BASIC TRAINING FOR BEHAVIORAL TARGETING
HOW TO CONVERT ONLINE TIRE-KICKERS INTO REAL SALES
TABLE OF CONTENTS

What is Behavioral Targeting ......................... 1
Types of Behavioral Targeting ....................... 3
    Network Behavioral Targeting ................. 3
    Onsite Behavioral Targeting ................. 3
Converting Prospects to Customers ............... 5
Ad Networks & Exchanges ......................... 7
How Ads Get “Served” to the Viewer .......... 7
How to Find the Right Partner ................. 9
Leverage Your Assets & Do It Yourself ....... 11
Maximize Your ROI ................................. 11
Glossary ........................................... 12
WHAT IS BEHAVIORAL TARGETING?

As if automotive marketers didn’t have enough to think about, one of the hottest and most important trends in online marketing today is Behavioral Targeting (BT). Using simple web technologies such as “cookies” and sophisticated data analytics, which provide strong indicators of shopper preferences and demographics, marketers can track what an anonymous user would most likely purchase based on their historical behavior on the Web.

In a nutshell, BT matches the right ad to the right consumer on sites they visit the most. So, instead of waiting for potential customers to find you, BT finds them on other websites and directs them back to you. Just as important, behavioral targeting is a tool for retaining and servicing customers. And while all behavioral targeting is completely anonymous in terms of name, address and other critical personal identity, it still feels very personal — and that’s the point.

Behavioral targeting has been used in retailing for years: It’s the impulse items you see at your grocery store’s checkout counter or in attractive displays at the front of a retail store. In a restaurant, it’s the proprietor who remembers your name and your food preferences. In the online world, take a look at Amazon.com for a great example of this type of personalization: Not only are you greeted by name, your searches are accompanied by a bunch of other options based on your viewing patterns and previous purchases. Even closer to home: Remember the car ad that appeared on ESPN.com when you were checking the scores this morning? It’s probably there because you were checking out the competition on a third-party or local dealer site.
BEHAVIORAL TARGETING

1. Shopper Performs a Search on Site

2. Ad Being Served Across Multiple Websites Based on Shopper’s Web-Surfing Behavior

3. Same Shopper is Targeted Across the Internet and Served Relevant Message on New Websites
TYPES OF BEHAVIORAL TARGETING

General Categories

There are two general categories of behavioral targeting: Network Behavioral Targeting, which is the primary subject of this guide, and Onsite Behavioral Targeting.

Network Behavioral Targeting

Network behavioral targeting uses a customer’s browsing history, which reveals subtle information about who that person is — their interests, marital status, age range, sex, educational level and more — to “serve” relevant advertising on a variety of sites that person frequents.

Onsite Behavioral Targeting

Onsite behavioral targeting provides customers with an experience that makes them feel like you’re speaking directly to them with ads that are relevant to them based on where they are in the buying cycle. Onsite behavioral targeting plays a significant role in relationship building and customer retention once they’ve arrived at your website or walked into your showroom.

Say a visitor goes to your home page then clicks on “Browse Inventory.” As she looks at an SUV, your site delivers an ad for an upcoming “Ride-and-Drive” event featuring the SUV she’s looking at. In many cases, e-mail plays a role in onsite behavioral targeting, too. An e-mail reminder for scheduled service, new model announcements or CPO offers gets the customer to your website where she sees ads that are directly tailored to where she is in the search — service specials, low interest offers for new vehicles, leasing specials and so on.
This viewer’s browsing habits indicate that this is probably a male who follows sports, plays golf and travels. His search on AutoTrader.com for a fuel-efficient vehicle with low mileage indicates that he’s probably driving long distances to work. Therefore, he’s likely looking for a second car.

Example illustration loosely depicts various websites that help create the “segment” that a dealer would want to target.
Behavioral Targeting Helps Convert Prospects to Customers

No matter which way you look at it, the Internet is now the de facto medium for vehicle shopping. Behavioral targeting lets you identify where prospects are in the buying process and the types of vehicles they’re looking at so you can react accordingly with relevant, dynamically changing messages that will influence them. Those messages could be anything from something about safety (“5-Star Govt. Safety Rating”) to a mileage statement (“Consumer Reports Top-Rated”), but their overriding message to the prospect is always, “We’re here to help you find the best vehicle for you, and we’re willing to work for your business.”

