

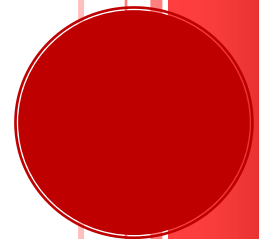
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## BEHAVIORAL TARGETING

*All you would ever want to know about behavioral targeting*

- What is behavioral targeting?
- Types of behavioral targeting?
- How does it work: concepts and technology
- Privacy concerns
- Choosing a behavioral targeting vendor

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## WHAT IS BEHAVIORAL TARGETING?

It is surely the new “buzzword”, everybody is excited about it, “pundits” tout it as the next big thing. But what does the term behavioral targeting really mean? Is it a fad or does it really promise to deliver value to marketers and their respective businesses? Let us try to explore this new field a bit in depth.

Simply put, behavioral targeting, as its name hints, is effective and targeted marketing of products and services to a select group of consumers exhibiting a particular behavior. In other words, it aims to target the marketing message to a segment which has the highest likelihood of acting on that message.

For example, if you are in tourism business, your target customer base would include individuals who are travel freaks. Of course, one of the traditional ways of reaching them could be to advertise on travel related websites or blogs. After all, it is quite obvious that people who visit such blogs and websites would likely want to purchase a travel package from you.

**Target the marketing message to a segment which has the highest likelihood of acting on that message**

But you must understand that such a method is sub-optimal. The intent of visitors to travel blogs and websites is quite heterogeneous. Some of them are there just to gather information, some of them stumbled there accidentally, and some of them are actually looking for reviews of travel packages. Wouldn't you want to treat visitors with different intents with different marketing messages?

This is what behavioral targeting all about. It enables you to snipe a customer according to what behavior she displays on the website or across different websites. (See types of behavioral targeting section for more details). For example, if Jennifer is a repeat visitor to your site, had spent more than 150 seconds on Shipping Policy page on her first visit, and is located in New York City, you would want to treat her differently than Jamie

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who is located Los Angeles, is accessing your site for the first time and has already visited your competitor's website.

Behavioral Targeting allows you to treat your customers/visitors according to who they really are: individuals. Targeting on the Internet works exactly the same way salespeople work in traditional retail stores, judging what does the person walking in the store has in mind and persuade him accordingly. It is truly a next step in evolution of how marketing done on the web. If you are any way related to marketing on the Internet, which is very likely given you have read this far, make sure you get an in depth knowledge of this exciting field in order to reap the benefits it has to offer.

## TYPES OF BEHAVIORAL TARGETING

The industry, in general, agrees that there are two types of behavioral targeting: ad network behavioral targeting and on site behavioral targeting and. While the basic essence is same for these two categories, it is nevertheless better if you understand the subtleties of the two and be clearly informed which of the two (or both the types) would you like to go ahead with.

**Ad network behavioral targeting.** This is the type which most marketers are familiar with. The advertisement networks on the web have a lot of websites as their publishers. These publishers display advertisements on behalf of the ad network. Now, the information on a visitor gained from one of the network's website can easily be leveraged to optimize advertisements being displayed when the same visitor visits another website which is part of the same network.

For example, let us assume that we have an ad network consisting of websites across different verticals: cars, food, entertainment, etc. As a visitor visits different websites across the network, depending on how much time she spends on a page tagged 'entertainment', how many music CDs she buys, how many ads and what types of ads does she respond to, a profile of her is made automatically by the ad network. She would be bucketed in one of the many pre-defined buckets of segments by the network. These segments could be like: "Food Junkie", visitors who like to buy a lot of food items from the internet or "Car Geek", visitors who like to keep abreast latest technology in cars, hence visiting car-technology pages quite often. There can even be more subtleties in the buckets, like "Car Geek" segment can be refined to have segments like "Sports Car Geek" or "Hybrid Car Geek".

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Once we have a profile or bucket to which the visitor belongs to, entire marketing efforts can be adapted towards it. Like for the “Car Geek” category, if the visitor visits some travel website, we know that this visitor is extremely interested in cars. So, while traditional ad-networks would have displayed some travel related advertisements, our behavioral targeting enabled ad network would display either car technology related advertisements or a combination of car technology and travel related advertisement. (Perhaps an advertisement for a car technology show in Germany!)

**There can even be more subtleties in the buckets, like “Car Geek” segment can be refined to have segments like “Sports Car Geek” or “Hybrid Car Geek”**

**On site behavioral targeting.** Once the visitor lands up on your website, what do you do? Do you treat all your visitors alike? Or, do you target content and promotions on your site depending on the type of visitor? On site behavioral targeting applies the same concepts of ad network behavioral targeting to a visitor experience on a single particular website. For example, you can segment your website visitors into different buckets: “Loyalists”, “Information Gatherers”, “Frequent Visitors”, “Heavy Spenders”, etc. Depending on what kind of behavior a visitor displays on your website, he would fall into one of your defined customer buckets. Now you can treat each of the buckets separately to maximize your business objectives. To cite an example, you would want to convert “Information Gatherers” into “Spenders” by offering discounts on products they are extremely interested in. And you could treat “Heavy Spenders” differently by up-selling and cross-selling products at the time they make a purchase.

On site behavioral targeting typically kicks in after the visitor has spent some time interacting on your website; only after that you can segment that customer in a bucket and target content accordingly. After all, a visitor has to display some behavior if behavioral targeting is to be of any use. So, typically, when a visitor arrives on your website, on site behavioral targeting can do little or nothing for you. This problem can be overcome by using both ad

network and on site behavioral targeting together. With this approach, when the visitor first arrives on your website, the ad network passes on to you the behavioral profile of the visitor which you can then use to target promotions and content to him right from the first page itself.

