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Behavioural Targeting: An Online Analysis for Efficient Media Planning?



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1. Introduction

Consumers today are in the focus of a wide range of companies in a more and more global world, all of which implies an increase of marketing activities and hence an increase of advertising effort. Hundreds or even thousands of advertising messages are put in front of consumers every day through various media channels. However, every targeted customer has a very limited ability of perceiving advertising messages and even a smaller percentage of what has been recognized is considered as being relevant.¹ Therefore consumers quite often feel harassed and overloaded by the mass of information, the quality of advertising and the context in which it is shown, and react protective towards advertising, especially when they do not belong to the target group of the advertised product or service.² This implies a great amount of budget wastage and a potential damage to brand images, since too many consumers are targeted with the wrong advertising message.

Furthermore media consumption has changed over the years, while the consumption of TV for instance remains stable, the internet consumption increases dramatically, in the younger target groups it has already outgrown the TV consumption, and therefore an attenuation of this trend can be expected.³

This means more and more prospective consumers will spend more and more time online and are therefore important potential targets for advertising campaigns. Keeping in mind the negative consequences of the irrelevant and too intense advertising the question arises if there is a way to avoid the drawbacks of offline media and use the opportunities offered by online media. The necessity of defining the right target group for an advertising campaign is as undoubted as the difficulties implied in that process, the end product being able to target the right persons online. Behavioural targeting might offer a way to analyse online media and therefore to contribute to the requirements for optimal media planning in order to achieve a high degree of efficiency.

Against the background of the increasing interest in behavioural targeting an examination of its potential importance for marketing will be conducted in this paper in order to assess if behavioural targeting can increase the efficiency of media planning in online media.

¹ Cp. Hamm, Ingo: Internet-Werbung – Von der strategischen Konzeption zum erfolgreichen Auftritt, Stuttgart 2000, Schäffer-Poeschel Verlag, p. 45

² Cp. Koschnik, Wolfgang J: FOCUS-Lexikon Werbeplanung, Mediaplanung, Marktforschung, Kommunikationsforschung, Mediaforschung, in: http://relaunch.medialine.de/PM1D/PM1DB/PM1DBF/pm1dbf_koop.htm?snr=6281 / 10.09.2008

³ Cp. EIAA, in: <http://www.eiaa.net/news/eiaa-articles-details.asp?id=154&lang=1> / 10.09.2008

The foundation for this paper is provided by the description of media planning in general, its objectives including the target group segmentation, media strategy and selection programmes and concluding by summarizing the requirements for optimal media planning.

In order to systematize the subject area of behavioural targeting an insight into online advertising is provided. This study aims to preserve an international scope, however due to the fact that the actual maturity of the online media industry is at very diverse stages worldwide, focus will be on the U.S. and selected countries in Europe such as Germany, France, the UK and Scandinavia.

The focus of this study is online display advertising which comprises both branding and performance advertising but excludes search, meaning the use of text links on web pages.

Behavioural targeting is one of several online targeting methods; therefore the different principles of targeting are reviewed in order to frame behavioural targeting in this context.

Three major approaches to behavioural targeting exist: 'Affinity-based', 'Predictive' and 'Re-targeting'. These will be examined along with a model process of applying behavioural targeting.

A behavioural targeting SWOT- Analysis frames the current merits and shortcomings of the methods, and a presentation of the current state of affairs gives an overview of the current maturity state of the technology in practice.

Based on the behavioural targeting SWOT-Analysis and concluding an future outlook shall be dared and furthermore a summary with a final remark on the importance of behavioural targeting regarding media planning.

2. Media planning

In order to evaluate if behavioural targeting can form the basis for efficient media planning, the theoretical foundations of this discipline need to be explained. This includes the objectives and the requirements for optimal media planning as well as a description of existing media selection programmes. Furthermore an evaluation of the importance of the medium Internet compared to traditional media channels is provided since it constitutes the basis for behavioural targeting itself and its relevance for media planning.

2.1. Definition

“Within the communication-mix media planning deals with the decisions concerning the applied media vehicles, with the selection of media which best meet the aimed marketing objectives and the identification of the optimal media-mix (...).”⁴

The prime objective of media planning is a highly efficient way of conveying the advertising message to the right target group with optimal timing. Therefore channels of media need to be drafted, analyzed and selected in order to meet the defined communication objectives.^{5 6}

2.2. Classification of media planning into marketing planning

As a result media planning is part of the communication-mix. The table below shows the different media channels, which is one element of marketing planning next to the product-, distribution- and price-mix. Those elements add up to the marketing-mix, which is *“a combined and coordinated assignment of the marketing-instruments with the objective of reaching the enterprise and marketing targets as efficient as possible in a harmonious adaptation of the instrument’s specifications.”⁷*

