.com, Reuters.com, Univision.com, and [WashingtonPost-Newsweek Interactive](http://WashingtonPost-NewsweekInteractive.com) and many more—Revenue Science provides more behaviorally targeted ads than any other company with access to over 2,000 segments in 20 different categories worldwide.

Key Benefits:

Publishers

Working with Revenue Science is all about science, service, and results. Industry leading behavioral targeting technology helps publishers dramatically increase advertising revenue—regardless of a Web site’s size, type or advertising model. Their leadership in the behavioral targeting industry is trusted by partners that include the largest multinational media companies in the United States, Japan, the United Kingdom and they continue to grow.

Advertisers

Revenue Science is a pioneer in behavioral targeting bringing scientists and media experts together to deliver more effective online advertising. Because they have perfected the science of making connections using behavioral targeting, Revenue Science gets messages to the right people, in the right place, at the right time. By connecting advertisers with consumers who are ready to buy, they dramatically improve the performance of online campaigns, reduce wasted impressions and clicks, and give exceptional return on advertising investments. Revenue Science's team of media experts help advertisers and their agencies identify the perfect behavioral targeting media plan to reach qualified audiences. Over 95% of the top brand and direct response advertisers—rely on Revenue Science to achieve their online marketing goals.

Contact Information:

New York Office
420 Lexington Avenue, Suite 2740
New York, NY 10170
(646) 443-2310

Right Media - (www.rightmedia.com)

Right Media operates the first open media exchange for the interactive advertising industry. Buyers and sellers, interconnected on a common platform, seamlessly trade two billion impressions on the Right Media Exchange daily.

Business Focus:

Advertisers on the Right Media Exchange buy media more efficiently with:

- open, equal access to inventory
- the ability to automatically bid for each non-premium impression based on its value
- global media insight and control
- an enforceable set of rules to control where their ads serve
- an easy way to connect to new partners

Publishers on the Right Media Exchange sell media more efficiently with:

- open, equal access to ads
- the ability to automatically auction off each impression to the highest bidder
- understanding of true market value
- an enforceable set of rules to control what runs on their site
- an easy way to connect to new partners

Contact Information:

212 5th Avenue
8th Floor
New York, NY 10010
212-561-6470

Sage Metrics – (www.sagemetrics.com)

SageMetrics' integrated behavioral targeting and analytics solution means zero marketing blind spots – so you can target customers with the right campaigns, ads, products and contents, every time.

Business Focus:

SageAMP is a premiere behavioral targeting solution that transforms the web into an instrument for advertising with extraordinary efficiency. SageAMP provides the best ability on the market today to discover and deliver high-value audiences to advertisers, leveraging behavioral, registration, referrer, keyword and geographical data to segment audiences according to advertisers' preferences. SageAMP then facilitates the delivery of targeted ads to those segments – a capability that increases the efficiency of online advertising and significantly drives ad revenue.

Contact Information:

5200 Lankershim Blvd.,
Suite 390
North Hollywood, CA 91601
(818) 505-6409

Specific Media – (www.specificmedia.com)

Specific Media offers a suite of services that enable advertisers to reach specific audiences online. The company develops, targets, and places online advertising campaigns that reach each advertisers' desired audience segments while driving advertising revenue for web publishers. This creates a win-win business model that benefits advertisers as well as web publishers. Specific Media delivers these services through its premium and performance ad networks.

Business Focus:

Specific Media's premium network is comprised of over 450 name brand publishers and delivers nearly 80M monthly unique users. We partner with highly trafficked, household name brand sites and deliver all standard IAB ad units as well as rich media and video.

Key Benefits:

- Solutions for Publishers and Advertisers
- 450+ Brand Name Publishers
- Nearly 80M unique visitors monthly
- All standard IAB in-page display ad units with flash, rich media and pre-roll video.
- Advanced targeting technologies
- Performance Network

Contact Information:

Los Angeles Headquarters
4 Park Plaza, Suite 1900
Irvine, CA 92614
(949) 861-8888

TACODA – (www.tacoda.com)

TACODA®, Inc. is the world's largest and most advanced behavioral targeting advertising network. Since 2001, TACODA has provided a comprehensive range of behavioral targeting solutions to thousands of Web publishers and brand marketers. Our patent pending technologies power TACODA Audience Networks™ which enable brand advertisers to target relevant messages to specific audience segments.

TACODA has established partnerships with more than 3,000 Web sites reaching more than 140 million unique visitors per month. Major media partners include The New York Times Company, NBC Universal, Hoovers, HGTV, Food Network, Cars.com and Tribune Interactive.

Business Focus:

Tacoda works with publishers by helping them create targeted audience segments which can be sold to advertisers. Publishers can also benefit by being part of Tacoda's Audience Network of over 3000 sites. Tacoda also provides Behavioral Targeting solutions for advertisers.

Key Benefits:

- Full suite of advertising solutions
- Massive reach across behaviorally targeted ad network
- Premium site environments
- A single point of sale and service

Contact Information:

345 Seventh Avenue, 8th Floor
New York, NY 10001
(646) 674-2700

Touch Clarity – (www.touchclarity.com)

Touch Clarity Targeting delivers proven revenue uplift to online businesses by automating the targeting of onsite marketing and content to website visitors.

You only have a few page impressions to keep visitors or lose them. If they do not see a compelling reason to go further, they're gone. Any visitor who lands on any page of a Touch Clarity Targeting enabled site is individually served the most relevant content and promotions, leading to \$multi-million annual revenue increases for our customers.

