

# The Rise of On-site Behavioral Targeting

## 7 reasons why smart marketers are making it a top priority

A WHITE PAPER

There's no question, the Web is an explosive channel for business today. Online sales now generate a significant percentage of revenue for many businesses directly. In addition, the Web channel has a huge influence over other channels indirectly. Thus, the many billions of dollars being invested in strategic Web marketing initiatives now require that marketers treat this channel with higher levels of accountability, and demand that smarter technology solutions be implemented.

### WHAT IS ON-SITE BEHAVIORAL TARGETING?

On-site Behavioral Targeting has evolved out of this new era of more strategic and accountable Web marketing, bringing with it rigorous direct marketing principles, and very recent breakthroughs in real-time data mining. On-site Behavioral Targeting leverages each individual Web visitor's observed click-stream behavior, both on the current Web visit and from all previous visits, to decide what content is likely to be most effective to serve to that visitor, in order to achieve a desired and measurable commercial objective; such as increasing revenue, conversion, or click-through. It then measures its effectiveness and reports back the lift and yield that it delivers. On-site Behavioral Targeting is marketing nirvana in many ways, as it closes the loop in real-time while the visitor is still on your Web site. On-site Behavioral Targeting is also a strategic enterprise activity. It plays a central role in connecting online and offline channel activities, by supporting the creation of 360-degree views of the customer's

status, needs and interests, which can then be used to enable consistent, high-performance marketing across all channels.

For the marketing organization under pressure to show better ROI, On-site Behavioral Targeting delivers measurable and improved contribution since it reports back exactly the improvements in lift it generates versus a control group.

As an emerging technology, On-site Behavioral Targeting is just now becoming better understood and there is certainly a strong interest in learning about, and then deploying, this highly strategic solution on world-class Web properties for major brands worldwide. This paper will help you understand how On-site Behavioral Targeting works, and the seven reasons why it's fast becoming the must-have technology for today's enterprise marketing organization.

### HOW DOES IT WORK AT A HIGH LEVEL?

On-site Behavioral Targeting leverages highly automated technology that takes advantage of the same Web analytics data you are most likely already collecting, such as referring site, referring search engine and keyword phrase, time and day of visit, machine properties such as IP address and browser settings, along with complete individual visitor click-stream data. The system efficiently organizes the anonymous data to build individual visitor profiles containing the hundreds of data variables that occur during a visitor's visit to a Web site, each with some small amount of predictive value. Highly sophisticated mathematical models then interpret these variables in real-time and assemble together their collective predictive value to determine exactly which piece of content or promotion is most likely to engage each visitor, and then serves that content while the visitor is still on the site, keeping track of the entire context of each piece of served content. The On-site Behavioral Targeting system then measures if the visitor responded to the served content in the manner predicted. By efficiently learning in real time from any differences between the predicted response behavior and actual response behavior, the system continuously makes itself smarter for the next decision. The best On-site Behavioral Targeting systems are fully accountable, and directly report back their decision effectiveness in real-time, as a measured lift delivered versus a control group.

## **THE TOP 7 REASONS WHY SMART MARKETERS ARE MAKING ON-SITE BEHAVIORAL TARGETING A TOP PRIORITY**

### **1. Improved acquisition spend. Lower the expense of attracting visitors to key pages on your Web site.**

The cost of attracting new visitors to your Web site is very expensive and probably increasing. It's not just the direct costs of pay-per-click search engine marketing campaigns, banner advertising, online PR efforts and search engine optimization services. It's the sum total of your brand building expenditures as well. And today, you should know exactly what your organization is willing to pay for a visitor if you are doing any pay-per-click search engine marketing, and with that calculation in mind, evaluate solutions to increase the yield of each one of those visitors once they arrive at your site, such as On-site Behavioral Targeting. Search Engine Marketing (SEM) is perhaps the simplest form of Behavioral Targeting, where the intent and current interests of a visitor are captured and harnessed to target other (and in this special case, paid) offers of high relevance. On-site Behavioral Targeting is the logical extension of this activity to your own Website, where all previous and current session interactions of the visitor are used to appraise relevance of the variety of possible content options and promotions in real-time. Leveraging the full click-stream behavior of visitors on your own site is an incredibly effective method to ensure that the yield from Web site content on highly trafficked pages is continuously maximized. Spending money on SEM without deploying On-site Behavioral Targeting is like sending your sales resources out on the streets to bring in new prospects while ignoring the warm prospects and loyal customers who are already in your store. This certainly is not the smartest allocation of marketing resources to support revenue goal.

