

Online advertising winning and empowering consumers

Kimon Zorbas

Sintesi

In questo articolo si ospita il punto di vista dell'industria dell'*Internet advertising* estremamente favorevole allo sviluppo delle nuove tecniche di *Online Behavioural Advertising*.

La pubblicità su Internet permette al consumatore di accedere a informazioni relative a prodotti e servizi globali, fornendo loro possibilità di scelte più ampie rispetto a quanto successo in passato.

Perché si clicca? La pubblicità richiama l'attenzione dei consumatori in quanto interessati al prodotto; al consumatore vengono fatte diverse proposte, anche se non tutte sono particolarmente allettanti. Il prodotto poi viene acquistato? Non necessariamente.

Il consumatore è padrone delle proprie decisioni online allo stesso modo in cui lo sarebbe offline. Solitamente i consumatori vogliono vedere una pubblicità e prendere le proprie decisioni di conseguenza, ma sarebbe anche auspicabile che le pubblicità dessero maggiore importanza agli interessi degli utenti.

Ovviamente, gli operatori dovrebbero effettuare alcuni studi relativamente al sesso, all'età, al luogo di residenza, o ad altri parametri che un *advertiser* dovrebbe conoscere perché il consumatore li ha condivisi precedentemente.

La soluzione tecnologica che rende le pubblicità più affini agli utenti è la *Online Behavioural Advertising*. Essa rappresenta un'evoluzione nel settore pubblicitario poiché rende la pubblicità su Internet più vicina ai gusti dell'utente e, in cambio, fornisce il necessario finanziamento per mettere a punto e apportare innovazioni alle varie offerte e servizi Internet che tutti noi usiamo.

Se la pubblicità è più affine ai gusti degli utenti, è probabile che si produca un effetto a catena, che porta agli utilizzatori di Internet l'accesso gratuito a un numero maggiore di contenuti, servizi e applicazioni di qualità.

In termini economici, quando si riduce il budget si riducono anche l'efficacia e la pertinenza della campagna di marketing. Rendere la pubblicità più attinente al comportamento degli utenti è vantaggioso anche per i web publisher, in quanto la pubblicità fornisce loro un flusso di entrate che gli permette di continuare a fornire agli utenti contenuti gratuiti.

La maggior parte della *Online Behavioural Advertising* è effettuata tramite i cosiddetti *ad-network*, che uniscono un "media owner" (spesso un portale) e un *advertiser* utilizzando i *cookies*.

I consumatori possono scegliere se usare o meno un determinato servizio e se vogliono o meno fruire dell'*Online Behavioural Advertising*; tale possibilità è offerta agli utenti dai provider. Se un utente decide di non accettare la *Online Behavioural Advertising* continuerà a vedere gli annunci; questi compariranno in modo più casuale e probabilmente saranno molto meno affini ai suoi gusti. Se un utente desidera esercitare la sua scelta di non avere la *Online Behavioural Advertising*, può semplicemente praticare il suo “*opt-out*” e non ricevere più questa tipologia di pubblicità in futuro. Un'altra possibilità che hanno i consumatori è quella di poter effettivamente cancellare alcune categorie o aggiungerne altre di loro interesse.

Le società rispettabili sanno che il loro successo è legato alla fiducia e alla stima dei propri utenti e, quindi, risulta necessario focalizzare significative risorse in tale ambito.

Alcune ricerche hanno evidenziato che il 70% degli utenti sono attenti a selezionare quali informazioni personali condividere su Internet, mentre il 40% generalmente si fida delle informazioni disponibili su Internet.

La pubblicità è la chiave per l'innovazione: finanzia nuovi modelli commerciali e fornisce modalità di finanziamento alternative per una vasta gamma di settori (servizi e prodotti).

La pubblicità random, quella in base alla quale gli utenti vedono un avviso pubblicitario che può essere per loro completamente irrilevante, può difficilmente fornire le risorse necessarie. Infatti, è improbabile che questo tipo di marketing produca effetti relativi a un servizio o un prodotto e, pertanto, non può giustificare i costi significativi di coloro che acquistano tali spazi pubblicitari.

