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Online Advertising: Understanding the Art of Targeting & Retargeting

Preetha R.

Research Scholar, M.Phil. Management, Christ University, Bengaluru, Karnataka, India

Dr. Jacob Joseph K.

Associate Professor, Department of Management Studies, Christ University, Bengaluru, Karnataka, India

Abstract:

In recent years online advertising has taken a major role in increasing the consumer awareness and buying potential. Today majority of the companies use internet as a medium to advertise their products and services to the consumers. Advertisers keep innovating to find new technologies which would help them attract the attention of the consumers. This paper discusses the major changes that online advertising field has undertaken, new techniques which has emerged and how the consumers are influenced by this.

1. Introduction

Advertising started back in 2000 BC when Egyptian's started carving public notices in steel, from that point of time advertising has undergone its evolution with the advent of new technologies. The biggest of which came with the introduction of World Wide Web. Internet provided the companies a very feasible way in which they could reach out to their customers as never before. As a result more and more companies choose online websites to advertise their products online.

India stands second among the nations with a global consumer confidence index and number of internet users in India is showing a consistency in number of net surfers by at least 50 million annually. There for the companies has been investing heavily in the Indian market in online advertising. There for the people who view these advertisements are also considerably high in numbers. This paper discusses a detailed view on online advertisements and its evolution, different kinds of online ads which emerged over the time; here we discuss the concepts of online behavioural targeting and online behavioural retargeting in detail and also the role of government bodies in validating the content of the advertisement message.

2. Internet Advertising

2.1. Evolution of Internet Advertising

Internet usage began in 1990s and it was the same time around online advertising started gaining acceptance. The beginning of online advertising was in 1994 when Hot Wire sold first Banner on the company's own site, and later online advertising evolved to become a key factor in which companies achieve fair returns for their products and services (Kumar & Rawat, 2013). Online advertising is a type of mass communication which is based on traditional form of advertising but develops its own communication strategies in correlation with the new technical and medium based requirements. Broadly, online advertising is about delivering advertisements to Internet/online users via Web sites, e-mail, ad-supported software and Internet-enabled smart phones (Deshwal, 2016). According to Internet World Stats (2014), the number of people using the internet up to 2012 exceeds 2.41 billion. This number represents about 34.3 percent of the total population of the world. In Jordan, the number of internet users has also risen exponentially. In fact, internet penetration rate in Jordan has risen from 13.7 percent in 2006 to 67 percent in 2012 (TRC, 2014). This wide spread of internet technologies along with their advancements not only has a revolutionary impact on people's life, but also their impact on business operations is evident.

There were a series of Adhoc organizations created in order to promote the regularity framework and also to create necessary tools for the online advertising industry to survive such as Coalition for Advertising Supported Information and Entertainment (CASIE), Interactive Advertising Bureau (IAB), the Future of Advertising Stakeholders (FAST) (Bermejo, 2011). The very first type of online advertisements was Traditional exposure ads which was mainly based on sponsorships, the advertisers basically paid a certain amount to have their banner advertised on certain websites for a limited period of time. Then came the language related advertisements which focussed more on the words what appears in the display of the ad, this is when keyword search began to gain high prominence. Finally the advent of behavioural advertisements marked its presence during 2008 where in consumers were more analysed based on their shopping habits.

Different kinds of online advertisements include Banner ads which include a graphic image or an animation on a webpage, Pop-Up and Pop- Under ads which usually opens in smaller window, Floating advertisements which simply appears in a layer on the content and Map adverts which appears on an online map

2.1.1. Advantages and Disadvantages of Online Advertisements

➤ Advantages

- It is very easy to understand. A banner advert when appearing on a web page can convey a simple message which the consumers can easily grasp.
- Different forms of advertising such as images, videos or animations can capture the emotional aspects of the consumers very easily.
- Online displays are much feasible compared to television ads or hoardings and can cater to a large group of consumers at the same time.
- Advertisements which appear on Rich media has high level of consumer interactivity and increase the recalling capacity of the consumers about the products or services shown.

➤ Disadvantages

- Consumers can get annoyed with lots of adverts being shown to them at the same time with contents which they are not so keen on.
- Online advertisements are ineffective if the consumers have Ad blockers in their browser. A lot of people are using this in order to block the ads which disturb them.
- Lack of marketing skills of the advertisers can lead to the consumers ending up viewing excess of contents which is more of impression creator compared to information giving.

3. Behavioural Targeting

Online behavioural advertising involves the tracking of consumers' online activities in order to deliver tailored advertising. The practice, which is typically invisible to consumers, allows businesses to align their ads more closely to the inferred interests of their audience. In many cases, the information collected is not personally identifiable in the traditional sense – that is, the information does not include the consumer's name, physical address, or similar identifier that could be used to identify the consumer in the offline world. Instead, businesses generally use “cookies” to track consumers' activities and associate those activities with a particular computer or device. Many of the companies engaged in behavioural advertising are so-called “network advertisers,” companies that select and deliver advertisements across the Internet at websites that participate in their networks (FTC, 2009). Behavioural Advertisements basically started gaining attention in 2008, companies like Amazon and Diapers.com started coming up with advertisements that would be displayed in social sites such as YouTube, Facebook etc. Now almost all the online retailers use these technologies for better consumer awareness.

