

Internet advertising Targeted advertising

Timesaver or digital foot in the door?

In an age of surveillance, we are bound to worry about targeted online advertising. Can the industry convince the public it isn't spying on them?

Jules Grant

In a scene from Steven Spielberg's futuristic blockbuster *Minority Report*, fugitive John Anderton, played by Tom Cruise, is running through a shopping mall when he triggers an interactive video advertisement, which tells him: "John Anderton, you could use a Guinness right now."

In the film, the advert addresses Anderton by name and seems to know he is under stress. It may seem futuristic, but this kind of personal targeting of advertising messages is not miles away from one of the fastest growing advertising forms today: behavioural targeting or personalised internet advertising.

Behavioural targeting directs advertisements at customers based on their previous online behaviour. In its most basic form, it can be the Amazon "you've bought this so you might like this" model. More sophisticated behavioural techniques log where you have been surfing online using a technology called cookies. These are used to offer you advertisements on other sites that are more relevant to you.

So, for example, if you've ever wondered why, when browsing cinema listings online, you see adverts about bargain breaks to Rome – something you were researching a few days ago – it's no coincidence.

Jeremy Mason, European managing director of specialist behavioural targeting platform Revenue Science, explains: "Behavioural targeting is where a site or network of sites targets ad content to users who are part of an aggregated group, and it's generally anonymous."

Through cookies, advertisers are able to gather the pages visited by consumers. That data is processed to identify which groups are going to what general content areas. Users are then assigned to aggregated groups of audience segments.

Behavioural targeting specialists include companies such as Tacoda, Wunderloop and Blue Lithium. Online publishers such as FT.com and Guardian Unlimited,

as well as web portals such as Yahoo and AOL, all actively use some form of behavioural targeting technology to serve targeted advertisements.

In September BT began new trials with Phorm, an internet advertising company that has developed its own behavioural targeting technology after earlier trials in 2006-07 raised privacy questions. This summer the European Commission expressed concern that Phorm, which collects data about a user's online usage from the internet service provider (ISP) rather than simply tracking web behaviour through cookies, may have infringed EU data protection laws. Despite the concerns, the UK's Department for Business, Enterprise and Regulatory Reform concluded in September that the trials could go ahead as long as they were "transparent" to users.

Growth industry

Certainly behavioural targeting is a part of online advertising that is set to grow. In June, Andrew Walsh, an analyst at the now troubled Icelandic bank Landsbanki, estimated that by 2010, revenue derived from advertising that targets consumers' web-browsing behaviour could be worth £528m, representing more than half of all UK online display advertising. In an economic downturn, the ability to avoid sending adverts to people who are not interested in that particular product or service becomes even more important.

Now social network sites such as Facebook, Bebo and MySpace are also getting in on the act, which means that advertisers can tap into hobbies and personal data that consumers list on their pages.

Donald Hamilton, managing director of online advertising specialist Wunderloop says: "All we're doing is... making the online experience more efficient."

However, protecting the privacy of what users are doing online has become a thorny issue for behavioural targeting, although providers say that opt-outs and rigorous privacy policies protect users. Facebook was forced to offer its users a way to opt out of targeted advertising tools after there was a huge backlash on the site from users concerned that their personal information was being used for corporate gain.

Wunderloop's Hamilton argues: "There would be privacy issues if we were capturing private personal information. But our system can't tell exactly who you are even by mistake or error. We don't want that information."

Online users generally accept targeting if they actively offer the information, for example, by typing in your postcode to find out what films are being shown near you. However, when consumers' web-browsing behaviour is watched without their explicit knowledge, this can cause problems. "You'll find that the people complaining about targeted ads are the

ones that are putting videos on YouTube and posting information on Facebook," says Nima Yassini, head of digital at marketing firm RMG Connect. "They are open to doing it when they have the control, but they don't like it when they're not in control."

In response to privacy concerns, the Internet Advertising Bureau launched a task force in May designed to work towards some self-regulatory principles on behavioural targeting.

"The underlying principle is to give consumers more awareness about how behavioural targeting works," says Nick Stringer, the IAB's head of regulatory affairs. "We realised that there was a misunderstanding, not only among the public, but to some extent among the regulators and policymakers. We want to give confidence to the market and a message to policymakers that this is not some spying technique."

Public relations has adapted to the online world in subtle ways, and some firms are finding the 'blogosphere' the perfect environment

Lucy Rouse

Public relations firms are beginning to get in on the digital marketing act, seeing the business of inspiring bloggers to write about their brands as a natural, if somewhat different, extension of traditional PR skills.