La *Online Behavioural Advertising* è una *premium advertising technology* e genera ricavi più elevati per i publisher, in quanto è più probabile che gli utenti siano interessati ad approfondire le ricerche sui prodotti e i servizi pubblicizzati. Garantisce, inoltre, offerte online di qualità elevata e fornisce agli utenti informazioni sui prodotti e servizi di loro interesse.

Fino a quando i consumatori saranno opportunamente informati e saranno liberi di fare le proprie scelte, non si dovranno limitare queste tipologie di pubblicità, in quanto rappresentano una risorsa significativa per tutti i settori del mondo economico.

The case for Online Behavioural Advertising - making adverts (really) relevant for users

Advertising on the Internet allows the consumer to access information on global products and services in a way which opens up options and choice to the consumer wider than ever before. Online Behavioural Advertising offers consumers the opportunity to benefit from advertising that is likely to be potentially more

relevant to their interests, providing information on latest product offerings or services that they might otherwise not be aware of. Such advertising obviously needs to be responsible advertising but the Internet ultimately places more power in the hands of the consumer: e.g. the consumer can choose whether or not to read more about products or services advertised online, clicking on such ads, can make use of comparative pricing sites that have grown in a wide variety of product sectors, to determine where best prices and quality lie. Ultimately, the Internet offers an opportunity for consumers to shop in a more global marketplace with greater access to information on products and services than ever before.

The Internet has brought a huge change in how advertising work empowering the user to decide for him or herself what adverts to see and in what form, which has, in turn driven a need for much better forms of advertising.

We have all seen good, sometimes innovative and fun adverts which made us click on them, or which encourage us to engage with the advert, e.g. in form of an embedded little game. Equally, we've all come across adverts that did not generate any interest, due to their boring nature or our lack of interest in the advertised product. In these latter cases, it is unlikely that an advertiser will tempt us to click on the advert and the decision lies with us as consumers to show interest or show no interest.

Users take decisions, not machines

Giving just one real-life example, of a personal nature, may illustrate how marketing one of my pastimes is climbing. Pre-Internet age I would inform myself about trends and new products pretty much exclusively through climbing magazines. Through the Internet I find that while reading articles on the topic I come across advertising for new products and I find myself clicking on these to find out about new products, with offerings that are very global in nature.

Why do I click? Clearly the advert catches my attention because I am interested in the product. It does not lure me but had a proposition for me. Do I buy the product? Not necessarily - I go through the same consideration process reading an online product that I do when I read something in a magazine or hear about it on television. I think about which equipment I need or want and pros and cons of buying it. My thought process is not switched off because of the medium through which I receive the advertising. I am the master of my decisions online in the same way that I would be offline. Clearly it is important that the advertising is not false or misleading in its content, but this is something which should be true as a common standard for all advertising and is not dependent on the form that such advertising takes.

I want to see an advert, make myself a decision about it but I'd also prefer to have advertising that might bear some relevance to my interests. A well-known example of online behavioural advertising that has such potential relevance to an

online user is the amazon website bookstore. A past purchase on one of the amazon sites, while browsing on the site, will encounter adverts displaying books, dvd and other products that might be of interest to users, based on his or her past preferences (e.g. through purchases or searches) and what other users were interested in who had purchased some of the same books/dvds. Amazon merely suggests a books or dvd may be of interest and the consumer can ignore this suggestion or opt to read further into the suggestion and then decide to purchase or not. It is the user's prerogative to click or to ignore a suggestion or an advert. I would not like the government to decide that I am unfit to make such a choice.

How to make advertising more relevant?

In my climbing-example, a company that wants to advertise a relevant product to me would be asking - how do I know that this individual is interested in climbing? Well, of course the company would need to make certain assumptions. My gender may play a role (there might be gender-specific products), my age, my location (it may be more likely that I have a climbing as a hobby living in a mountainous areas than other parts), or other parameters which could be either known to an advertiser because I shared them (e.g. a loyalty card scheme where I indicated my interests) or they are based on assumptions of my potential interests. Of course some parameters will not be known or cannot be assumed (correctly): I might be not fit enough to climb any more but still interested in the development of climbing products.

