

Chapell & Associates

IMPROVING BEHAVIORAL TARGETING: FIVE ISSUES

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I wanted to start this piece with something of a paradox. Online media – and life in general, of course – would be a whole lot easier if we could nicely designate certain things as positive, effective, or simply more likely to succeed. Unfortunately, the online ad space can be a lot more complicated than this – and we sometimes just have to muddle our way through. (Just as elsewhere: for example, without caffeine I tend to fall asleep and can't work, and yet caffeine often makes me so jittery that I sometimes can't even type.) With that in mind, I'd like to offer the two following statements. They're both true – and yet very clearly contradict each other:

- Behavioral Targeting is the future of online media.
- Behavioral Targeting is a load of hype.

Thus, the paradox. Behavioral Targeting (BT) *is* a load of hype and in some respects should be subjected to cocktail hour mockery in the same way that concepts such as “One-to-One marketing” and “CRM” are often derided. BT has clearly been the unlucky recipient of that dreaded curse of Internet business – it's been horribly over-promised and chronically under-delivered.

But it's also without question the future of online media. From Bob Garfield's [Jetsonian](#) world of the future, to Lorraine Ross of USA Today's program for [dynamically serving web pages](#), BT is increasingly recognized as the penultimate way to reach that elusive customer at the right place and the right time.

We all have a stake in overcoming this contradiction. So I'd like to share with you what I believe needs to happen for BT to take off as promised - and how we can allay some of the factors that are currently helping to prevent that from happening.

ISSUE 1 – BT NEEDS TO SCALE IN ORDER TO BE EFFECTIVE – BUT HOW?

I don't want to give anyone the impression that I don't think BT delivers value – it clearly does. As things stand, however, we are barely scratching the surface of that value. And the only way for BT to truly begin to deliver on its promise is to scale. Back in my days at Jupiter in the late nineties, we used to draw an analogy about the growth of online advertising – that it was expanding from an “atom to a speck.” Perhaps a similar analogy is warranted for BT. Think of BT as a pool of water. We need that pool to be as big as one of the great lakes, or (dare I say) the Atlantic Ocean. Currently, the BT pool seems much closer to the backyard pool my aunt Aggie bought at [Harrow's](#) last summer.

Some companies in this space are expanding into new markets. And I think that's a positive step, particularly where POC programs in non-U.S. markets can serve as trial balloons and foreshadow similar deals in the U.S. Even so, BT needs vertical instead of horizontal scale to really move the needle in terms of relevance.

One way to acquire more data is through third-party data sharing relationships. This is fairly commonplace in the offline DM world, but hasn't gained a ton of traction in online circles – yet. However, in order for any significant level of data sharing relationships to work, we need to see some significant changes to the way online publishers view their inventory. And yes, there are those pesky privacy concerns. If you have any thoughts on this topic, I'd love to [hear](#) what you have to say.

Would you be more inclined to click on a banner ad if the product/service was more relevant to your area of interest or needs?	Freq	Pct%
Absolutely yes	132	12%
Most likely yes	425	40%
Unsure	210	20%
Most likely no	167	16%
Absolutely no	136	13%
Total	1070	100%

We all know that consumers like relevant ads – the challenge is figuring out how to provide more of them¹.

ISSUE 2 – WE NEED TO ENSURE THAT OUR HOUSES ARE IN ORDER

While this issue certainly transcends behavioral targeting, it is one that really needs to be talked about in a meaningful way and then addressed – ASAP. For example, if you're an advertiser: does your organization always know exactly where your ads are being served? Are those publishers accurately conveying the privacy practices on their web sites? Are you vetting, monitoring and auditing the intermediaries between you and those publishers? Does your privacy policy accurately convey your practices? If you've been paying attention recently, you'll know that you need to have the right answers to these questions.

And legally speaking, it's becoming increasingly clear that the "agency theory" of liability is catching on. It's fairly clear that an "unclean house" can invite government regulation – and now, it seems, so can a failure to adequately vet, control and audit your business partners. So it's not just a question of what your company is doing, it's a about what your company *and* all (or at least most of) your partners up and down the chain.

But it's an issue that transcends mere regulatory questions. We've all heard the issues raised by consumer watchdog groups, anti-Spyware companies and the Walt Mossbergs of the world – and to the extent that we don't know the answers to such questions, their arguments are given that much additional credibility. So if your organization doesn't know exactly what's going on behind the scenes, and to the extent that any outward representations (including but not limited to your privacy statement) are not entirely updated, you are only adding fuel to the proverbial fire.

¹ From the 2004 Study, "Understanding America's Perception of Internet Advertising and Consumer Privacy," conducted by Revenue Science, Chapell & Associates, and the Ponemon Institute.



Cookies are top of mind for some consumers – some of them might like cookies more, if they weren't burnt. Adding fuel to the fire burns cookies.