"You can't treat bloggers like you do journalists, even if the journalists are writing blogs," says Ruth Speakman, head of consumer PR for Sony Europe. "The constant conversation you have with bloggers has to do with what is important to them. It's not necessarily newsworthy in the journalistic sense. It's just interesting to them and, more importantly, to their audience."

This change in emphasis for traditional PR firms is quite a big one, but it is a necessary step if a brand's PR is to continue to be relevant in the online world, says Katy Howell, partner at digital PR agency Immediate Future. "The vast majority of PR agencies has not joined the melee. There is a fight for the space going on with search engines, digital agencies and all sorts looking to get in. But PR firms should be doing this because in my view only PR understands a crisis."

PR agencies are getting into the digital marketing space in different ways. For Howell, the "new PR" has to be both more proactive – building a conversation with bloggers and other "taste-makers" online – as well as being flexible enough to react to crises. Recently Pizza Hut announced it was changing its name on some of its res-

taurants to Pasta Hut to better reflect the food it has on offer. The blogosphere was not impressed, seeing the name change as a publicity stunt. "Pizza Hut could have engaged the bloggers about the name change before announcing it by sending them menus or including them somehow in the conversation," says Howell. "They didn't do it and although it hasn't developed into a full crisis, it could have been handled better."

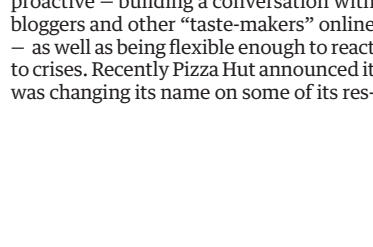
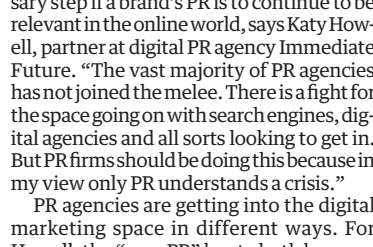
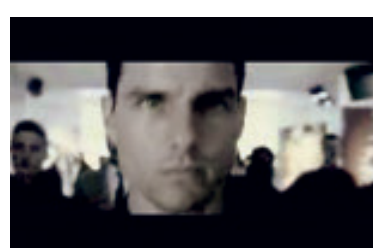
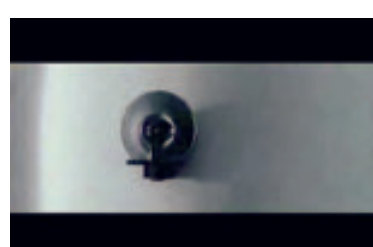
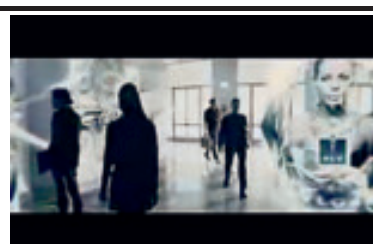
Meanwhile, Lexis PR has set up a digital division specifically to handle PR in the blogosphere. Lexis's head of digital, Chris Cook, says: "We believe PR is the natural home for the production of branded content. PR is about generating compelling stories that secure endorsement from third parties and drive conversation and engagement with brands. Good, branded content should follow the same rules."

Another PR firm, Onlinefire, part of the Eulogy group, is engaging football fans by circulating its specially designed mini-application, or widget, on blogs and football fan sites as part of a Radio 5 Live campaign designed to promote the station's 5 Live Player, an interactive application featuring 5 Live's football commentary and coverage.

Onlinefire, aided by digital marketing firm Clock, developed the widget, which allows groups or individual users to access a news feed that is personalised to a particular football team. "We did a lot of research to find all the official and unofficial fan sites and blogs and we engaged with them on a one-to-one basis," says Onlinefire joint managing director Graham Lee.

So far, the biggest take-ups are coming from sites such as chubfanzone.com, where Spurs and Arsenal content is especially popular. In mid-October, the 5 Live Player had logged 96,000 referrals from that site, compared with 43,000 from bbc.co.uk.