The technological solution that makes adverts more relevant is Online Behavioural Advertising.¹ Online Behavioural Advertising is an evolution in the advertising sector that makes advertising on the Internet more relevant for the user and in return provides the necessary funding to develop and innovate the various Internet offers and services we all use.² Research and survey results repeatedly conclude that viewing relevant advertising on the Internet is of greater interest to consumers and businesses as regular online users of the Internet. Insites Consulting conducted a research, MC DC, asked over 32,000 consumers in 16 European countries about trust and confidence in the Internet.³ One of the questions focused on the relevance of advertising and asked users: «Surfing the Internet would be more enjoyable if advertising would be more tailored to my needs and profile -To what extent do you agree with each of the following statements?» 47% of users agree or rather agree; 39% of users are neutral; 9% of users rather disagree; 5% of users fully disagree.

¹ This article is not addressing the Deep Packet Inspection models as they are not operating in Europe (or elsewhere) and as such have no relevance for Online Behavioural Advertising in this context.

² This technology could be also used to make content more relevant to us and e.g. tailor online news to our interests.

³ The research will be published soon and made available on IAB Europe's website.

The obvious conclusion from this is that users would have a much better on-line experience in relation to advertising if that advertising was of relevance to them, with only a small percentage disagreeing that tailored advertising would make a difference to their online experience. What are the potential benefits of making advertising more relevant to Internet users? If advertising is more relevant to the users there is likely to be a knock-on effect that provides Internet users with greater access to free quality content, services and applications. Clearly it is beneficial to those advertisements products or services online to be able to reach an audience that is more likely to be interested in their products or services and not waste resources on users who are very unlikely to have any interest (particularly where the product or service is of a very specialised nature). In economic times when budgets are reduced in all areas the effectiveness and relevance of a marketing campaign comes into even sharper focus. Greater relevance of the advertising is also beneficial to web publishers as advertising provides them with a revenue stream that allows them to continue to provide free content to users. Advertising revenue is key to fund future innovations and services on the Internet and the means by which many online services, including search engines, mail providers, social net-working sites, are able to provide users with a service that is entirely for free and funded by advertising.

But industry only goes halfway if it delivers more interesting advertising to consumers. The other part of the journey must be to recognise the requirement to explain to consumers how online advertising works and to give a choice to consumers.

Explaining Online Behavioural Advertising

There are different ways to provide behavioural advertising. At a basic level, information about the web browsing activity - together with information about thousands of other users' browsing - is collected and segmented into general groups, such as cars, finance and travel. An interest profile (for example "cars") is inferred from data about the sites a user has visited and a file known as a cookie is placed on the user's computer to "identify" him as someone interested in the category "cars". Advertisers and websites will tailor adverts for groups of users with similar interests and the cookie enables such relevant display advertising to be delivered to the user. Most of Online Behavioural Advertising is done through the so-called ad-networks that bring together a media owner (often a portal) with an advertiser and use cookies for this purposes.⁴ Cookies are little files that keep a minimum amount of data and are used for many purposes, such as detecting the operating system of your pc, your language preferences, store usernames etc. The

⁴ A good overview on Online Behavioural Advertising can be found on the IAB UK site: www.youronlinechoices.co.uk.

beauty of cookies is that the user (and not the web site that set the cookies) has full control: he or she can delete cookies with an ease of few clicks and can even set the browser to accept cookies from certain web sites ecc.

In an effort to explain to users what exactly Online Behavioural Advertising is, IAB Europe plans to create a web portal that provides users with information about Online Behavioural Advertising, the choices they have and how they can exercise them. We recognise that such website needs to be offered in more languages than English and intend to subsequently add more and more languages so that all Europeans can get information in their native language.