Business Focus:

Touch Clarity Targeting (TCT) delivers proven and measurable uplift to your online business by automating the process of targeting promotional campaigns and content to visitors to your website, optimizing the revenue and engagement achieved with no requirement for ongoing routine human analysis and maintenance. Click on the menu on the left for an introduction to the benefits you could share with our industry leading customers.

Contact Information:

101 Federal Street
Suite 1900
Boston, MA
02110-1821
(617) 342-7066

Undertone Networks - (www.UndertoneNetworks.com)

Undertone Networks, an Intercept Interactive company, is a premier online advertising network comprised of today's top media properties. Our primary focus is helping our clients achieve their advertising objectives while maximizing revenue for our media partners.

Business Focus:

Undertone offers a host of methods to target, manage and optimize your online advertising campaign and help you reach your intended audience.

We are continually adding premium websites to the network and introducing new capabilities to improve campaign performance for our clients. Our network is organized into content channels that represent the leading websites in a broad range of categories, making it easy for advertisers to reach audiences with specific interests.

We utilize pixel-tracking technology to monitor activity. By tracking impressions, clicks, click-through rates (CTRs) and post-click activity, we can identify performance trends and make strategic decisions that optimize your campaign. In addition, you can produce custom reports and monitor daily performance through our third-party ad server.

Contact Information:

270 Madison Avenue
19th Floor
New York, NY 10016
Tel: 212-685-8000

WhenU – (www.whenu.com)

WhenU is client-side, privacy protecting, desktop advertising software that is designed to provide informed consumers with relevant choice and value in their Web experience. As a WhenU consumer, you are privileged to receive special offers, coupons and deals that consistently exceed your expectations and deliver money-saving offers from brand-name retailers right to your desktop.

Business Focus:

WhenU uses proprietary targeting technology to deliver precision-targeted advertisements to our network of consumers. We employ a combination of Web location, text recognition, and user input to determine user interest and serve relevant offers and advertisements.

Our consumers respond to our advertisements 10 to 20 times more often than typical graphical advertisements.

To ensure these results continue to improve, WhenU maintains a proprietary keyword database, which is constantly optimized based on several proprietary category trees to increase performance and monetization.

Contact Information:

716 Main Street
Boonton, NJ 07005
Tel: 973-316-9696

[CHAPTER 9: ABOUT LEARNINGCRAFT]

At LearningCraft our job is to teach people how to communicate effectively online. From interactive planning and design to instruction in multimedia design and development to creating courseware that effectively gets messages from point A to point B, our focus is to bring publishers and advertisers (and other companies) together with the people who most want to hear what they have to say.

We understand that as much as you'd like to be able to create quality training tools for your customers and staff, that darn day job of yours sometimes get in the way.

At LearningCraft our job is to help you do yours. In fact, we don't even mind being you for awhile.

When you need to reach out to prospects, existing customers or even employees, we can be there for you by providing marketing and hands-on training support while promoting your corporate brand and communications goals. We offer:

CUSTOMIZED TRAINING PROGRAMS

Whether you're on the verge of rolling out your latest and greatest marketing solution or looking to train new recruits on the finer points of your CRM process, we'll get you there quickly. LearningCraft excels in:

- Developing training manuals, presentations and other support materials that provide step-by-step instruction on how to use and understand your products and systems
- Creating goal focused curriculum modules that home in on developing the right skills and understanding
- Leading branded training sessions and workshops on your behalf.
- Developing focused online courses

APPLICATION AND SYSTEMS TRAINING

We offer full-scale online and on-site training programs to help your team or clients learn what they need to quickly and efficiently in a number of areas including:

ABOUT LEARNINGCRAFT

- Interactive marketing tools and techniques; Adobe Flash, TechSmith Camtasia, Microsoft PowerPoint
- Behavioral Targeting and Web Analysis
- Emerging online marketing technologies
- Email marketing and optimization
- Interactive media computer applications

READY-TO-RUN ONLINE WORKSHOPS

Need to get brilliant fast? Our ever expanding collection of online training modules can help your team get up to speed when it best fits their schedules. Check out our web site at www.LearningCraft.com for the latest courses and prices.

ONE LAST THING

Because you've made it all the way to the end of this book and especially through my marketing, I'd like to thank you by giving you exclusive access to a presentation I gave last year at Harvard University.

This session explores some of the finer points of 'intuitive interactive design' as it applies to online communication. The video can be found online at <http://www.learningcraft.com/ffab>.

ABOUT ROB GRAHAM

Rob Graham has been an interactive communications and marketing specialist in the areas of production, training and marketing since 1990.

An adjunct professor at University of Massachusetts - Lowell and Harvard University, Rob teaches informational design and e-business classes. He is also the Founder and Director of Training at LearningCraft (www.learningcraft.com), a company specializing in helping brand managers, creative teams, agencies and web publishers, and other achieve maximum online marketing ROI using Rich Media, Behavioral Targeting and other online marketing technologies.

Rob is the author of *Fishing From a Barrel*, a guide to using behavioral targeting in online advertising and *Advertising Interactively*, a book exploring the development and use of Rich Media based advertising.

He is also a marketing and technology columnist for both Clickz and iMediaConnection and has covered Rich Media and Behavioral Marketing technologies since 2000.