



On (Re)target

Understanding the what and why of ad retargeting

BY ZACH BROOKE | STAFF WRITER
✉ zbrooke@ama.org

Of all the new must-have digital marketing strategies brought about by the explosion in online shopping, ad retargeting is one of the most prevalent. Unlike the physical world, where bricks-and-mortar businesses welcome window shoppers who ultimately leave empty handed with vague promises to “think about it,”

retargeting lets businesses follow up with those shoppers later on, keeping them interested and, ultimately, converting more of them to buyers.

Retargeting, experts say, is a fancy term for a simple concept: Advertise to internet users who have viewed products or services online but left before buying by purchasing ad space on other websites.

“It’s one of the best ways to sell. It’s proven that people need to come to your website five to eight times before actually converting,” says Rocco Baldassarre, search engine marketing consultant and founder and CEO of digital marketing agency Zebra Advertisement. “The way it works is pretty straightforward. Basically you need to imagine online marketing where somebody is selling advertising space and somebody is buying it. It can only display ads on sites that are selling ad space.”

You Get What You Pay For
Online advertising space is divided into three big universes: Google, Bing

and social media. Purchasing online ad space is not a fixed monetary transaction. Rather, it's a bid process. Since each webpage only has so much space set aside for display ads, brands must bid against competitors to score prime webpage real estate. "If you go to Bose and [Beats by] Dre to look for headphones and then go to Huffington Post, depending on whether Bose or Dre puts in a higher bid will determine which company's ad you see," says David Allison, marketing coordinator for online advertising co-op Hivewyre.

However, price alone doesn't determine the frequency with which your ad is displayed. Each platform uses a proprietary formula created to assess the stature of an advertisement. Google uses a quality score, which evaluates the caliber of the advertiser's website, while Facebook has a relevance score, which is determined based on the likelihood users will interact with a particular ad, Baldassarre says.

It's important to have a retargeting strategy in place before engaging in open bidding. "The auction is automated and occurring in real time. You can bid extremely high to win all the possible impressions, but that's not necessarily a good strategy. The best strategy is to set targeted parameters, and this requires a combination of great vendors using the best technology," says Marlo Schneider, director of client services and strategy at Sellpoints, Inc., a provider of e-commerce channel sales solutions.

The bidding process can make budgeting for a retargeting campaign difficult. Sellpoints' pricing starts at \$500 a month. Allison says he's seen monthly budgets range from a couple thousand dollars to five figures. Baldassarre says that Facebook generally charges between 10 cents and a dollar per click, depending on the competitiveness of your target niche, which means campaigns can be conducted for as little as \$5 to \$10 per day.

Time is another big variable to the overall cost of a campaign. Each platform comes with its own limits. Google and Bing have the longest retargeting times, around 580 days, while Facebook is much shorter, at about 180 days. Longer campaigns are

best designed for expensive products like cars or condos, or for B-to-B services.

"The length of your retargeting campaign completely depends on your business. Most advertisers should use retargeting as an on-going part of their marketing strategy. In-market times are business-specific, so making sure your campaigns are set up to align with your business, and testing different levers over time, is important," Schneider says.

"The lower the price point is, the smaller the decision making process will be and the shorter your retargeting list times should be," adds Baldassarre.

The Possibilities of Personalization

Rather than reach out to everyone who stumbled upon a website, a retargeting campaign can be customized to target users whose captured site-visit data indicates a higher likelihood to buy. For instance, a campaign can be set up to target only people who remain on the original website for two minutes or longer, visited upwards of six different pages within the website, or both.

Retargeting ads can be customized to offer special discounts to entice users to buy. They can also be used to upsell, offering accessories to already purchased items, or can be a platform for presenting entirely new products or packages. Retargeting ads can also be adjusted to offer more facts about a service over a long campaign, so prospects will continue to receive new information about a company instead of just looking at the same ad month after month.

"The deeper you go in the purchase funnel, or in the decision making process if you're [offering] a service, the more information you need to give the user that comes back to the site to feed his interest. Many people don't do that, but if you really want a good strategy, that should be the concept that you work on," says Baldassarre.

One area of retargeting that offers bedrock certainty is quantitative measurement of a campaign's impact. By entering a few codes provided by the advertiser platforms, marketers can track site visits, nurture touches—reaching out

to existing contacts with your retargeting display ads, with mid-stage or late-stage offers or content—and both the number and cost of conversions.

"The most important metrics to track your retargeting's effectiveness is cost-per-acquisition. Make sure that when you're setting up your campaigns, you have conversion pixels placed on all of the relevant success events that you want to track," Schneider says.

At VentureBeat's Marketing.FWD conference, Brad Smallwood, vice president of measurement and insights at Facebook, said retargeting is most helpful at the bottom of the funnel. Baldassarre and Allison both agree with that assessment, but Schneider disagrees, saying, "Retargeting can also be used as a channel to reach your existing audiences with new offers [or] products or announcements in the same way that more traditional channels do. Nontraditional approaches to creative messaging and audience identification are increasingly prevalent."

The Creepiness Factor

Out of all possible digital strategies, retargeting is one of the most criticized for being "creepy." The technology is trying to evolve past that perception by implementing best practices and developing smart components. Recommendations include creating relevant ads for specifically viewed products, using well-designed, eye-pleasing ads, reducing ad frequency, avoiding retargeting customers with items they've already purchased and pursuing as much individualization as possible.

"This is one thing that is very vendor-specific, so transparent technology partners are important. We've dedicated resources to improve and expand our audience modeling capabilities and our optimization algorithms. Both of these strategies allow us to weed out the 'annoyed' consumers by controlling their exposure over time based on their behaviors. Programmatic display-retargeting platforms are extremely complex, and it's valuable to have someone who can help you navigate," Schneider says. **m**