Explanation covers two aspects, namely technical functionality and the legal context, these being the key elements that web sites need to provide by law. The legal information is included in the privacy section on a website. Some companies have started providing information on an advert outside the privacy section, something that contributes to transparency and user acceptance. Our organisation, IAB Europe, welcomes such initiatives and encourages discussions on this topic. The transparency question is frequently tied to the question of privacy safeguards: does Online Behavioural Advertising impact the data protection (or privacy) of users? All providers of Online Behavioural Advertising have to comply with the requirements set out under the European data protection framework. In most cases, the information used for targeting adverts is not personal, in that users cannot be identified. Where personal information (like registration data) is used, users have been told about it in the website's privacy policy and their consent needs to be provided when they register for the service in question. Users always have a choice as to whether or not they want to receive more relevant advertising or not.

Offering choices to consumers

In addition to the choice consumers have as to whether to use or not a specific service, Online Behavioural Advertising providers give users a choice whether they want Online Behavioural Advertising or not. In case a user decides to not accept Online Behavioural Advertising he will still see adverts. They will be just more random and probably much less relevant. If a user wants to exercise his choice to not have Online Behavioural Advertising, he or she can easily “opt-out” from being served such advertising. Another choice consumers have is to actually delete or add categories of their interests. Two major companies have rolled out such “ad-preference” or “ad-interest” managers that give users a tool to delete certain categories that are included for advertising (e.g. cars) or even add other categories.⁵ Companies have recognised the value such tools have for users and it could be expected that more companies will offer such tools.

⁵ See e.g. Yahoo: http://info.yahoo.com/privacy/it/yahoo/opt_out/targeting/ or google: <http://www.google.com/ads/preferences>.

The Yahoo site gives me some information its machine has at that particular moment, e.g. which IP address my pc was assigned, which operating system my pc runs, etc. These categories of information are relevant to match the technical requirements (fit the advert on my screen) and to serve the advert. The advertisers create segments and want to advertise a product to e.g. all women living in Belgium between the age of 25-50 and the machine can pick an advert that matches those parameters.

Trust and confidence are precondition to retain customers

Reputable companies know that in order to be successful, they rely on the trust and confidence of their users and need to focus significant resources to maintain this. In the online environment, where it's so easy to change service providers, reputational damage has a very significant impact. Users have forced large companies to change settings or privacy policies in voicing their discontent. They know how to deal with the medium Internet, they are increasingly accustomed to it, are smart and have a healthy, sometimes reserved attitude which reflects their maturity with the online medium.

The MC DC study found out that 70% of users are careful in selecting which personal information they will share on the Internet and also revealed that 40% of users generally trust information available on the Internet. Three quarters of Internet users were aware of Privacy policies but only 4 out of 10 users said they regularly read them, which is pretty much akin to the real world and how we interact with policies from car parking notices to super market terms and conditions.

Conclusion

How will the world look tomorrow? New applications will enable users to interact in ways we cannot imagine. Should we limit the potential of such innovations for Europe? I believe we should encourage innovation and government should not try and limit the innovation potential without very good reason for doing so. Advertising is key to innovation: it funds new business models and provides alternative financing models for a wide range of service and product sectors. Advertising is also key to accessible information, providing a means to finance publishing, from daily newspapers to niche interest areas. Publishers are faced with significant challenges as more and more content becomes available online and online advertising provides them with a means by which they can build their business model for the future without having to turn to readers for significant subscription contributions. However, random advertising, whereby users see an advert that may be entirely irrelevant to them is unlikely to provide the resources

needed as such marketing is unlikely to show returns in take up in the service or product and, therefore, cannot justify significant cost to those purchasing advertising space. Online Behavioural Advertising provides an advert which is significantly more likely to be clicked on and to generate the interest of a user given it is of more direct relevance to that user. Online Behavioural Advertising is a premium advertising technology and generates, in return, higher revenues for publishers as users are more likely to be interested in following up on services and products advertised. It also ensures high quality offerings online and provides users with information on products and services of interest to them. As long as users are properly informed and can exercise their choices, we should not limit such forms of advertising as they will be a significant resource for any sectors of the business world. The online advertising industry is stepping up its efforts to provide users with the tools to better understand Online Behavioural Advertising, exercise choices and get the most out of the Internet and with a responsible approach to such advertising its potential for increasing growth in European businesses should be harnessed and not killed in its infancy.