To conclude, behavioral targeting is a powerful technology which has two arms: ad network – which helps you target promotions outside your website and on site– which helps you target promotions inside your website.

## HOW BEHAVIORAL TARGETING WORKS: CONCEPTS AND TECHNOLOGY

Most implementations of behavioral technology work by tracking a person by setting a cookie on his computer. As he moves across the website (in case of on-site targeting) or different websites (in case of ad network targeting), with every request from his browser this cookie data is passed onto server responsible for behavioral targeting.

This server records a host of (anonymous) data. Typically, following types of visitor specific data can be tracked by the server (note that the list is not exhaustive):

- City and Country from where the visitor is accessing the website (useful for geo-targeting)
- Local time of the visitor (useful for determining if the visitor is a night or morning person)
- Browser used, Operating System, Screen Resolution, Internet Speed (is visitor accessing the site from his mobile? Is visitor technologically more savvy and using Linux? It is amazing how much information do visitor system statistics reveal.)
- Type of page viewed by the visitor (made possible by tagging the page)
- Time spent on page, when did he accessed this page last time and number of times accessed the page (tells us about interest, recency and frequency of the visitor)
- Made any purchases? Value of those purchases? (gives us an indication of how monetarily valuable a visitor is)
- Where did this visitor come from? If search engines, which keywords did he use? (useful for targeting content based on the inferred intent)

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through the use of keywords –for example, for the term “buy” and for the term “free”, you would want to tailor the content differently)

All this information, along with the information previously tracked as visitor moved across pages, is used to make a profile of the visitor. A visitor is said to belong to a particular profile (or segment or bucket), if he satisfies a criteria associated with that profile. For example, when a visitor freshly arrives on a music site, he may be put into “New User” profile by default. Now, if the visitor makes a purchase in Guitar section, he may be put into two profiles “Buyer” and “Guitar-Interested”. As the visitor makes another visit after say a week, he is put into another profile “Repeat Visitor”.

When we plan to display content or advertisements to the visitor, we look at what profiles does the visitor belong to, how recently was he allotted to those profiles and make a decision accordingly. For example, there might be following business rules:

- Cross-sell guitar lessons to the visitor who belongs to segments: “Repeat Visitor”, “Guitar-Interested”, “Buyer”.
- Offer a discount to the visitor who belongs to “Repeat Visitor” but not “Buyer”
- Promote free online guitar lessons to the visitor who belongs to “Guitar-Interested” segment

Behavioral targeting can accommodate the rules described above with ease. In fact, even more complex targeting rules are possible:

including tens of segments, which further includes tens of criteria. It is important to note that, all this processing takes place on-the-fly. As visitor browses the website, his profile is assembled plus he is being targeted at the same time using the amount of information the system currently has.

**When we plan to display content or advertisements to the visitor, we look at what profiles does the visitor belong to and make a decision accordingly**

## BEHAVIORAL TARGETING: PRIVACY CONCERNS

Most people, when they learn about behavioral targeting, immediately get scared of its implications on visitor's privacy. Perhaps, they think, you are being a stalker tracking your visitor with every page she visits, every action she takes. It is right that all the information is being tracked by the system, but it is not anything new and recent.

Since the advent of the Internet, "logs" have been present on almost all the websites. Whether you like it or not, whenever you access a website, your information is being logged for analytical purposes. Traditionally, these logs were used for determining number of visitors, popular pages on the website and other such metrics.

Behavioral targeting simply uses existing logs to target content to the visitor in real time. Moreover, the platform never knows any personally identifiable information about the visitor. It never gets to know name, phone number, email or any other such information. All it knows is *cookie\_id* which acts as a proxy for the visitor.

What this means is that the visitor can effectively easily erase all her information by simply clearing the browser's cookies. This also means that a visitor will appear as two separate visitors if she visits a website from two different computers.

Behavioral targeting is a win-win for both the visitor and the advertiser. Isn't it valuable to the visitor to see advertisements which are relevant to her? If what visitor is really interested in is "cooking", why display "gardening" advertisements to her?

**Whether you like it or not, whenever you access a website, your information is being logged on for analytical purposes**

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In conclusion, while at first behavioral targeting seems to be very privacy-intrusive technology, it is in fact very safe. With many platforms, visitors even have the option to opt-out of tracking and targeting. As illustrated above, it is even beneficial to the visitor. So using behavioral technology does not pose great privacy concerns for the marketer.

## CHOOSING A BEHAVIORAL TARGETING VENDOR

In the behavioral targeting arena, there are literally dozens of vendors competing with similar-looking offerings. As someone who is interested in reaping benefits of targeting, you would surely be confused about which solution is the best fit for your needs. We enumerate some of the important questions you should ask when choosing a vendor:

- How scalable is the platform? Will it be able to handle thousands (or even millions) of visitors on your website daily?
- If it is an advertisement network, what is the reach of the network? What kinds of internet users see its advertisements?
- Is it a hosted solution or a solution that you would have to install on your premises? In case of hosted, what is the uptime of the solution?
- Do you get to own data?
- What kinds of reports does the platform generate?
- Does the vendor provides just the technology or provides full range of services including targeting strategy, creatives, support, etc.
- Last but not the least, what does it cost? Does it justify investment? What is its ROI?

Even though we have our own proprietary targeting solution [TargetOpti](#), if you need expert help in evaluating vendors, [contact us](#) now. We would be glad to sort out the jungle for you!