Additional reporting by Kate Bulkley

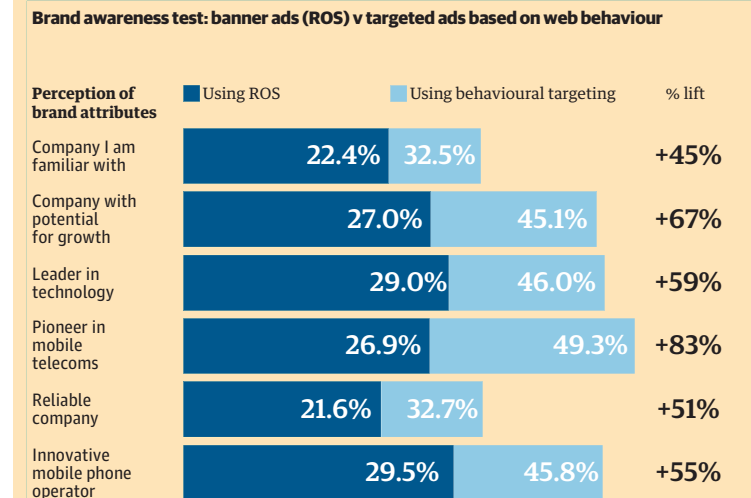


Effective strategy NTT DoCoMo

To test the power of ad-targeting technology, Japanese mobile operator NTT DoCoMo used digital agency Revenue Science to run ads using controversial behavioural targeting technology against standard banner ads on FT.com.

The campaign had two objectives: to increase brand awareness within NTT DoCoMo's target audience, which is defined as business decision-makers working in IT and telecommunications. Secondly, the campaign was meant to increase the perception that NTT DoCoMo is leading the development of mobile telecommunications.

Research company Dynamic Logic



SOURCE: DYNAMIC LOGIC FOR REVENUE SCIENCE

measured the results and found that NTT DoCoMo saw greater results using the targeted ads. These ads were sent to users whose web-surfing profile matched the mobile operator's target audience.

The behaviourally targeted portion of the campaign was more effective than the standard banner campaign run across the entire FT.com website. The targeted campaign won in all key areas: brand awareness, ad awareness and recall, brand attributes and overall cost. Dynamic Logic measured brand awareness "lift" of 41%; online ad awareness went up by 193%; and brand recall increased by 178%. JG

The people complaining about targeted ads are the ones that are putting videos on YouTube

Beyond the press release

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Internet advertising Mobile

Arrested development

The mobile phone market represents a huge advertising opportunity, so why, with technology racing ahead, is it still stuck in its infancy?

Richard Why

Mobile advertising is the Godot of the marketing world: endlessly talked about but it just never seems to arrive. Recent innovations in mobile phone design, an more open approach to what's inside them and the rise of all-you-can-surf mobile broadband tariffs, however, present an opportunity to drag mobile advertising centre stage.

Like any embryonic industry, estimates for the potential size of the mobile advertising market vary hugely. Depending on who you believe, global revenues from mobile advertising will be anywhere between a couple of billion dollars to almost \$20bn by 2011. Gartner, a research house, reckons mobile ad revenues will be \$2.7bn this year, rising to \$12.5bn in 2011. One thing is certain, however: mobile advertising has massive potential. More than 60% of the world's population has a mobile phone. In western Europe, according to PricewaterhouseCoopers, mobile phone penetration – that is the percentage of adults with a phone – was 107% last year, which means some people have more than one.

By last count there were 3bn mobile phones taking calls around the world. And people have their phone on them all the time. As advertising media go, the mobile phone sounds perfect.

But so far much of mobile advertising has revolved around text messaging, the messaging, the odd downloaded game and mobile website. Recent changes to what devices can do, sparked by innovations such as the iPhone and, more recently, the new Google phones, could prove the making of this industry.

There has been an awful lot of hype about it, but Apple's iPhone did change the mobile advertising landscape. It opened the door to a new breed of mobile web browser accessible. More people using the web means more money for online play-

A breath of fresh air

The iPhone and the G1 are opening up the mobile web for users sick of high tariffs and awkward interfaces

Richard Why

The launch of the G1, the first mobile phone to come out of the Google-backed Open Handset Alliance, has run the iPhone a close second in the hype stakes. Made by Taiwan's HTC, the phone includes Google's new Android operating system that the search engine company hopes will be the first of many new Google-compatible phones.

For Google, the new phone is firstly about making it incredibly easy for users to pull down information from the web, and it is no coincidence that one of the icons on the very first screen of the G1 is the Google search button. Secondly, the G1 is about ensuring that none of the traditional gatekeepers of the mobile world – such as handset manufacturers and operators – has too much power, by making Android open to all developers as an open access platform.

"The move of Google into mobile is accelerating the momentum of device development and application development, creating a better and more open internet experience on a mobile device," says Philip Shepherd, partner at PricewaterhouseCoopers.