3.1. Types of Data Collected

According to Graham (2006) there are majorly two types of data that the publishers collect which is Declared Data and Observed data. Declared data is one which the consumer willingly gives his information for example at the time of purchasing or registration online, the consumer will give his personal details such as name, email, address and contact number. Observed data is the one which are extracted by the publisher based on how a particular consumer uses the website. A lot of information can be collected through cookies, the kind of products that are chosen, how many times has a customer visited the webpage, purchasing style of the customers can be analysed as well.

3.1.1. Different kinds of Behavioural Targeting

- **Demographic Targeting:** in which the targeting is carried out based on the demographic details of the customers. For example, age, gender, place etc.
- **Contextual targeting:** one of the oldest form of advertising, where in a simple message is shown on the website to seek the attention of the consumers.
- **Psychographic Targeting:** Based on the lifestyle and personal interest of the consumers, adverts are displayed to them.
- **Technographic Targeting:** here the consumers are analysed based on the technology they have with them for example the kind of system they own or the internet speed etc
- **Centographic targeting:** arises based on the characteristics of certain class of population.

4. Behavioural Retargeting

Behavioural retargeting is a form of online advertising where in the consumers are analysed based on their previous shopping behaviours. From this analysis a tailor made advertisements are composed with the products and services that would probably be viewed or purchased by the consumer. Whenever a consumer browses a website for shopping, small files containing certain amount of data specific to that particular user are stored in user's computer such as cookies, tags etc. These internet data enable companies to track the activities of consumers. Using this data a profile is created. From this profile certain information about the products seen by a consumer can be acquired. From this information a customized advertisements are created and presented to the consumers.

4.1. Types of Retargeting

- Email Retargeting: consumers are retargeted when they open the mails sent by the advertisers
- Site Retargeting: mainly carried out on the consumers who visit certain shopping websites but leaves without purchasing
- Social Media Retargeting: Displaying the advertisements on social media websites such as Facebook, twitter, YouTube etc.
- Search Retargeting: Based on the keyword search a consumer gives and visits a website, retargeted adverts are displayed to them
- Mobile Retargeting: the most recent trend is retargeting through mobile applications of the consumers. Today maximum retargeted adverts are displayed on the mobiles due to the high usage of internet and shopping using mobile apps.

4.1.1. When is Retargeting Successful?

Generally retargeted adverts act as a reminder for the consumers to back to website and purchase. Below are a few distinctive points when retargeting is successful

- Retargeting may be a success if the adverts are shown to relevant consumers i.e. if there is parity between the products viewed by the consumers and the kind of ads that are shown to them
- Showing too many adverts to the consumers may bring down the value of the product or service in their eyes. Hence it is always safe to use limited number of times the ads to be displayed for them
- Sometimes retargeting may also work by displaying ads of the products that they have browsed for and also some of the closely related products as well. For example if the consumer is travelling and is booking tickets, he can be also helped with showing ads on a few hotels for staying.
- It is highly important to check the duration for each these adverts are displayed to the consumers. For a better brand value it is always recommendable to show the adverts for a shorter duration to the consumers
- It is always better not to retarget a consumer who has visited the shopping site just once or twice.

5. Privacy and Security

Starting in 1995, the Federal Trade Commission (“FTC” or “Commission”) has sought to understand the online marketplace and the privacy issues it raises for consumers. The Commission has hosted numerous public workshops and has issued public reports focusing on online data collection practices, industry self-regulatory efforts, and technological developments affecting consumer privacy (FTC, 2009). The most prominent FTC deceptive practices enforcement action to date involving the online advertising industry was against Google. In August 2012, Google agreed to pay a record \$22.5 million civil penalty to settle FTC charges that it misrepresented its cookie and targeted advertising practices to users of Apple Inc.’s Safari Internet browser (Levin & McCain, 2014)

Self-regulation in the online advertising industry has worked in some areas, but needs strengthening in some key respects. On the privacy side, self-regulatory groups such as the Digital Advertising Alliance (DAA) and Network Advertising Initiative (NAI) have created guidelines and standards widely adopted by online advertising companies. Detection of deviation of those standards and punishment for noncompliance has sometimes been weak, as examples in this report indicate, but there are enforcement mechanisms that do hold companies accountable in some cases. Comparable standards and enforcement mechanisms have not materialized for online advertising security, however. A new industry effort to address fraudulent advertising called Trust in Ads was launched on May 8, 2014. (Levin & McCain, 2014)

5.1. Major Concerns with Security & Privacy

- The information collection process and the extent to which the information are collected are still unknown. The consumers are not asked for the consent with no control over the data collected
- Since minors or children do not have the right ability to evaluate the advertisements, they are more vulnerable
- There is a considerably high chance of consumers targeted with high price discriminations
- Certain sensitive details of the consumers can be easily analysed through targeting for example, their financial condition, personal interests, age etc.

6. Conclusion

The paper discussed about the evolution on online advertising, the new technologies used in the current phase of advertising. Although retargeting and targeting are much customized and in alignment with the consumers’ preferences, the privacy concerns that these technologies raise are questionable. These technologies collect personal data of the consumers without their direct knowledge. The question arises as to the extent to which these data are circulated and being used.

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