

6.3: Target Your Customer - Who's Going to Want It?

LEARNING OBJECTIVES

After studying this section, students should be able to do the following:

1. *Identify* who customers are by following the targeting process.
2. *Review* the properties of a good market target in order to select the optimal target for marketing and advertising efforts.
3. *Examine* behavioral targeting as a means of determining what consumers want and like.

Targeting increases the cost-effectiveness of advertising. Most advertising channels have a cost that is a strong function of the amount of exposure (e.g., the number of people who see the ad) regardless of whether audience members are potential customers or not. Targeting helps define who the customers are. This section explores how the advertiser can:

1. Profile segments:
 1. According to buying power
 2. According to likelihood of buying your product or service
 3. According to likelihood of being attracted by a potential ad
2. Assess the attractiveness of each potential target.
3. Select segment(s) that are both attractive and likely to have a similar favorable response to a given advertising message.

What Are the Properties of a Good Target?

- *Measurable*: Key variables easily (and accurately) identify and assess the target.
- *Accessible*: The target group must be reachable by advertising.
- *Profitable*: The target group must have sufficient size, willingness to buy, and ability to pay.
- *Distinguishable*: The target group must provide a clearly differentiated segment in terms of percentage of potential customers and coherence of response to potential advertising messages.

Dig Deeper

In 2007, Japanese auto maker Suzuki began aggressively targeting a new segment: female car buyers in India who now have the income to buy their own vehicles due to India's economic boom. The carmaker's Zen Estilo (Estilo means "style" in Spanish) sells for less than \$8,000 and comes in eight colors, including "purple fusion," "virgin blue," and "sparkling olive." For a more modern look, Suzuki gave the car a two-tone dashboard and a front grille design that makes the little car look like it is smiling. Style-conscious drivers can also add rear spoilers, side skirts, and extra colors to the body. Many of Suzuki's foreign competitors ignored this market because they chose to focus on selling mid- to high-end vehicles.

SS+K Spotlight

While a lot of readers visit msnbc.com, not all are News Explorers. Remember, the News Explorer is the target that msnbc.com and SS+K determined was the best target for the branding campaign.

Behavioral Targeting: Advertisers Know What You Like (Like It or Not)

The STP process is evolving rapidly as new advances in technology enable advertisers to identify and reach consumers where they live, work, and especially surf (online).

Today, companies define and manage finer and finer segments. In the past, segments had to be broad because it was difficult to reach finer-level segments and because such fine-grain data were not available. Now, companies can process terabytes of data on customers, and new ad channels (such as keyword advertising on the Internet) allow companies to reach smaller segments, down to segments of one (yes, like you).

These three factors fuel the accelerating trend of targeting small, very well-defined segments:

- Growing volume of data on customers
- Rising use of computers and analytic software
- Increasing specificity of advertising channels (e.g., keyword advertising on the Internet)

Behavioral targeting refers to putting ads in front of people customized to their Internet use. It's become fairly easy for marketers to tailor the ads you see based on prior Web sites you've visited. The logic is inescapable: you're more likely to respond (and

probably appreciate) an ad for an idea, product, or service that's relevant to your needs.

Obviously, privacy concerns arise as advertisers learn more about the sites we visit. But many consumers seem more than happy to trade off some of their personal information in exchange for information they consider more useful to them. More than half of respondents in one recent survey said they're willing to provide demographic information in exchange for a personalized online experience. While the ethics of gathering personal information are still being evaluated, behavioral targeting is the next frontier for many advertisers.

- When you (along with 263 million other users) sign up for Microsoft's free e-mail service called Hotmail, the service asks you for personal information including your age, occupation, and address (though you're not required to answer). If you use Microsoft's Live Search search engine, the company keeps a records of the words you search for and the results you clicked on. Microsoft's behavioral targeting system will allow its advertising clients to send different ads to each person surfing the Web. For instance, if a twenty-five-year-old financial analyst living in a big city is comparing prices of cars online, BMW could send her an ad for a Mini Cooper. But it could send a forty-five-year-old suburban businessman with children, who is doing the same search, an ad for the X5 SUV.
- The Fox network offers **tweakable ads** it can digitally alter so they contain elements relevant to particular viewers at the time they watch them. By changing voice-overs, scripts, graphic elements, or other images, advertisers can make an ad appeal to teens in one instance and seniors in another.
- Starwood Hotels & Resorts Worldwide Inc. uses a behavioral targeting campaign to promote spas at its hotels. The hospitality company works with an online media company to deliver ads to Internet users who have browsed travel articles or surfed the Web site of a Starwood-branded hotel like Westin or Sheraton.
- Startup advertising company Pudding Media is testing a service that would let customers make voice-over-Internet protocol (VoIP) calls free, if they agree to let their calls be monitored by speech-recognition software that would then present online ads based on the words it culled from the conversation. The customer would have already supplied Pudding with his or her zip code, age range, and gender, so ads would be targeted by demographics and location, as well as by real-time conversation.

Dig Deeper

Behavioral targeting allows advertisers to identify our consumption practices so that they can tailor ads to our precise interests. They argue that this technology increases efficiency, saves money, and reduces advertising bloat because we won't be bombarded with commercial messages for products we don't want. On the other hand, critics of this practice argue that we're "making a deal with the devil" because we're giving companies access to our personal behaviors. This controversy has surfaced on Facebook, which is now sharing data about users' online behaviors with advertisers. What is the current status of this conflict? How can advertisers do a better job of targeting while respecting the privacy of consumers—especially those who don't *want* to be targeted?

SS+K Spotlight

Targeting the msnbc.com User

SS+K was charged with two goals for the new msnbc.com campaign: increase the number of unique viewers who visit the site, and increase the number of clicks per visit among current msnbc.com users.

To refine their understanding of how to develop the msnbc.com proposition, SS+K enlisted the aid of Energy Infuser, a market research company in Chicago that specializes in unearthing consumer insights through qualitative methods such as focus groups, projective techniques, and consumer diaries. A number of "triads" (groups of three consumers) were recruited and agreed to offer their time and consumer experiences of online information seeking. Through analysis of the group's transcripts, the SS+K team developed a better sense of why a user might choose msnbc.com over other options: relative to competitors like bland news aggregators and "cold" and "serious" CNN.com, msnbc.com virtually sparkled with energy and personality. The site was inviting for users who enjoyed browsing for news and tidbits, including lighthearted information on entertainment, fashion, and sports.

Video Spotlight

Michelle Rowley: The Research Epiphany

[\(click to see video\)](#)

Choosing One from Among Many: Target Defined

Michelle describes consumer insights and how one triad participant helped to clarify just who the client's key user is and how the brand should speak to its target.

You can see media coverage of consumer focus groups at Energy Infuser here: www.energyinfuser.com/video/InfuseronNBC.wvx).

Ultimately, the target audience—now called the News Explorer—reflected observations about the typical msnbc.com user and what the site had to offer that set it apart from its primary competition. The profile was developed in dialogue with consumers through research approaches and, finally, through negotiation of research findings among client/agency team members.

Key Takaway

Targeting is the process of selecting the customers whose needs you're likely to satisfy. Targets need to be easily identifiable and measurable. As technology continues to develop, behavioral targeting that allows advertisers to customize messages and products to the needs of each individual will become a more central part of advertisers' strategies.

EXERCISES

1. Targeting helps define who the customers are. Targeting calls for the advertiser to take three steps. Describe and detail each of those three steps.
2. Good target markets have a series of properties that make them very attractive to advertisers and marketers. Describe and detail the four properties of a good target market.
3. Discuss the logic of using behavioral targeting to reach consumers. Be specific in your discussion.

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