



Savvy Behavioral and Contextual Marketing Online

Online marketing has created new opportunities for advertisers to reach target markets both behaviorally and contextually. The savvy marketing executive can utilize online marketing in a variety of ways to gain new business and reach consumers who otherwise may never order in the traditional direct response (DR) models and convert them to sales.

What are the benefits of *behavioral* and *contextual marketing* online? How can you successfully use these concepts online to drive your costs of acquisition down?

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According to Jeffrey O'Connor, vice president of sales and media for Livemercial, an online direct response company based in Valparaiso, Ind., "Behavioral marketing now enables you to provide more relevant information to each consumer. This means you can reach your target customer at the exact time they express an interest in your business or type of product."

Websites and *ad ware* (software applications that track online usage patterns across the entire Web) can capture enough information to target and influence pre-purchase and point-of-purchase decisions toward your

particular direct response product, particularly in categories where there is stiff competition. The behavioral and contextual program also solves an important problem that direct response companies have with consumers in the hard to reach consumer profile. Since many DR product brand names initially aren't in a consumer's consideration set, companies that specialize in online marketing can find and message users who are interested in the type of product offered, while minimizing wasted reach and frequency.

In the past, advertisers tried to anticipate where best to market to potential customers using demographic information. Typically, they were fortunate if they just hit 10 percent of their target market. This was costly and time consuming. Online marketing is easier to track. Using behavioral marketing online, a consumer can be profiled more definitively—reaching 75 percent or more of your target. It also can bring a greater return on investment (ROI), because the cost of media to reach the target audience is drastically reduced.

HOW DOES IT WORK?

Let's take the competitive world of diet ingestible products in direct response as an example. In demographic marketing, online media firms may buy 1,000 ads geared to the 18- to 36-year-old female demographic with an annual household income of more than \$50,000. Less than 8 percent of those women will be actively shopping for a diet solution—which gives us a population of 80 women. Of those 80 women, the ad targets the 10 percent who are interested in a pill solution to their diet—giving us a total of eight women who are interested in a diet-pill solution. "By contrast, with online behavioral targeting, you're buying 1,000 impressions to consumers who

have indicated through Web-surfing behavior that they have an interest in diet offers with a pill solution. This typically translates into behavioral targeting that shows a 25 percent rate of interest in the advertisement, increasing the pool of candidates to 250 candidates as opposed to eight," says O'Connor.

The benefits of behavioral and contextual marketing online are phenomenal and the pricing structures are something that direct marketers will also find enticing when working with an online media agency. The targeting capabilities are just the tip of the iceberg; the true value comes in the different ways media companies are able to purchase this form of media.

O'Connor explains, "We typically purchase behavioral marketing on a cost-per-click (CPC) model in the beginning of a DR campaign, rather than when the product reaches the point of retail distribution. In this purchasing model, we're only serving ads to those people who have indicated an interest in your category...but even better, we only pay for the ads where someone actually clicks through to your landing page, and this is done with pop-ups and banner advertising."

OPENING NEW DOORS

Reliable online media firms excel at driving retail sales, while maintaining profitable CPOs and driving retail for DR campaigns. Purchasing media on a cost-per-click basis when you have your call to action being

played instantly in your creative unit online adds commercial impressions to your audience—without having to truly pay for the exposure—unless someone clicks through the creative unit. "In a sense, online DR companies are giving clients free commercial impressions, since they are only paying for click-through traffic," says O'Connor.

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Ron Steblea of Allstar Marketing in Hawthorne, N.Y., used online behavioral and contextual marketing for the first time this year. "We are reaching users that typically aren't buying through TV, and the targeting element online is really an added bonus," he says. "Ultimately, we are fueling our retail sales from the reach to our target audience with behavioral marketing, while acquiring sales that we haven't had before. The real bottom line is that the cost per orders is right in line with our product expectations, and it's another new media channel that's helping expand the direct response business."

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"The question that always seems to

come up after the first success a company has with a behavioral campaign is, 'How scalable are the results and what is the reach or universe we can hit?'" notes O'Connor. "There are roughly 20 online behavioral networks that have databases of people with anywhere from 5 million to 60 million. Volume and burnout isn't a concern with the biggest networks,

and we sometimes run out on the same network for over six months before we start to see fatigue in the media. The smaller networks typically last about six to eight weeks."

Since people must download the ad ware that is typically given in exchange for free software online, potential new customers come into the publishers' databases every day. "As new viewers install and old viewers un-install, we've seen a fatigued media network come back to life after an eight-week lay-off. The databases are constantly being turned over with unique, fresh viewers," adds O'Connor. ☛

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