ISSUE 3 – WE NEED A CLEAR AND EFFECTIVE WAY TO PROVIDE CONSUMERS WITH NOTICE

It ain't just about privacy policies. If behavioral targeting is going to grow to the necessary size and scale to succeed, marketers are going to need to acquire more information. But we can't gather this amount of information unless we can at the least let consumers know about what information we are collecting. If we know that most (read: almost all) of them aren't reading privacy policies, then as things stand, we aren't providing them with effective notice. Or much notice at all, really.

I'm not just trying to nit-pick here. I recognize that as they are currently designed, cookies don't have any mechanism for providing notice. The problem, though, is that no one outside of online media cares about this problem. The consumer advocates sure don't feel like giving us a mulligan on this...

Somewhat ironically, it may be those working in the downloadable software space who, despite past transgressions, are in the best position to provide consumers with the necessary level of notice. I'm certainly not here to praise or bury Adware but you've got to give credit where credit is due.

Issue 4 – *We need to provide consumers with some level of control*

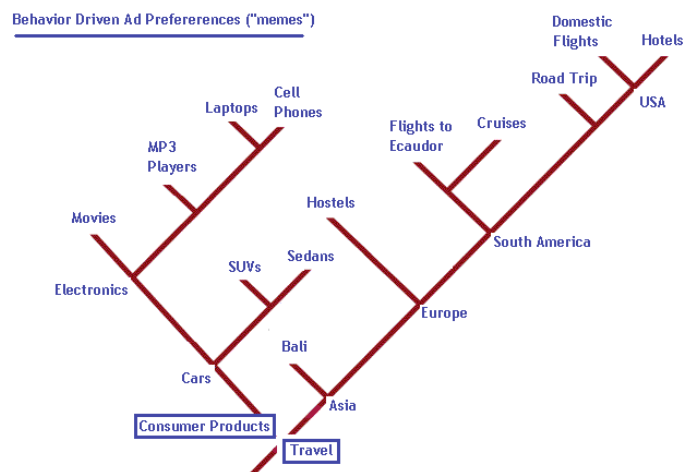
When I first started crafting this piece, I thought about including "consumer in control" as another one of those terribly overused expressions. We all talk about it – and many of the hottest areas in

online media do thoroughly embrace the concept. So here's another way for us to actually put our money where our mouth is: let consumers inside the proverbial kimono.

This is a great concept, but one that has yet to great a great deal of play. I know that some in the BT space are talking about it, but I'm aware of only one company that's talking about it very loudly. That is mSpoke out of Pittsburgh PA. I don't want to make any other representations about them other than to say that conceptually, I think they're onto something. mSpoke allows users to view and edit their content and ad preferences – "memes" as they call them – in order to build consumer control and engagement. Just as with Richard Dawkins' original idea of memes as socially adaptable traits, what helps the user sticks around and what doesn't is removed.

Of course, the real question is – does this even matter to consumers? I have a friend who's a CEO of a BT company, and in his opinion, most if not all consumers won't bother to use this type of technology. Judging by the number of consumers who *don't bother* to read privacy policies, I think my friend might just have a point. Even so, I still encourage him (and by extension everyone in the BT space) to consider the fact that simply by *offering* this type of control does a great deal to take the wind out of the sails of those who compare cookies to Spyware. Nuff said.

Behavioral Targeting Cladogram:



A consumer who visits an electronics website, a car-themed website, and a number of travel sites might receive advertisements related to all these categories. Most of these ad-categories as going to effectively "die out" – letting the user artificially select their ad preference avoids the messy process of adaptation above.

ISSUE 5 – BT NEEDS TO BE EASIER TO EXECUTE

Anyone who's been in this space for a number of years can probably remember the early days of ad serving. Back before frequency caps, back when many publishers were rotating their creative manually, running an online ad campaign was – to say the least – a tedious endeavor.

In some respects, this is about where we are with BT. Although much of the rest of online ad buys are becoming increasingly turnkey, BT just isn't there yet. How many different versions of

each creative do you (or your agency) need to create for each campaign? As advertisers look at the complete ROI for BT, they need to factor in the time and energy they expend in getting these campaigns off the ground.

And while launching a BT has in some respects gotten simpler, some of the very questions addressed in this piece may only serve to make BT more challenging. And there will be other difficulties to surmount as we look to the future. For example, how does one make sense of the different audience segments offered by the myriad BT companies? And what happens as BT is increasingly combined with contextual targeting? And to what extent will we be able to add the social networking sites to the mix?

I'm sure there will be new challenges (and more than a few paradoxes) to be addressed there too. And I'm looking forward to working through them as well...

[Alan Chapell](#), CIPP, is president of [Chapell & Associates](#), a consulting firm that helps companies understand privacy and incorporate consumer perception into product development. Chapell has a has been instrumental in the development of emerging best practice standards for privacy and interactive marketing and can provide a real world evaluation of where your organization's practices fit within that spectrum. He has been in the interactive space for more than nine years with firms such as Jupiter Research, DoubleClick and Yes Mail. Mr. Chapell is the New York chapter co-chair of the International Association of Privacy Professionals and publishes a [blog](#) on issues of consumer privacy.