

WHAT IF MARKETERS COULD READ CONSUMERS' MINDS?

Do marketers know what we want better than we do?

With the wealth of data at their command, marketers can target consumers with uncanny precision, offering tailor-made deals at the very moment people seem most willing to buy. Will this trend result in more sales and more satisfied customers?



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Our experts weigh in:



Tracking and targeting technologies keep getting better and better. This frantic pace of development could lead you to think that marketers' ultimate goal is to target consumers so precisely as to actually eliminate the need for shopping: "Need something? We already knew you did... In fact, we know exactly what you want: don't bother looking, we're displaying it for you right here."

However, I believe that an excessive focus on technology can make us overlook the sociological factors that condition consumer behavior –beyond the perfect fit between the consumer's needs and the advertising shown to him. One of these factors is the simple reality that many people just like to shop around. But is this relevant? Aren't we talking about increasing sales? The answer to both questions is: Yes. If we want to increase sales, we cannot think of the act of buying merely as a transaction that we need to optimize; for consumers shopping is an experience, and it is satisfactory experiences that drive loyalty.

Well-designed experiences can also impact other key metrics, such as purchase amount or the effectiveness of cross-selling and up-selling efforts. The question I would like to put forward is the following: does precise targeting result in a good experience for consumers? I believe it may not be the case.

Imagine that you go into any type of brick-and-mortar store, say a bicycle shop, with the intention to find a product you want to buy. Now imagine you see only a single bicycle on the floor. As it happens, the store has a lot of information about you (preferences, hobbies, etc.) and their highly sophisticated algorithm has determined that the single bicycle on display is the perfect one for you. Would you actually buy that bicycle?

I'll wager that most consumers would answer: "No." The bicycle may be perfect, but most of the key elements of a good shopping experience are missing. As consumers, we like to look around, we like to compare, and I believe that we actually need to see other similar products which we do not want to buy in order to feel comfortable with our decision to purchase the item we do want to take home.

Another fundamental drawback of targeting is that it is based on rules (whether they are completely predefined or drawn from observed behavior). But purchase decisions are not entirely rational and therefore may not be accurately predicted by targeting algorithms. You may buy on impulse today, then not again for several years. You may examine every detail of ten dark grey SUVs and then at the last moment decide to go for the pink roadster you've always secretly yearned for. In this type of scenario, it is not precision targeting but the pleasure of variety that can make both marketers and consumers happy.



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With the wealth of data at their disposal, marketers can target consumers with uncanny precision, offering tailor-made deals at the exact moment consumers seem the most willing to buy. Will this trend result in more sales and more satisfied customers?

Quite simply: Yes. As we all have become accustomed to free content at our fingertips, we consumers have adopted a “seek and assist” approach to the online platform. Either we know exactly what we’re looking for, or else we search until we find help and guidance. “Assistance” can come in the form of a tweet, an email, or a feature editorial on the homepage of AOL.com. Online ads, on the other hand, are falling out of favor as sources of immediate assistance. According to “Natural Born Clicker,” a study from ComScore and Starcom USA, the number of those who click on online display ads has dropped by 50 percent over the last 21 months.

Understandably so. When I go online, I am bombarded by ads with zero relevance to me or my lifestyle. You know what I mean: Credit Union with 100 percent free financing, 2010 Hybrid, Go back to College for Free. Wouldn’t these impressions be better served to people whose behavior indicates that they are in the market for those products or services? Especially since today marketers can do just that.

As the digital ecosystem evolves, so do analytical insights which allow marketers to target, with timely precision, online consumers who are well into the purchase funnel. It just makes sense to serve ads to people who are already aware of or considering your (or a competitor’s) brand. We have many tools that allow us to learn from users’ behavior and then leverage those insights to target the distribution of impressions to serve the right message at the right time to the right consumer.

When awareness is the goal, we go after reach, buzz and engagement. In that scenario, wide-reach, high-impact units are preferred. But when aiming for conversion, targeted ads invariably deliver the best results.

