

Stepping Up Search: How Behavioral Targeting Can Enhance ROI

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WHAT BETTER WAY TO IDENTIFY a potential customer than by his or her own actions? Search engine marketing is one way to do it. By purchasing paid listings, advertisers get their Web sites in front of self-selecting consumers who are likely to be good leads for business. Search is a great way to get clicks, but what then? How can marketers be sure those consumers are given every possible opportunity to convert into buyers?

With the popularity of search engine marketing resulting in continually increasing keyword prices, these questions are more important than ever. And behavioral marketing may hold the answers, enabling advertisers to turn potential customers generated by search into bottom-line conversions. According to eMarketer, by the end of 2005, spending on behavioral targeting will reach \$934 million and will account for 8.3% of all online advertising spending. If 2004 was the year of search, 2005 is the year of behavioral targeting. Although search will still account for an estimated 38.5% of total online spending, behavioral targeting is becoming a critical tool for getting more from every search dollar.

The smart way to search

As search listings become more costly, success depends on taking advantage of every possible opportunity for optimization. Marketers who still depend on manual or rules-based bidding platforms are not fully capitalizing on their search listings, and it's costing them. Switching from a manual platform to an automated one enables marketers to manage terms, track results, and update bids on a frequent basis based on keyword performance, ensuring that every penny is spent wisely.

Similarly, most rules-based platforms determine bids on a term-by-term basis, which means they fail to account for term relationships within a campaign. Marketers are wise to invest in technology that optimizes all terms across engines--individually and as part of a portfolio, according to overall goals, such as budget, cost per conversion, sales, or margin.

Simply tracking clicks is another trap many marketers fall into. Only conversion tracking can measure which terms are resulting in actual sales--a better basis for bids to achieve cost-per-acquisition goals.

Behavioral basics

The notion behind behavioral targeting is relatively simple. Using anonymous data, it enables marketers to deliver ads to consumers based on their recent online behavior--i.e., what they recently bought (or basketed and didn't buy), where they surfed, or what they searched for. Based on this information, ads can be tailored to drive users back to the advertiser's site to complete the desired registration, purchase, or other action.

Most marketers leverage behavioral targeting through specific publishers, targeting certain behaviors across a publisher's Web site. Better yet, advertisers can market across groups of Web site publishers by investing in a network solution. Networks aggregate multiple Web

sites to form the desired audience, such as consumers who are interested in travel-related content.

However, using behavioral targeting to track activity solely on external Web sites ignores valuable activity on the marketer's own site. Tracking user behavior on one's own property makes remarketing possible, and can dramatically increase the likelihood of conversion. Research from Advertising.com indicates that this type of network-based behavioral targeting can improve click-through rates anywhere from 94% to 225%--and conversion rates up to 3,000%.

Beyond search

Both search and behavioral targeting are rooted in consumer action. They capture consumers with a demonstrated interest in, for example, travel to Florida, whether they actively search for "Florida vacations" or simply visit the Web site of a Florida resort. However, search is limited to simple text listings, with little room for personalization. Behavioral targeting can push search to the next level by employing graphic ads featuring custom content based on user activity. Combining these two tactics is a powerful way to convert consumers who could easily be lost using search tactics alone. For example, behavioral targeting can be used to convert consumers who clicked on a search listing, but for some reason did not purchase.

An integrated search + behavioral campaign might work like this:

1. Consumers enter the term "Florida vacation" into a search engine. Through search engine marketing, you can ensure that your listings appear among top search results.
2. Consumers click on your listing and visit your Web site.
3. After consumers exit your site, you can deliver targeted ads to those users based on their site activity, as well as their keyword searches. This activity can include: clicked-but-did-not-purchase, abandoned shopping cart, purchased a product, etc.

Improving performance

Even if the consumer clicks on your search listing and leaves your site without booking, he or she may still be looking for "Florida vacations." Or, for example, if a consumer purchases airfare to Florida via your site, he or she may be also still be interested in booking hotel reservations. Behavioral targeting enables sequential messaging to convert these in-market consumers. You've paid a lot to attract that customer through a search engine--don't let him slip away. Behavioral targeting can dramatically increase the returns on your search investment by boosting the conversion rate of visitors to your site--i.e., the number of consumers that click on your search listing and actually book a flight, hotel, etc. In addition, it enables you to track which keywords result in an actual sale (versus just a click). That provides valuable insight for assessing the value of your terms and bids, making your search investment yield better returns.

Search engine marketing remains a powerful tool in the online marketer's arsenal, but with costs on the rise, it pays to make the most of every click generated. Behavioral targeting is a smart, cost-effective, and proven way to do just that

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