It has been possible to download mobile applications on a range of devices for several years, but usage has been patchy because of users' fears over the cost of downloading and problems of finding applications in the first place. In stark contrast, within two months of iPhone's launch, the iTunes store had seen more than 100 million iPhone applications downloaded. The equation is simple: ease of use, plus a flat-rate data plan, plus an open application environment for developers, equals massive usage.

Alexandre Mars, chief executive of Phonevally, the mobile arm of one of the world's largest advertising firms, Publicis,



Sleeping giant: the mobile market presents massive advertising opportunities, but its riches have yet to be effectively tapped

ers such as Google, as users access their search engines and provide more eyeballs for online adverts.

But a mobile phone is about more than just accessing the internet; there is a host of content that can be downloaded or viewed by users and backing it with advertising helps make it more attractive.

Amobee Media Systems, for instance, dynamically inserts targeted, interactive advertisements into all types of mobile entertainment – from videos, music, mes-

sage and games to mobile websites. Amobee's chief marketing officer, Patrick Farodi, stresses that "mobile advertising will be much bigger than mobile 'internet' advertising... in the same way that people didn't go out and buy TVs in the late 50s to listen to the radio, people will not be using mobile phones only to browse the internet."

"The mobile phone companies certainly believe there is a lot of money to be made by connecting users with advertisers. Last month, the UK's five mobile phone networks – 3, O2, Orange, Vodafone and T-Mobile – partnered with the Internet Advertising Bureau to promote mobile ads, with a further aim next year to launch a mobile version of the twice-yearly PricewaterhouseCoopers report on the UK internet ad spend. The hope is that creating proper metrics will give advertisers reassurance that their cash is being well spent."

For many in mobile advertising the most important thing the operators can do is work together so users across all networks can be aggregated into one audience that can be packaged for advertisers.

"If I am one of the Coca-Colas of this world, at the moment I have to ask the question: do all Coca-Cola drinkers use only, say, Vodafone? The answer is no," explains Graham Rivers, chief executive of mobile marketing experts WIN. "So at the moment you often have an inherent barrier to mainstream advertisers reaching their target audience. Dealing with little fragments is not something they are remotely interested in entertaining."

The GSM Association, which represents mobile operators, wants to define a common set of metrics and measurement processes for mobile advertising. The idea, according to insiders, is to provide audience size and data, which can be used to target advertising.

Recent moves by internet service providers such as BT and Virgin Media to find a way of monetising the information they have about what their customers are doing when they log on. It has proved hugely controversial in the fixed line world and may be even more so in the mobile world. And an economic downturn is traditionally not a time for experimentation with ideas that have not yet been proven.

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Widgets allow users to access content without hunting on the web. But are they much more than gimmicks?

Meg Carter

There's a fair chance that if you spend any time at all on the internet you have used a widget, perhaps to find an airline fare, or figure out a currency exchange rate, or even share your jogging times. These mini-computer applications are attracting growing interest from advertisers eager to use them to promote their brands.

Widgets are popular because they are a quick and easy way for the user to access bite-sized information or entertainment content without having to leave one website and go to another. They are portable, which means users can put them on their own websites or blogs or Facebook page.

"If a brand owner has a clever calculator or price tracking application on its own website this can now be detached and distributed across a variety of different platforms," says Tony Effik, chief strategy officer of Publicis Mobile. "It's the way the internet is going as more and more content is made available not at destination websites but across a variety of digital platforms. Branded utilities like widgets are part of a new value exchange people are coming to expect now from digital media."

So hot are widgets, that according to research house Comscore, one in four internet users in western Europe now regularly interact with them. Little wonder then that widgets are attracting growing interest from brand owners eager to attract attention to their services or brands and perhaps even secure a permanent foothold on a consumer's personalised homepage, web browser, desktop, blog or social network.

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But careful targeting is essential for a widget to be a worthwhile investment, cautions Tom Smith, head of consumer futures at agency Universal McCann. "Many widgets are quirky with only a short shelf life. Short-term in itself is not a problem so long as the content is good quality and they are aimed at the right people. Get it wrong, however, and you risk ending up with little more than a pointless gimmick."

A good example of a "useful widget" is the Nike+ widget. Nike+ allows runners wearing special Nike running shoes linked to an Apple iPod or Nike+ SportBand device to log their running times and monitor their performance against an international online community of runners.

