Behavioral Targeting: From Site Conversion to Acquisition and Beyond

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Relevancy. 2007 was the breakout year for behavioral targeting for both solution providers and marketers. According to **Forrester Research**, more than 75% of marketers were either using or evaluating the use of online behavioral targeting last year. A consolidation of tools aimed at delivering dynamic content on clients' sites as well as a continued expansion of networks purporting to provide sophisticated segmentation responded to meet the increasing demand.

Unfortunately, these solutions tend to work in silos: they either measure network performance or site behaviors; they fail to measure the impact of search, social networks, email, and ultimately offline interactions; and they do not provide a singular platform from which to launch consistent messaging regardless of channel. The benefit of combining these disparate approaches is huge in terms of relevancy, consistency, cost, and overall return on investment.

It begins off network. Behavioral targeting should not be limited to site activity. Many key interactions with your brand occur on third party sites (publishers, forums, microsites, partnerships, etc). Tracking and evaluating these interactions is critical in an effort to fully understand the impact they have on your primary business goal, whether that be awareness, sign-up, download, conversion, etc.

Third party ad serving and tracking platforms are ideal as they typically have a presence on these channels. This data can be leveraged to more effectively target customers before they even interact with your site. For example, a consumer might search for your specific brand. Clearly this person is aware of your brand. It is a waste to continue to message this person with brand/awareness ads. The next time we have the opportunity to market to this individual we should either message a different brand or use a direct response approach to move them closer to conversion. Similarly, customers who have visited certain sites or interacted with your brand in other ways (**MySpace** for example) can be segmented to receive specific content relevant to their position in the purchase funnel.
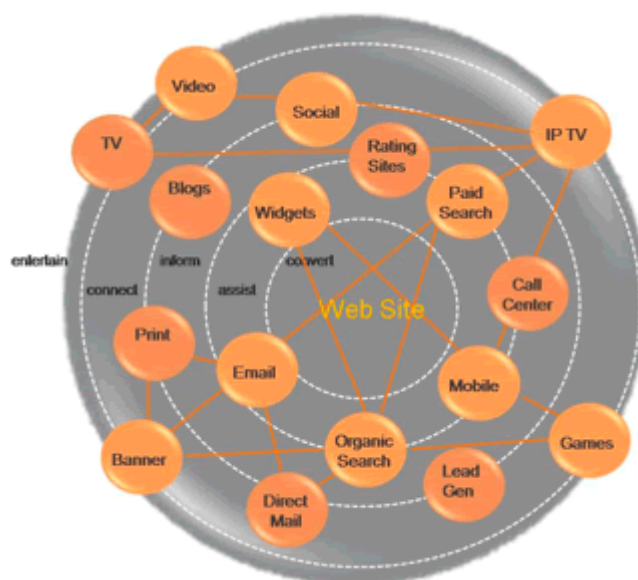
The importance of site behaviors. There is no doubt that your site reveals an amazing amount of information about your customers. Factors such as recency, frequency of visitation, pathing, visitation to key sections, purchases, downloads, session time, and registrations/logins can be leveraged to better segment and target relevant messages. But where to begin? The answer is to use three key levers:

1. Customer State: Where a customer exists in a lifecycle can be measured in several ways including the aforementioned 'off network exposures', frequency of visitation (including new vs. repeat), visits to key areas of the site, and of course, conversion. Customers should be profiled over time to understand their state. Micro lifecycle targeting, i.e. using creative specifically designed not to necessarily convert the customer but to move them to the next state, can be very effective in driving higher lift.

2. Test and Control Segmentation: The downfall of many targeting efforts is complexity. Time and again, marketers cannot resist designing extremely complex business rules and creative combinations with no ability to test effectiveness. A more productive approach is to begin simply. Start with one placement (on a landing page for example) with two or three creative executions. Using stringent test and control methodologies, this approach can instantly produce results paving the way for more complex segmentation schemes. Next steps include simple but effective segments like 'new vs. repeat visitors' 'geographic location' and 'booker/looker/prospect' (purchasers/site visitors who did not purchase/everyone else) are effective at providing lift while easy to execute. Expanding the placements to additional pages, additional segments, and creative should be included only after each additional execution is carefully measured for its effectiveness. Real-time or in-session behavioral targeting has not proven to be effective, in our experience, as a

methodical segment based approach.

3. Automated Creative Optimization: Many tools provide the ability to cycle through different creative executions comparing the performance of each against a conversion metric to achieve optimal lift. This approach can deliver high initial lift. The results tend to flatten over time as the champion/challenger method ultimately produces a handful of winners.

Leveraged together, the three approaches can be extremely effective in delivering results. The continued emphasis on customer state can influence how segments and creative are designed. Automation can quickly ascertain which creative is most effective at the segment level. Test and control ensures that results are not random but proven.
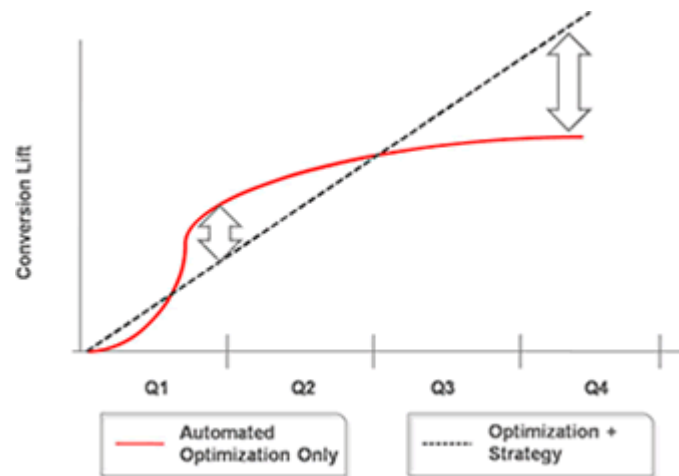
The customer converted: now what? Most content targeting plans are designed for customer acquisition. Few focus effectively on driving customers through a customer value/lifecycle. The profiles you have developed over time can absolutely be used to retain and grow your customers. Using many of the techniques discussed above, retention based segments can be created that are based on past purchase behavior, value (current and perceived), loyalty, etc. Furthermore, it is possible to tie offline data (CRM/DM segments, attrition models, purchase behavior, propensity modeling) to your online segments and targeting. While dependent on anonymous customer ID's that are consistent across both channels, this connection can greatly increase the amount of data available to micro target and move customers through a lifecycle.

Benefits of a holistic targeting approach. A single data platform is the key to leveraging segments and behaviors both on and off your site. While many tools can provide aspects of this targeting approach, none can provide both a complete view of customer behavior regardless of channel and the ability to message your customer with a consistent message regardless of channel. We recommend using the most ubiquitous of tools: your third-party ad server. While limited in terms of real-time decisions, the ad server has the unique ability

to collect information about your customer as they interact with your brand on other destinations as well as your site. Additionally, this approach is very scalable, tends to have low costs, and is typically only a single line of code providing easy experimentation.

Ultimately, the concepts of behavioral and value-based targeting will continue to get more complex. It is our belief that effective messaging strategy should be treated the same way you treat media buys. Strict test and control, consistency and relevancy will drive results and more than pay for the effort.

*This post on behavioral targeting is adapted from the Avenue A | Razorfish Global Solutions Newsletter and was written by Tim Barnes who leads our agency's **Global Business Intelligence Group***.