**KEY TAKEAWAY: You can directly benchmark On-site Behavioral Targeting investments against pay-per-click search engine marketing campaigns. On-site Behavioral Targeting can deliver incremental traffic to key product landing pages at a rate that is five times less expensive than search engine marketing with twice the conversion rate, and it's all proven in the lift reports. Consider taking ten percent of your search engine marketing budget and investing those dollars in driving higher conversion rates through On-site Behavioral Targeting. Longer-term, your Web site will be much more efficient with this smart investment shift.**

### **2. Recognition and relationship. Get to know your visitors better, and faster.**

Because visitors rarely buy a product or service on their first visit, you've got to keep them coming back to complete the transaction. The increase in Internet speed has brought higher expectations and more demanding visitors, who want results at the snap of their fingers. Think of it as the "Google effect" – visitors rarely go beyond page one of Google results anymore and if what they are looking for on your site takes more than a few clicks, your site just isn't giving enough back to the visitor soon enough to keep them engaged. Visitors now have the expectation of "instant relevance" and ever-shortening attention spans are constant issues for Web marketers to manage. But we know that would-be buyers typically return two to five times before they decide to purchase. And typically, repeat visitors come directly back to your site, not through a search engine or campaign. On-site Behavioral Targeting recognizes all visitors each time they return, remembers everything about their previous visits, and can leverage that previous behavior to deliver even more relevant and targeted content and promotions which increases their likelihood to purchase substantially. For visitors, it will appear that the site is smart enough to recognize them and that they are just leaving off where they were on their last visit. Your site will appear to serve their needs like a great sales person delivering a consistently warm experience that shortens the sales cycle and increases conversion rates and average order values. We know that all good sales processes involve listening to the customer and responding intelligently with the right tone, the right message and the right products.

**KEY TAKEAWAY: On-site Behavioral Targeting immediately gets to know visitors as soon as they land on your site. On-site Behavioral Targeting is essentially installing an automated process of intelligent listening and responding; working with each individual visitor, based upon everything they have expressed through their click-stream interactions with you to-date. The result is significantly measured improvements in visitor engagement levels, conversion rates and most importantly, revenues.**

### **3. The automation of optimization. Your on-site promotions are the difference between profitability and failure.**

The best performing on-site promotions and content are often one hundred times more effective than the worst. But, the challenge for marketers to decide which product to feature, on which promotional area of each Web page, can be overwhelming. Not to mention the complexity of testing that can take place across product categories and individual products, featuring different creative designs, and calls to actions. And, if the right promotions aren't shown to the right visitors at the right time in the sales cycle, none of it really matters anyway.

Automated On-site Behavioral Targeting can be a huge breath of fresh air to marketers. No longer does the marketer need to throw visitors into superficial and potentially inaccurate customer segments, and then set-up rules to designate what they are served. No longer does the marketer need to hypothesize, test, measure, report and decide what to do next in a manual way. The best On-site Behavioral Targeting solutions automate it all. The solution very efficiently tests all the available content, automatically optimizing which content will perform best when served to specific visitors, under which circumstances, and then carries it out, all the time, continuously learning, and getting better. And to make sure its working, the solution measures itself rigorously and reports the results in real-time.

**KEY TAKEAWAY: On-site Behavioral Targeting ensures that on-site promotions will be optimally effective, even with multiple product categories and products, and serving visitors in different phases in the sales cycle. The right campaign will always be directed at the right time to the right visitor, with reports backing up the proof of the system's performance.**

**4. Accountability. The pressure is on to increase the contribution across all online spending.**

The upside of Web marketing is that it's completely accountable. The downside is that your executives probably know this, and the pressure is on your marketing organization to constantly improve the performance. On-site Behavioral Targeting positively influences the yield from every visitor who arrives at your Web channel, regardless of where they originated from. By intelligently making the Web site more relevant, and increasing conversion rates across all visitors, it will make all your online campaigns more effective. And, if it takes more than one visit to close a sale, those repeat visits influenced by On-site Behavioral Targeting will make a positive difference in the credit those original campaigns can claim.

**KEY TAKEAWAY: Successful On-site Behavioral Targeting improves the yield from all incoming site traffic. Consequently, this improvement affects the return-on-investment from all drive-to-Web marketing initiatives, especially critical for sales cycles longer than a single visit, which is most of them.**

**5. Relevance. The online consumer is in control and the competition for their attention keeps getting higher.**

We all know the increasing competitive pressure the Web brings inherently. Now shopping comparison sites are growing rapidly, and consumer-generated reviews are playing a new role in accelerating the shift of power to the consumer. Your challenge is to deliver greater engagement and perceived benefit for each interaction that you require your visitors to make, than your visitors believe they can get from competing sites. If your site is sending irrelevant promotions or features content that isn't engaging, a visitor will stray to your competitor's site within a few seconds. If your competitor is more relevant, they have likely wooed away your customer, and not only will the current sales opportunity be lost, but their lifetime value could be gone. One thing

we can say for certain is that if you ignore everything your visitors tell you through their previous interactions, then you will never be able to create the most engaging and relevant experience. In a virtual world without geographical boundaries, an experience which is consistently ten percent better than that offered by your closest competitor won't just get you ten percent more business; it may get you ninety percent of all the available business out there.

