

Targeted Advertising

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[Targeted advertising](#) is a form of online advertising that focuses on the specific traits, interests, and preferences of a consumer. Advertisers discover this information by tracking your activity on the Internet.

The targeted audiences could be specific consumers, households, professionals, or businesses depending on who you're trying to reach. Through targeted advertising, you have the power to create a more relevant browsing experience for your customers and more effective advertisements for your brand.

It has been shown to be an effective way to help you to grow your business, generate revenue, and improve your overall ROI.

How Targeted Marketing is Different from Other Types of Marketing

Targeted marketing starts with defining “who” specifically is a good fit for a product or service and delivering personalized messages directly to that targeted audience. This is very different than starting with “what” the promotional message is and expecting audiences to react to it. When you start with the "what," the marketer may not know who will respond to a message or if it is relevant to them.

For example, a woman goes online to purchase a man's dress shirt for her husband as a birthday present. If the brand she purchased it from does not know the details of "who" she is, they may start to show her more ads for men's clothing and shoes when in reality, she is not interested in that category beyond the single gift she purchased.

Understanding the "who" when executing email campaigns and online advertising, helps marketers craft personalized messages that resonate with the reader. This likely improves the chances of conversion and revenue growth for the business.

What Types of Targeted Advertising Do Brands Use?

Businesses use all kinds of targeted ads, depending on the goals of their marketing campaigns, but the following approaches are used far more frequently than others.

- **Behavioral Targeting** - Businesses seeking to reach customers with a particular interest use behavioral targeting to send personally relevant ads to those customers. This type of targeting differs a bit from other targeting options, in that it draws from a consumer’s online behavior—like the amount of time they’ve spent on a certain site or the number of times they’ve searched a particular term—to inform what kinds of ads they’re shown.

Using techniques like retargeting (i.e., the process of showing consumers an ad for a product they’ve previously viewed), behavioral targeting frequently sees stronger conversion rates than other advertising strategies.

- **Contextual Targeting** - With contextual targeting, businesses rely on linking related keywords to make assumptions about a person’s interests. Unlike behavioral targeting, which relies on behavior, contextual targeting relies on search terms.

Behavioral targeting will turn a search for “outdoor gear” into ads for similar products, while contextual targeting might take that same search and translate it into ads for nearby hiking trails. Surprisingly, some studies have shown that contextual targeting can increase a consumer’s intent to purchase by [more than 60%](#).

- **Geotargeting** - Geotargeting relies primarily on consumer location and demographics to distribute relevant ads. But how effective is this kind of advertisement? And what kind of ads will geotargeting generate?

These kinds of ads have been proven particularly successful in drawing new customers. As for the kinds of ads geotargeting generates, it's simple—geotargeting advertisements only appear to customers who live within the area a business is trying to reach.

How Do Businesses Gather Data for Targeted Ads?

Nearly every move you make online is tracked and recorded in some way or another, and it's through this tracking that data is gathered. Below are the different ways data is collected from consumers online.

- **Analytics** - In the context of digital marketing, analytics refers to the gathering and understanding of raw consumer data that helps identify a target audience, identify purchasing trends, and predict online consumer behavior. Targeted advertising relies on analytics. Businesses can't reach out to specific audiences without any data to point them in the right direction.
- **Clickstream Data** - Clickstream data is quite literally the stream of clicks on a website. Whether it's enlarging an image or using the search bar, every click someone makes on a webpage is recorded. Companies then use this data to understand what areas of the site customers visit most frequently, what order they visit different pages in, and what their browsing habits mean about the site's functionality.
- **Cookies** - These are small text files saved to a person's browser whenever they visit a website. These bite-sized bits of data are what allow websites to automatically recall a customer's password, billing and shipping information, and even keep the contents of an online shopping cart intact when moving through a website. Cookies give insight into a consumer's interests, internet habits, location, age, gender, and more.
- **Geofencing** - A geofence is a virtual perimeter that uses GPS technology to link itself to real-world geography. Location-based services use geofencing to automatically trigger certain actions like sending a targeted ad for a nearby restaurant when potential customers come within range. The ever-increasing reliance on mobile technology makes geofencing particularly powerful.
- **Geotargeting** - Similar to geofencing, geotargeting functions based on location, targeting consumers within a specific geographic area. Unlike geofencing, geotargeting takes a broader approach to location-based advertising. It attempts to

reach customers within a certain city, state, or country and often focuses specifically on a certain demographic within those areas—like adults over 50 in New York City.

- **IP Address** - Any device with the ability to connect to the internet has a designated Internet Protocol (IP) address—that is, a unique sequence of numbers that differentiates a specific machine from all others on a particular network. Privacy laws prevent companies from accessing highly personal information (like a consumer's name and age) using their IP address, but businesses may still use a person's IP address to triangulate their location, sometimes even down to the ZIP code.
- **Profile Data** - As soon as a consumer signs up as a member of a website—including social media platforms like Facebook and Twitter—the site makes a record of demographic information the user volunteered when creating the account. This information is called profile data, and it can include age, relationship status, interests, location, gender, employment status, job title, and more. Profile data is invaluable to marketers using targeted advertising. It gives businesses a digital snapshot of who their customers are and what they care about.
- **Purchase Data** - When consumers shop online, the sites they shop on record purchase data, which details what the consumer bought, what time they bought it, whether they've bought the same product in the past, and whether the product indicates anything about their current needs or status, among other things. Purchase data is what enables Amazon, for example, to recommend similar products to its customers before they check out. This data is crucial in helping businesses get to know their consumers.
- **Search Data** - Anything a consumer enters into Google (or any other search engine) is known as search data. It's no coincidence that a person Googling “best digital marketing agencies,” for example, soon starts seeing advertisements for relevant brands and services. Search data doesn't just impact targeted ads. It also impacts the results a search engine will show you in the future. Search engines and advertisers alike use search data to prioritize the pages and links they think consumers are most likely to click on based on their past online behavior.
- **URL Tracking** - URL tracking is the process of attaching code to the end of a site's URL to gather data on user behavior, such as how often someone visits a given link within a certain period of time. A typical URL might look something like this: *riverbender.com/news*. A URL with a tracking code, however, might look something like this: *riverbender.com/news/1234*. The tracking code (i.e., the string of numbers at the end of the URL) helps enable businesses to gauge how well their marketing tactics are working.

Why Are Targeted Marketing Campaigns More Effective?

The more you know about your target audience, including the people visiting your website, the easier it is for your sales and marketing teams to win their business and generate revenue for your company.

With a better understanding of your customers, you can craft messages that speak to them directly. This helps you cut through the noise and position your company as a trusted resource.

Used correctly, this powerful digital tool can keep current customers coming back to purchase your products or services time and time again, all while bringing in new consumers who will likely do the same.