

Internet advertising via "behavioral targeting"

By Eric J. Sinrod

September 28, 2004

USAToday.com

Let's face it – Internet advertising can be very annoying. Those nasty pop-up ads and banner ads seem to be everywhere. Worse, these ads, while ubiquitous, rarely contain content of interest to the particular viewer. However, all is not lost.

"Behavioral targeting" Internet advertising is coming to the fore, and it's designed to present information truly of interest to a specific person. This may sound a bit like the arrival of Big Brother, but read on as to how such a permission-based approach can work.

Practically all people are consumers. Virtually all consumers buy products that are advertised. However, much advertising is not accepted by consumers. The majority of advertising is brash, intrusive, or irrelevant to a given consumer's needs at a particular moment in time.

To overcome this problem, the traditional approach has been to "build brand" — constant repetition instilling an association in the consumer's mind, such that when a need arises, the consumer will make the need\brand association, resulting in a purchase.

While traditional brand advertising still has a place, whether through television, direct mail, the written press or billboards, it presents two significant problems: cost and timing. Furthermore, with rapid product development cycles, a very crowded market caused by product line diversification by known brands, and the need to react rapidly to competitor campaigns, the clamor for consumer mindshare has become interruptive noise.

Also, the timing of targeting frequently fails to meet the needs of the consumer or the advertiser, owing to the advertising production and publication lead times. Telemarketing addresses the lead-time problem, however the intrusion and interruption that result frequently damage (expensively acquired) brand equity.

The ability of real-time, interactive and instant communication to address these issues was the promise of the Internet. Unfortunately, from the beginning, most advertisers and promoters have simply morphed the unidirectional methodologies of traditional media into a rapid-response medium.

This approach has exacerbated consumer dissatisfaction. In the scramble for consumer attention, advertisers have created increasingly intrusive ads, often using deceptive imagery to lure the user to a destination. However, because the destination now is instantly accessible, as opposed to the old paradigm that required a visit to a store, the user can compare the enticement to the reality in a click of a mouse. The user can now see through any deception.

In turn, the advertisers and their agencies have viewed poor results as a function of size and position. Thus, advertising has become bigger and more intrusive, while user dissatisfaction has increased as advertising has replaced content — the reason that the user was at a Web site in the first place.

But in this darkness, there may be a glimmer of hope. Although for the hope to be realized, advertisers and their agencies must understand the medium and embrace the available technology. Advertisers and Web publishers should understand that content is king. They should understand that users do not want to be exposed to products and offers, unless in the context with their current interests. Accordingly, the context of content must guide and inform the placing and functionality of advertising.

This principle is behind the latest online advertising catch phrase "behavioral targeting." Unfortunately, in most implementations behavioral targeting stops short of its true potential, simply classifying users by a single interest and forcing them down a single path. In spite of this, Internet advertising has recovered somewhat from the post-dot.bomb doldrums. Still, much of this advertising is wasted. Much of this waste is driven by a focus on targeted interruption, not a focus on targeting to gain permission from the consumer to interact.

But help is on the way. For example, morefocus group inc., an Internet and technology company, has developed and pioneered the concept of anonymous interest profiling. The approach centers on gaining a true understanding of consumer's wants and needs through interaction with content targeted to multiple needs and reading levels, then applying this understanding to engage the consumer and gain permission to enter into a dialogue, specific to the consumer's needs.

With a stated commitment to consumer privacy, the morefocus approach gains an understanding of the consumer's multiple interests through interaction with content, then applies predictive analytics that compare the anonymous user's action with data from previous users. This approach seeks to maintain consumer privacy while limiting advertising impressions to those only targeted at a specific programmed user profile. In doing so, users have access to valuable, timely content without needless interruption.

The system involves the publication of clusters of information-only Web sites that address specific topics in detail. The Web sites are written to address audiences of differing reading levels, and linked together to allow the audiences to be filtered by their interests and the collection of psychographic data on opt-in registrants. The dynamic filtration enables "in-context" promotion, for branding, e-commerce applications and surveys. The clusters of sites are grouped, allowing users simple navigation and focus once they have drilled down to their area of interest. The technologies have undergone continuous development. Today, the tracking, profiling, predictive analytics, content management and CRM applications are bundled in a single tool.

With Internet traffic already passing 20 million monthly page views, it is the intention of morefocus to commercialize its content and technology, directed primarily at its healthcare and cross-channel retail marketing sector where its behavioral tracking and data acquisition tools have shown the highest return. In line with this objective, morefocus has started building marketing partnerships with major corporations in its primary sectors.

Is this the wave of the future? Time will tell, but it already seems to be an improvement over past advertising models.

*Eric Sinrod is a partner in the San Francisco office of Duane Morris (www.duanemorris.com), where he focuses on litigation matters of various types, including information technology disputes. His column appears Wednesdays at USATODAY.com. His Web site is www.sinrodlaw.com, and he can be reached at ejsinrod@duanemorris.com. To receive a weekly e-mail link to Mr. Sinrod's columns, please send an e-mail with the word *Subscribe* in the Subject line to ejsinrod@duanemorris.com.*

Reprinted here with permission from USAToday.com.