According to the Automotive Buyer Study: Sources that Influence Purchase,* 71% of both New and Used Vehicle Buyers use the Internet during the car shopping process. Other findings confirm the critical role the Internet plays in the vehicle-buying process:

- **50% of New Car Buyers** and **58% of Used Car Buyers** say the Internet is the most influential source leading them to the dealer.

For New Vehicle Buyers, **special offers, dealer rebates** and **incentives** rank third most-important when shopping online.

The one-size-fits-all web experience is going the way of the floppy disk. A new generation of shoppers is upon us and they expect a customized shopping experience. As a result, you’re going to need tools like behavioral targeting to help find them in order to bring them to your door.

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**MOST INFLUENTIAL SOURCES LEADING TO THE DEALER**
Ad exchanges bring advertisers and publishers together where they trade ad space (“inventory”) in a real-time auction, just like the stock market. Advertisers and publishers are interconnected to each other on a common platform, known as a Demand-Side Platform or DSP, which optimizes and bids on inventory in real-time. Ad exchanges offer advertisers the ability to place the exact ad in the right space at the right time. And just like the stock exchange, prices fluctuate constantly.

Up until recently, ad networks were the organizations of choice for placing impressions because they can create very specific market segments such as women’s networks, sports networks or networks of people in the market to buy cars for virtually any advertiser’s need. The downside, though, is that ad networks tend to cost more because they’re the middle man between advertiser and publisher. Furthermore, they buy millions of impressions and lack the specificity (“spray-and-pray”) that ad exchanges now offer. Ad networks tend to make advertisers and publishers feel less in control because they work to meet the needs of both groups, but in an opaque manner.

Ad exchanges, on the other hand, eliminate the middleman costs of an ad network with direct trading between advertiser and publisher, which may involve more risk because of the real-time environment in which they operate. Traders have to have razor-sharp analytical and trading skills. But their flexibility, self-service style of operation, transparency and cost efficiency leaves little question that ad exchanges will soon be the dominant force in the online advertising marketplace.
HOW ADS GET SERVED TO YOUR PROSPECT

Your Prospect on AutoTrader.com

Prospect Continues Browsing

YOUR AD HERE  YOUR AD HERE  YOUR AD HERE

MSN.com  Local Sports Page  ESPN.com

Your ad is served on any site the prospect visits, regardless of the site’s content, based on their original visit to AutoTrader.com.
How to Find the Right Partner

You may be one of many automotive marketers who works with an ad agency. In this case, your agency can help you choose an ad network or exchange to meet your needs. Your agency may present you with an alphabet soup of terms and jargon and numbers. It’s not an intimidation tactic; it’s the way they speak — akin to fuel injectors, cylinders and catalytic converters. To better understand their shop talk, refer to the glossary of terms on page 13 for simple definitions of common Behavioral Targeting lingo.

If you don’t work with an agency and have to go it alone, here’s what you should look for when selecting an ad network or exchange:

• Does the operation offer data that can’t be found elsewhere?
• Where does the data come from? (e.g., AutoTrader.com and NADAguides.com)
• Is the data collected from local make/model vehicle searches?
• How many auto shoppers can you reach?
• How many websites can you reach?
• Are they high-quality lifestyle sites (no adult content, etc.)?
• Are there re-targeting opportunities?

• Can you integrate third-party data into your campaign so you can deliver highly targeted messaging to consumers once they leave your site?
• Is the pricing competitive?
• Are there good optimization tools?
• Is the operation flexible and transparent?
• Ask for impressions. Fact is, 99.8%* of people do not click on an ad. Instead, you should be looking for impressions (frequency), which increase brand awareness, create a positive opinion of your brand and improve the likelihood of purchase.
• How will your impressions be handled — through an ad network or ad exchange? Ideally, you (or your agency) should be working through an ad exchange, because they’re less expensive, more targeted and work in real-time.

*A WORD ABOUT PRIVACY

Companies who work in behavioral targeting take privacy very seriously. It is important to choose a partner who participates in the BT industry self-regulation program, which works to protect personally identifiable information, and also lets the consumer know that data is being collected and how it’s being used.
HOW ONLINE DISPLAY ADVERTISING INFLUENCES CAR SHOPPERS

While there is a lot of talk about click-throughs, the hard truth of the matter is the average click-through rate for an online display ad is only around 0.2%* — but that doesn’t mean your advertising isn’t effective. In a study by Dynamic Logic of over 400 automotive online display ads to determine their effectiveness, the results showed that by advertising on any site, you can improve ad awareness, the opinion of your brand and the likelihood to purchase. Understand that online display advertising is a strategy to increase brand visibility among consumers who are in the market for your vehicles and that its value in no way is related to click-throughs.