Marketers can of course target peripherally by channel, content and category. However, analytics has evolved to enable us to target and re-target online consumers based on behaviors when visiting publishers’ sites for example or on brand websites. When you sell online, doesn’t it make sense to focus on people who not only show affinity for your brand but who are also in the market for your product? And shouldn’t your strategy call for creative that addresses exactly what your target is looking for within that same user session (or shortly thereafter) to feed a sense of immediacy and urgency?

Let’s say I’m researching a ski vacation for my family and that I’ve hit on a few resort websites. Clearly, I would be most inclined to engage with an online ad that immediately lets me know of vacation packages available from Atlanta starting at \$599, including airfare. An image of a family on a ski slope would make the ad that much more persuasive and relevant.

As consumers, we feel more compelled to take action, immediately or shortly after exposure, when the product advertised is one we have already shown interest in. This is evident in advertising metrics we’ve analyzed for our own clients, where engagement and conversion rates increase by as much as 75 percent for ads targeted further down the sales funnel.

That figure rises higher still when we use insights acquired through analytics to dynamically generate relevant images and copy.

After all, would you rather interact with an ad for a product you want from a site you know, offering free shipping, say, or a coupon or a special invitation – or with a random banner ad? Targeted, relevant online ads help turn searching consumers into satisfied customers.

TARGETING: THE NEW PILLAR OF DIGITAL MEDIA STRATEGY

Pablo Melchor cautions marketers about excessive reliance on targeting technologies, warning that it might lead us to neglect the emotional pleasures of variety and the experience of shopping around.

But by and large, Forum participants expressed optimism about the opportunities that targeting opens up for our clients – and for digital agencies. Gary Templeton, for example, pointed out that:

“... site retargeting, creative retargeting, behavioral targeting, mobile app dev, Facebook fan pages, Twitter fan pages, dynamic creative, etc., all are designed to deliver back to the client’s planned KPIs. These combined actions allow us, digital marketers, to now take a seat at the “big table” when marketing mix budgets are determined and AORs are decided.”

Amy Manus sums up the discussion and offers her perspective in our POV.

Opportunities for optimization

In a time when advertising dollars are down, digital continues to drive growth. And if that is the case, it is largely because digital offers the ability to gain insight and results through analytics. Targeted media provides vast amounts of data, which give marketers the opportunity to devise metrics and variables for optimization analysis against key performance indicators.

Targeting extends beyond the online environment to the digital platform in its entirety: marketers can reach consumers effectively through a variety of methods, including social marketing, email marketing, and mobile efforts. But keep in mind that the fundamentals still apply, even to advanced targeting techniques. Among the basics: recognize your target consumer; identify the context; determine when and where people will see the message; and establish the means of communication. Once you decide to use advanced targeting methods, be sure to take advantage of tools like dynamic creative and attribution modeling. That way, in addition to covering the basics you’ll benefit from increased relevancy and insight.

A few caveats concerning consumers

When you consider targeting, it’s essential to think about your consumer’s interests as well. In a December 2009 Deloitte report titled “State of the Media Democracy Fourth Edition: Select U.S. Highlights,” 54 percent of users declared that they were more likely to click online ads if they were targeted to their needs. Indeed, our own experience teaches us that for consumers, relevancy is a key factor. So is privacy – a subject that will surely remain on consumers’ radar, since legislation in this area is still pending. Because consumers continue to voice concern over how

much Big Brother really knows about them, it’s advisable for marketers and advertisers to understand the methodology behind publishers’ targeting programs.

A top trend for 2010

As 2009 drew to a close, experts offered the traditional end-of-the-year glimpses into their crystal balls. No stranger to this practice, Geoff Ramsey released his “Seven Predictions for 2010 from eMarketer’s CEO.” Four out of the seven refer to targeting, including those touching on media fragmentation; personalized media based on consumers’ online behaviors; increasing engagement and efficiencies; and identifying the users most likely to respond.

Although it cannot be the sole foundation of a sound media plan, as tools and techniques become more sophisticated, targeting will inevitably emerge as a central pillar of integrated media strategies.