

Mike Smith: *Targeted: How Technology is Revolutionizing Advertising and the Way Companies Reach Consumers*

AMACOM, American Management Association, New York, NY, 2014, 240 pp, Hardcover/eBook: \$24.95, ISBN: 978-0-8144-3499-4 (hardcover), ISBN: 0-8144-3499-1 (hardcover), ISBN: 978-0-8144-4901-1 (ebook)

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Published online: 14 July 2015
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The book in brief Mike Smith, who oversees digital ad platforms at Hearst Magazines' Digital Media, gives us a clear description and analysis of what has become known as behavioral targeting, real-time-bidding and programmatic advertising—the tools and techniques advertisers and their agencies now use extensively to track, analyze and exploit the detailed data people leave about themselves online.

Why you should read this book Mr. Smith says at the start: “My goal in this book is to explain clearly how powerfully enabling technologies such as paid-search advertising and real-time bidding work.”

He succeeds admirably. Mr. Smith is a terrific historian. You will finish the book with a deepened sense of how we got to here, of the ideas and approaches, the winners and losers, the relentless change that has occurred during 20 tumultuous years of experimentation and development in digital advertising.

Most important, though, *Targeted* sets the reader well along on the path to a solid understanding of the issues and implications of “Automated Marketing.” What happens to marketing, consumer privacy and pricing when it becomes possible to show *one specific ad to one specific consumer in one specific context* and to buy and sell that opportunity *instantly* and almost without human intervention? What happens to media that cannot deliver that one specific ad to that one specific consumer within the one-tenth of a second after it is bought?

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A new medium is never an addition to an old one, nor does it leave the old one in peace. It never ceases to *oppress* the older media until it finds *new shapes* and *positions* for them.

–Marshall McLuhan, 1964

When I started in magazine publishing in the early 1970s, ad sales was still a genteel profession with formalized roles and rules. Media sellers “positioned” the unique value of their media properties. Agencies and marketers evaluated and bought based on factors like circulation, total audience, demographics, editorial category, environment and advertising mix. Measurement was established and agreed upon: Politz, Nielsen, Simmons, TGI, Arbitron, Scarborough, ABC, MRI.

Advertising rates were still largely inviolable. Discounts in ad rates not specifically stated on the rate cards were rarely given. And the typical rate card had a copy and contract regulation that stated: “The publisher reserves the right to accept or reject all advertising copy at any time.” A quaint time, settled and certain.

From the middle 1950s on, the chief competition in ad sales for print publishers had been network television, a medium whose chief differentiator was its mass scale, called “reach”. Information about viewers was broad swath “ratings” got no finer than numbers of households headed by 18–49 year olds. Magazine and newspaper research, by comparison, became necessarily more thorough-going as publishing categories and titles proliferated to serve an increasingly educated population with diverse interests.

Besides, adspend increased ahead of GDP in most years. The traditional media found their specific roles in people’s lives and accommodated each other in an entrenched hierarchy with TV at the top.

Questions about accountability... did the advertisers get what they paid for?... which had been infrequently asked and only loosely and inadequately answered began to increase. And the pressure built for proof of performance.

By 1990, mass advertising had already started to become devalued in the eyes of marketers, a seemingly necessary but indefensible evil and expense. John Wanamaker’s century-old insistence, “I know that half my advertising is wasted, I just don’t know which half” was dusted off and became a drumbeat in finance-focused C-suites. The first responses by media companies were deeper discounts, followed by negotiated (off rate card) rates, then increasingly expensive “value-added” programs.

An industry goes bankrupt two ways: First slowly, then suddenly.

Erik Brynjolfsson and Andrew McAfee, *The Second Machine Age* with credit to Ernest Hemingway in *The Sun Also Rises*

Enter Tim Berners-Lee, the World Wide Web, and the new era of digital media and advertising. What happened next is best summed by Mike Smith himself in *Targeted*:

As with the Internet that spawned it, it [digital advertising] is changing the future we will inhabit. Even as “realists” assumed digital advertising was a gimmick with little utility, it went from a concept in entrepreneurs’ imaginations and the wishful thinking of venture capitalists to an apparatus

of commercial promotion that reached critical mass while many were still wondering if it was for real.

Smart people like those cited in *Targeted*, unencumbered by the need to maintain a current business model and not confined by the old rules of the game used their time beneath the radar of traditional mass media to do three important things:

1. Learn what their customers really wanted (e.g. advertising with clear outcomes).
2. Experiment with and build new kinds of systems to meet their customer's needs (Real-time-bidding, Paid search).
3. Align with and apply the evolving capabilities of the internet, with a close focus on changing consumer behavior with media (Global adoption of mobile).

The result is a profound change in what marketers now understand advertising to be and in how consumers expect to receive and respond to it.

There will be no going back as connected mobile devices increase in number into the billions.

Read this book. You need to catch up.

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