Other widgets, meanwhile, are mostly entertaining. E4's Fonejacker widget, created by digital agency Kerb, allows users to put themselves in short sketches derived from the Fonejacker TV programme. Users simply upload a photo of themselves into the "Go Jack Yourself" widget and voilà, they are the stars in the sketch, which they can then share with their friends. It's a bit of fun, but it's also a clever way to get consumers to spread the word about the Channel 4 TV show.

Widgets are all about offering the consumer tangible reasons to engage with a brand, says Glyn Britton, planning direc-

tor of digital agency Albion. Albion is rolling out a "Pet Hunk" widget for Remington – called Remington Hunk, he is a virtual man who dances and strips down (not all the way) on your computer desk-top, while giving you compliments.

"Remington Hunk is designed to entertain, but it's also designed to provide an ongoing communications platform with consumers," Britton explains. Having an ongoing, updatable conversation with a customer through a fun widget like Remington Hunk is a great way "to convey different attributes of the brand".

And the future for widgets? "Ultimately, it won't be about flashing updated content day by day but about evolving new forms of customer interaction," predicts Dan Geary, marketing director of technology firm Skinkers.

"The true opportunity, in my view, is the scope to enable the user to adapt their requirements once the widget has been downloaded."

Weblinks
Fonejacker: e4.com/fonejacker/go-jack-yourself.html
Remington Hunk: widgets.yahoo.com/widgets/remington-hunk

Where's my ... UPS online tracking device

Delivery and logistics company UPS is launching a desktop widget that lets its customers keep track of outgoing and incoming parcels.

Computer screens in corporate dispatch departments are generally advertising-free, making the success of the UPS tracking widget all the more notable. It was at the heart of a branding campaign designed to portray UPS as a friendly and accessible partner rather than simply a supplier.

Many widgets are conceived as promotional devices. The difference was that from the outset it was all about offering a valuable service," says Tom Smith, head of consumer futures at Universal McCann.

Designed by technology company Skinkers, the tracking widget was launched in the UK late last year. UPS ran print and online ads directing consumers to a microsite where the tracking service and the downloadable widget were explained. This microsite alone attracted more than 500,000 visits and 14,000 widgets were downloaded. As a result, UPS is now midway through an international launch. MC

PHOTOGRAPHS: MARK LINDENHAY; BLENDFIMAGES.COM

Is Phorm the fall guy?

A new, more accurate way of retrieving and compiling data from web users' surfing habits is under intense scrutiny from privacy campaigners

Jules Grant

A new wave of companies, including Front Porch, NebuAd, Revenue Science and Phorm, have ignited fresh interest and debate surrounding the use of collecting data for ad targeting online.

Traditional web behaviour tracking technologies use cookies, which log where users surf on the web, to gain insights into users' browsing behaviour. They do this by linking the user's computer's IP address (a number that identifies a specific device on a network) to participating websites.

Phorm's behavioural ad targeting platform is pioneering a new approach, working with ISPs at the network level and is being piloted with BT. The business model sees Phorm split revenues made from serving targeted ads with the ISPs.

"By deploying our technology alongside the ISP networks, we can construct a more relevant picture of users' online behaviour," says Phorm chief executive Hugo Drayton. "That gives us an enormous reach in terms of the data and has enormous benefits for advertisers and users."

Drayton, who was formerly Telegraph Group managing director and European managing director of Advertising.com, emphasises that Phorm does not, at any time, identify the individual; rather, the technology "closely matches people's interests, in a way that stores no data and

completely safeguards people's privacy". Phorm's technology can't read emails and it does not allow targeting on a number of sensitive areas such as medical conditions, politics, gambling or pornography. "Advertisers set criteria – keywords, search terms and URLs – and the system simply reacts if the criteria are matched," says Drayton.

Campaigners for privacy have accused Phorm of crossing the line, and its technology has also raised concerns at both UK and EU government levels. However, the Department of Business, Enterprise and Regulatory Reform has recently said that it believes the technology can be operated in "a lawful, appropriate and transparent fashion".

One industry insider who asked not to be named also asks why Phorm has become the "whipping boy" in the privacy debate. "The European data registrar has a number of complaints about the likes of Microsoft and Google," he says. "The European law states that you cannot hold a certain amount of data beyond a certain time. But they do hold it longer and we all know it."

Revenue Science's managing director of European operations, Jeremy Mason, adds: "The consumer is happy for all their behaviour to be tracked, and there is clear notice about that, then I think it is great. It's the best way to build a complete and accurate view of consumer interests."

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