



Online Ad Targeting

The Internet is the perfect selling place. Considering the millions of users involved, there's always a prospective customer browsing the web, probably searching for your type of product/service too. But is the customer able to find it? Probably yes, considering there are hundreds of thousands of people browsing the web, and you have probably bought a million ad impressions on popular websites. Though, quite likely it's a NO. Because they might not know where to find your product, or that the websites you advertise on; are not the websites your prospective customers are likely to visit. In a situation like the latter, online ad targeting comes into the picture.

Why do Online Ad Targeting?

Think of a car aficionado who regularly reads the new car review section on a portal. What would be the kind of ads that would interest him? Ads about new models, car finance schemes, good deals, performance tuning parts: Yes. Ads about pink mobile phones and leather purses. Chances are, he may not be interested (and pretty high if you believe us!!!). Now, think of a young couple looking for a good deal for their honeymoon holiday. They have been visiting travel websites regularly. Now what would be the kind of ads that interest them? Ad about cheap flights to Hawaii, off-season discounts in the Caribbean: Yes. Ads about college football: Not quite the right time. The concept is quite simple. Show the right ad to the right person. Interestingly, in spite of the simplicity, online ad campaigns have only recently identified the enormous potential of ad targeting and moved beyond aiming in the dark. Now, aiming in the dark might still get you a few customers, but aiming right will surely get you more.

The Internet has become the primary source of information about products and services for a rapidly growing audience. More businesses have turned to the Internet as their primary means of mass communication. The customer has also realized the power of information being available at the click of a mouse and appreciates businesses offering customized solutions. In an environment so conducive, advertisers who target the right audience are bound to get much higher returns on their investments as compared to those still aiming in the dark. This realization has led to a growing interest in online ad targeting.



Related Links

www.specificmedia.com

www.comscore.com

www.alexa.com

About DecisionCraft Analytics

We provide decision-making solutions to improve operational efficiency and business responsiveness. Our consulting services employ our strengths in industry knowledge, conceptual rigor, and information technologies. Developed using concepts from decision theory; our solutions use robust optimization, simulation, and statistical engines adapted to our client's focus areas.

DecisionCraft Services

Business Diagnostics

We analyze business processes and transactional data to identify

Types of Online Ad Targeting

Online ad targeting has different dimensions that can be aligned with your primary advertising objective. It can be localized, contextual, behavioral or demographic.

- Localized targeting is primarily used to target prospective customers in a specific city/region. It allows local players to leverage the Internet to reach out to the right customers.
- Contextual targeting is based on the presence of keywords in the web pages visited by a user. Though contextual targeting can get good results, there are issues where keywords may be interpreted out of context resulting in a sticky situation for both the advertiser and the website. Take the case of an online news site, which ran a story about a gruesome murder in which the victim's body was hacked to pieces and stashed away in a suitcase. The keyword *suitcase* was identified by the contextual targeting ad engine, which ran an ad for a suitcase manufacturer.
- Behavioral targeting is based on analyzing the web traversal behavior of users and serving them ads based on their profiled behavior. It allows preemptive identification of a user's current needs and responding with an appropriate advertisement hence ensuring improved click-through revenues.
- Demographic targeting uses the web usage patterns of a sample of users and clusters them according to their demographics to identify and associate typical web usage patterns with specific demographics. Demographic targeting can be done along different dimensions like age, gender, ethnicity and household income. It can significantly improve the effectiveness of ad campaigns directed at particular demographics like college students, housewives or school kids.

Analytical Models for Online Ad Targeting

Online ad targeting primarily allows you to unravel the goldmine of information from the vast amount of web traversal data available about users. Ad targeting systems use advanced analytical models combined with large size data processing capabilities to map the right advertisements to the right user. Advanced techniques like Bayesian statistics and clustering are combined with secondary information like web traversal statistics, categorical information available about websites to identify the most appropriate modeling approach for online ad targeting.

Benefits of Behavioral Targeting

underlying patterns, unravel hidden relationships and recommend areas for improvement that can improve ROI and reduce costs.

[Predictive Analytics](#)

We use historical data intelligently to develop a view of future market trends and help our clients focus on the right audiences thereby developing their competitive edge.

[Forecasting](#)

We use advanced time-series and regression techniques for forecasting behavior of critical business variables that allows our clients to plan for their resources intelligently.

The benefits of using ad targeting are manifold as it converts web traversal data into a gold mine of information about potential customers. It also allows making calculated guesses about the interests and requirements of the users and serving ads accordingly. This translates into an increase in the click-through-rates (CTR) of the media campaigns executed through audience targeting. Moreover, understanding consumer interests and buying patterns will allow companies to proactively cater to the discerning customer's needs.

Next Issue: [Business Analytics: A Discovery Epitomized](#)

Previous Issue: [Chemometrics](#)