Behavioral targeting is all about collecting data and using it in a strategic manner. If you use your customer relationship management system (CRM) effectively, you’ve already got the assets to create your own behavioral targeting campaigns. With that said, recognize that your grass-roots version may not be robust enough to produce meaningful results, but here are some tips to get you going:

- **Identify potential customers** based on their exact needs (not the assumed needs of a demographic that you’ve identified).
- **Use your CRM system** to record dealer visits, website views and opened e-mail.
- **Use cookies** to identify customer behavior so you can provide appropriate and appealing content to them.
- Take the time to **understand BT technology** and what it’s telling you.
- **Define your settings**.
- **Determine what page** your customized ad will run on.
- **Create design variations** for the same message.
- **Create lots of different messages** (not similar promotions) to determine what works.

Regardless of whether you use an agency or want to develop your own behavioral targeting strategy, what your creative says and looks like is as valuable as the websites where your advertising appears. Here are some tips to make sure that your creative works for you:

- **Messages** should be short, clear and to the point. They should incorporate the “what” and “how” into a visually engaging design.
- **Build your brand** with great visuals and verbiage.
- **Remember that one ad doesn’t fit all**. You’ll need ads that speak directly to specific segments and that change frequently enough to pique the viewer’s interest.
- **Promote after-market products** such as warranty offers, tires, parts and service to keep customers coming back.
- **Follow up, track and test**. In the end, you’re talking to human beings who, by their action or inaction, will tell you what kind of job your creative team is doing.
Glossary

Ad exchange – An open and transparent marketplace that matches buyers and sellers of online media. Transactions are auction-based and can also be in real-time bidding, or RTB (see RTB definition).

Ad network – Company that provides aggregation of ad space supply from publishers and matches it with advertiser demand.

Ad servers – The technology that disseminates online ads and then tracks and reports back on ad performance.

Advertiser – That’s you.

Agency trading desk – A specialized ad agency team focused on DSP/Ad Exchange behavioral targeting campaign management and optimization process. Trading desks integrate with one or many DSPs to leverage ad exchange inventory and third-party behavioral targeting data on behalf of clients.

Click-throughs – When a viewer clicks on an ad. The average rate for click-throughs is .2%, so it’s a lousy measurement for your ad’s success. Today, most marketers use impressions as their benchmark for ad success.

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First-party cookies – What your bank and Netflix use to know it’s you when you come to their sites.

Third-party cookies – What an ad server drops on your browser (e.g., Firefox, Safari or Internet Explorer) to designate that you have shown interest in various product categories or to place you in a demographic group discerned from your online activity. These cookies can be used to target advertising.

Data aggregator – Third-party entity that collects, organizes and houses data segments derived from web browsing that can be distributed across multiple distribution sources.

DMPS (Data Management Platforms) – These self-service “dashboard” tools perform a range of services from collecting, managing, segmenting, sharing and analyzing marketers’ advertising data — to ensure that your data is your data.

Demand Side Platform (DSP) – Used with ad exchanges, DSPs use real-time bidding practices to “sell” single impressions to advertisers based on how much they’re willing to pay for those impressions.

Impressions – An ad view. Ads in the online world are bought and sold based on impressions. If an ad appears three times on one Web page, it counts as three impressions. The cost for impressions is calculated on a CPM basis (cost per thousand).

Publisher – The website(s) that you pay for your ad to appear. You can be both publisher and advertiser: You can advertise on AutoTrader.com, for example, in which case you pay AutoTrader.com to appear on its website. You can publish an ad from a bank or tire vendor on your website, who pay you to place their ad on your website.

Real-Time Bidding (RTB) – A process that allows advertisers to buy impressions in an auction format that can be tied to Behavioral Targeting data at efficient cost-per-thousand (CPM) pricing. The advertiser (you) gets full control of impression frequency, volume and cost.

“Source: “Move Over RTBs, the Hot Term of 2011 is the AMP” Ad Age magazine, April 4, 2011
FOR MORE INFORMATION

For more information on how to make behavioral targeting work for you, contact your local Advertising Consultant for information about AutoTrader.com’s Behavioral Targeting solution, Access Marketplace.