⁴ Koschnik, Wolfgang J.: Standard-Lexikon für Mediaplanung und Mediaforschung in Deutschland, Band 2, L-Z, 2. edition, München 1995, Saur Verlag, p. 1230 (Translation by the author)

⁵ Cp. Unger, Fritz/Durante, Nadja/Gabrys, Enrico/Koch, Rüdiger/Wailersbacher, Rainer: Mediaplanung – Methodische Grundlagen und praktische Anwendungen, 5. edition, Berlin Heidelberg 2007, Springer Verlag, p. 2

⁶ Cp. Arens, William/Weigold, Michael F./Arens, Christian: Contemporary advertising, 11. edition, Boston 2008, McGraw-Hill/Irwin, p. 271

⁷ Bruhn, Manfred: Kommunikationspolitik – Systematischer Einsatz der Kommunikation für Unternehmen, 4. edition, München 2007, Verlag Franz Vahlen, p. 11 (Translation by the author)

Marketing planning contains various sub-mix category groups, which add-up to the marketing-mix and the table below demonstrates the challenge to find the appropriate coordination.⁸

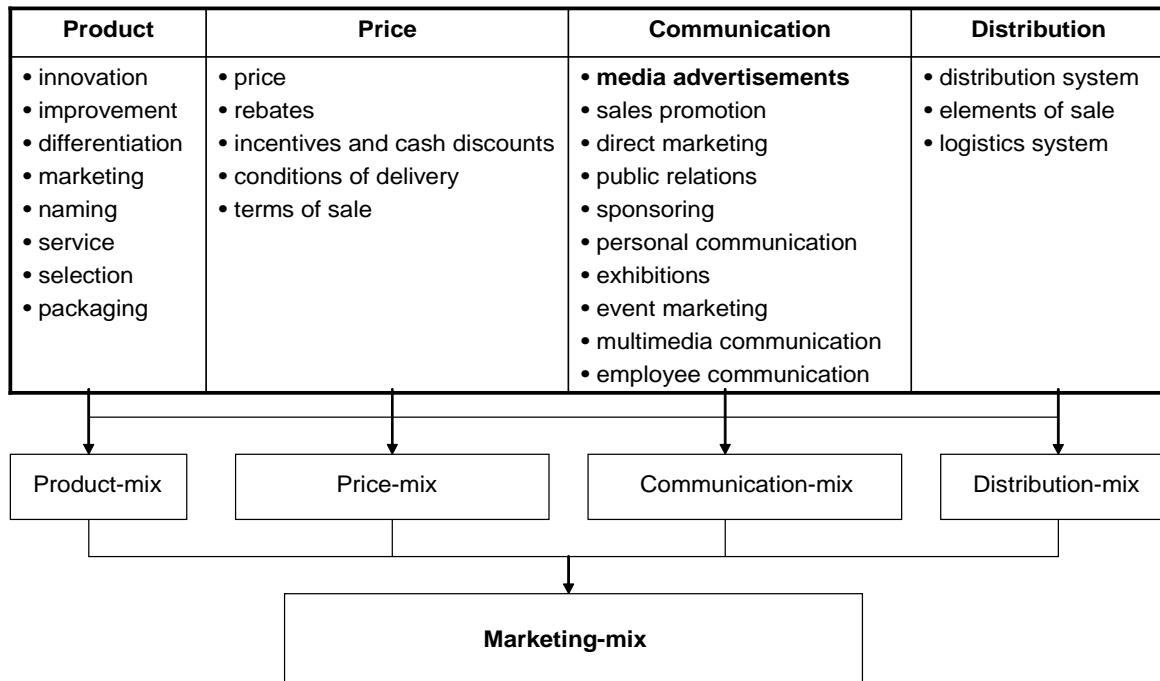


Figure 1: Based on Bruhn (2007): Classic marketing instruments (4Ps) in the marketing-mix.⁹

2.3. Objectives

Media objectives are derived from the advertising strategy and should define what the media planning has to accomplish. Media objectives have two components, the audience objectives and the message-distribution objectives¹⁰, meaning to *“reach a defined percentage of the target group (therewith the reach of the media plan is addressed) with a certain advertising impact (therewith the frequency is addressed with which persons within the target group should be reached)”*¹¹ Reach and advertising impact or frequency respectively are competing objectives owing mainly to budget reasons. A high reach normally does not allow a high frequency and vice versa, so either the reach or the frequency is too low which symbolizes one dilemma in media planning.¹² This dilemma is addressed with the Gross Rating Points (GRP) which means a multiplication of reach with

⁸ Cp. Koschnik, 1995, p. 1230-1231

⁹ Cp. Bruhn, 2007, p. 11

¹⁰ Cp. Arens/Weigold, 2008, p. 280

¹¹ Unger, 2007, p. 5 (Translation by the author)

¹² Unger, 2007, p.