**KEY TAKEAWAY: A bad visitor experience doesn't just end the visit; it can lose the sale and the customer. Competitive pressure mandates that your site be the most relevant and engaging in the market. Listening to everything your visitors tell you as they interact, and then using this information continuously to improve their personal experience through On-Site Behavioral Targeting is a critical differentiator.**

**6. Content. Your content is not only king, it's also the queen, the jack and the ace all rolled into one.**

Consider this simple but powerful statement: 100% of your online revenue depends on your Web site content, period. Every new tire-kicker, prospective buyer moving through the sales cycle, and loyal repeat buyer that visits your Web site is exposed to your on-site promotions and content. Every purchase is influenced positively or negatively by the experience and brand impression and that this content creates. With the pressure to be more and more relevant, and visitors' decreasing patience to hunt around for what they are looking for, the content had better be on target. The ability to understand the needs of your visitors and to present the best messaging and content in front of each one at the right time impacts everything that you sell, and everything that you fail to sell.

**KEY TAKEAWAY: Your on-site content is truly the determining factor in your site's success. By using On-site Behavioral Targeting, you have the advantage of continuous testing and optimizing your most valuable pages and content so you know that the most relevant content is being delivered to each visitor 24/7, and the results are being measured to prove that it's working.**

**7. Visitor profiles. Finally, a practical bridge to the 360-degree customer view.**

The way Internet technology works inherently means that every interaction is now part of a recordable conversation. Knowledge about your customers is the most important competitive advantage that you have. On-site Behavioral Targeting helps you leverage the online knowledge of a customer both on the site and across other channels of the organization. Since more and more customer interactions are happening online, with every click delivering valuable insight, it is essential that businesses start to harness this insight and use it as a bridge between the on-site experience and other customer channels. By passing compact Web site visitor behavioral profiles back to CRM systems that track other channels, and passing CRM data from other channels to the On-site Behavioral Targeting system, truly consistent multi-channel customer views become practical and possible. The result is more customers will purchase and they will spend more over their lifetime.

**KEY TAKEAWAY: The rich individual visitor profiles that On-site Behavioral Targeting solutions create are a practical bridge to the 360-degree customer view. By harnessing the predictive power inherent in the Web visitor behavioral profiles, companies can deliver much more consistent multi-channel experiences and enrich multi-channel marketing programs.**

## THE FINAL WORD...

There is no question that On-site Behavioral Targeting is now on the marketing executive's radar according to the experts. In fact, Forrester Research in July produced a report that ranked this emerging category as the #1 area for planned investment in Marketing Technology through 2007 (for a complete and complimentary copy of this report visit [www.touchclarity.com](http://www.touchclarity.com)).

The gold rush is on, and smart marketers leveraging On-site Behavioral Targeting have been extremely satisfied with the results and are looking for ways to expand the use of the solution to more critical pages of their Web sites and across other Web initiatives within their organizations.

Is On-site Behavioral Targeting essential to future of on-site marketing? Many industry experts think so. Consider these metrics: typically the performance lift from On-site Behavioral Targeting is between 40%-200% for the controlled real-estate, and overall Web site revenue can increase between 5%-20%. For enterprise organizations, this translates into millions of dollars in lift and ROI calculations are ten to twenty times the cost of the solution. And the benefits continue indefinitely as long as the solution is deployed on your site. It's difficult to ignore those numbers.

To learn more about how Omniture Touch Clarity, the global leader in On-site Behavioral Targeting, can help your business yield greater online results, visit [www.touchclarity.com](http://www.touchclarity.com).

Omniture Touch Clarity is the global leader for on-site behavioral targeting solutions, enabling enterprise Web sites to automatically and dynamically deliver the most relevant and compelling content and on-site promotions to every Web visitor, which results in dramatic marketing and business performance lift from key Web site real estate. Omniture Touch Clarity improves visitors' Web experiences by delivering the most interesting and engaging content, promotions, and calls to action simply based on anonymous Web analytics data and Web visitor behavior. Pioneering the category in 2000, Omniture Touch Clarity uniquely combines the most sophisticated advancements in real-time predictive modeling, data mining and machine learning, along with tried and true direct marketing principles, to achieve this completely measurable and substantial business performance lift. Customers typically achieve between 40-200% directly measurable improvements in returns from key Web site real estate.

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