

## BT: Thinking Beyond the Recession

by Phil Leggiere, March 18, 2009

Jeff Hirsch's prediction at the recent Omma Behavioral conference that behavioral targeting would overtake search growth over the next decade in advertiser dollar share was no doubt meant to be -- as it was -- provocative, in the classic manner of insouciant underdog challenges of Goliaths by aspiring Davids.

Whether Hirsch's prediction will live on to become the online ad world's version of upstart Joe Namath's famous prediction of a NY Jets upset win over the then-"invincible" NFL champion Baltimore Colts (or not), only time will tell. In a more immediate sense, however, Hirsch's keynote can serve as a useful catalyst for marketers to take a step back from the current morass in the online ad space, particularly on the display side, to focus on the role behavioral targeting can play in reviving the value proposition of online display growth beyond the recession.

With that in mind, I asked a few industry veterans for their follow-up reactions, both to Hirsch's prediction and to the question of what role behavioral targeting is, or can, play in leading display advertising back into high-growth mode coming out of a recession.

"I wouldn't call behavioral an exception to the trend of display budget cuts," Joe Kyriakoza, Vice President, Strategic Insights at Jumpstart Automotive Media, said, "mainly because for most automotive advertisers, behavioral targeting hasn't been fully embraced as a go-to vehicle for reaching auto intenders. It's been tested and examined with a microscope in most cases, but I believe many marketers still question the value of a behavioral impression vs. an impression on an automotive third-party site."

Kyriakoza adds, "Marketers are being sold on the idea of low cost, high volume vs. high quality -- this is typical of any rough economic climate. Lower cost, 'spray 'n pray' always sounds better, but it isn't necessarily better."

For automotive marketers to truly capitalize on the lowest funnel of shoppers, Kyriakoza believes, behavioral targeting -- when executed effectively and with the right partners -- can become a tremendously efficient way to spend marketing dollars in a recession.

"When the dust settles on this recession," he predicts, "third-party auto research sites will still be the most important resource to consumers shopping for a car, and still the most important place for auto companies to talk to in-market consumers."

Addressing Hirsch's prediction, Kyriakoza says, "Many factors will play into whether or not this becomes a reality. But I believe it can definitely become a very close race between the two. This is mainly because I believe most display advertising will become some form of behavioral targeting, and therefore BT will ultimately represent the largest share of display spending by that time."

Other factors will play into the search vs. behavioral contest as well. "How much will the general consumer depend on search engines in 5 or 10 years? That's an important question to ask," Kyriakoza suggests, "because as users become more savvy with what they are going online to accomplish, they could depend on search engines less than they have when they were still in the 'newbie' stage of their online experience."

Toby Gabriner, President of Tribal Fusion, colors himself a skeptic on Hirsch's claims. "Honestly, that prediction doesn't make sense to me," Gabriner says. "If you combine online search with mobile search, I can't see how display-behavioral is going to be as big any time soon. Also, consider how early-stage mobile search is today. It still has a tremendous upside."

While he believes that behavioral has made a great difference in the digital media ecosystem overall, Gabriner suggests that advertisers' lack of understanding about what behavioral targeting is (and by implication, the lack of educational communication by vendors) continues to stymie the field.

"I think behavioral has become a catch-all phrase and the nuances within the BT space are important distinctions. In other words, there is a big difference between in-market data vs. inferred data based on click-stream," he says. "In-market data is certainly an exception as advertisers are trying to find ways to pinpoint their targeting as much as possible to reach users that will convert. This is one segment of our industry that has evolved to the point where there's a great deal of stratification among companies and their offerings now. It's important that buyers understand the differences, and that they work with partners that can add value between the differences."

"Inferred data," he adds, "is a much trickier proposition and does not always pay out."

Eric Franchi, senior vice president of business development, at Undertone Networks, believes that the application of behavioral principles to drive value remains in its earliest stages, with many iterations to come.

"Advertisers have become much more savvy," he says. "They not only ask 'What is BT?' as they would a few years ago, but 'How are you doing BT?'"

As an illustration of this trend, Franchi cites the recent Marketing Sherpa report which shows that marketers now place behavioral just under SEO as an efficient channel. Over the next few years, he believes, behavioral targeting has a clear opportunity to build on this emerging perception.

"Return on investment in sales and conversions is obviously the metric that most marketers start with," Franchi adds. "Clearly, there [BT] performs way ahead of standard untargeted campaigns. But increasingly marketers are looking at behavioral as a learning tool to see exactly where, how and even why their campaign is working and who is responding."

Hirsch's prediction at first blush may sound a bit hard to fathom, Franchi acknowledges, "and if you limit behavioral targeting applications to online strictly, it is," he says. "But," he adds, "I believe we've only begun to see how behavioral can be deployed. It's quite likely that BT's biggest impact will be on channels well outside online. Think of cable and interactive TV. I think if we limit our discussion to BT as we know it currently, we sell it short. The concept is still very new, and very elastic."