



Microeconomics

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**TARGETING AS ONE OF THE TYPES
OF STRATEGIC ADVERTISEMENT**

Abstract

The conception of targeting is opened in the article. The tasks which resolve by targeting are characterized. The using of targeting as one of Internet advertising method is proposed.

Key words:

Targeting, advertisement, segmentation, marketing, target market.

JEL: M31, M32.

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The theme actuality. The choice, which firm makes for most effective advertising assets depends on manager's skill to take into consideration tendencies, which are specific for modern market development. Main of them are: the importance of increasing products quality; customer satisfaction, necessity of building permanent relationship with them; ability to think globally; increasing meaning of marketing service. The managers of enterprises use strategic direction of advertisement – targeting to receive information about market, prices, competitors and market capacity. Targeting also helps to understand in which way enterprise has to organize distribution of products or services, in which way to conduct a promotion campaign on market, to build advertisement strategy, to form demand in condition of competitive pressure from other firms on this market.

Such researches as A. Alizar, A. Borodkin, S. Ward, K. Chystov dedicated their works on targeting to developing and implementation of media strategy.

The goal and objectives of the study. The goal of the study is disclosure of theoretical conception of targeting and grounding of ways of targeting development as strategic type of advertisement.

The exposition of basic material. Internet advertisement (ad) is an universal tool for promotion products and services; the usage of this type of ad is not only cost-efficient but very effective. When advertisers bank on ad actions in internet, they can achieve a lot of tasks not spending much time and costs as usual.

It explains that internet is a perspective platform for ad business. There are new technologies, tools and methodologies for efficient increasing of ad campaign. Generally using new tools of ad provides more opportunities to engage potential clients to their resources and to achieve more ad efficiency spending less.

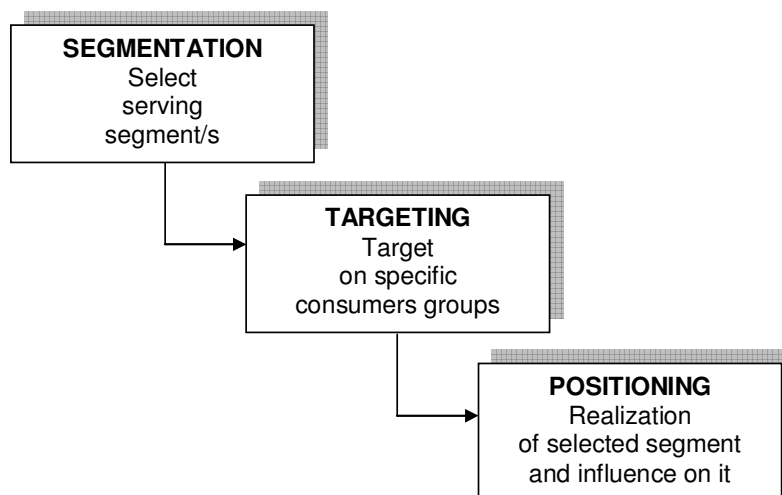
The main method of increasing conversion of every resource is to engage much more target visitors to their page. Taking into consideration the all Internet audience, the most results we get from ad campaign, which at the beginning was target on a specific groups. These groups consist of interested visitors which have opportunities to order or purchase product or service. To target ad on potential client allows not only to get high results for short terms, but to spend less cost.

Type of ad that helps to mark target visitors, which match the criteria, from general are named targeting. At this time only targeting is a main method of efficiency growth of ad campaign and it is irreplaceable promotion element of any products and services in network.

Targeting in the aggregate is a scheme-technical and design solutions that help to choose from general audience that part, which satisfies some criteria. That means to choose the target audience and to be oriented especially on it. (Ward) In other words, targeting is a type of internet ad, which helps to reduce ad costs on engaging target audience to advertised object. Its essence is to choose the group from site visitors which meet some criteria. These criteria are formed by types of targeting, which were mentioned above. In case of targeting usage, the selected ad materials are shown to only those visitors which meet these criteria (Fig. 1).

Figure 1

The influence of targeted advertising



The value of targeting as effective marketing tool is explained by such aspects:

- Segmentation is highly effective tool of competition, because it orients on selection and satisfying special consumers' needs;
- Segmentation orients firm business on a market gap, especially it's actual for new firms, which just started their market activities;
- Market segmentation helps to determine market orientation of firm;

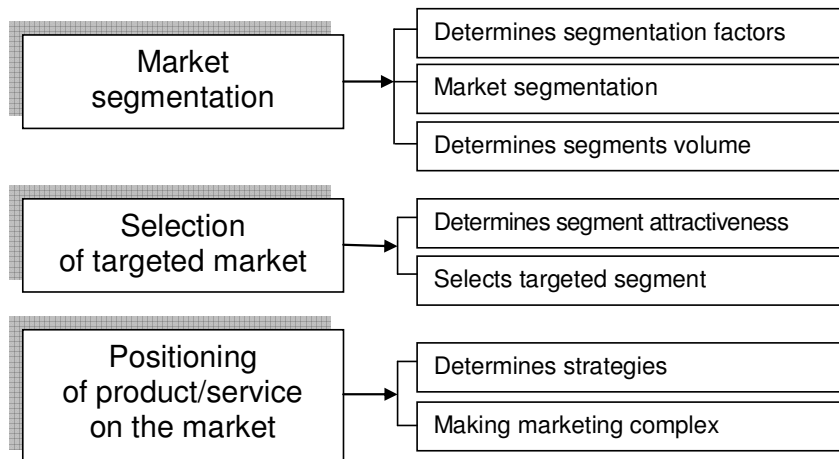
- Segmentation gives opportunity to set marketing goals;
- Successful market segmentation have influence on ad efficiency in general, starting from market research and consumers research to forming corresponding system of distribution and promotion

The definition of STP-marketing was founded in marketing theory. It was creating from first letters of such English words as: segmentation (S), targeting (T) and positioning (P). The STP marketing is a core of modern strategic marketing (STP).

This process captures three main stages, which goes from its name (Fig. 2).

Figure 2

The stages of STP marketing



1. Market segmentation is a stage of marking of consumers group within general market.

Market segmentation is consumers' classification by groups based on difference between needs, characteristics or behavior and marketing complex for every group. The final aim of targeted market segmentation is a selection of consumers' segment to satisfy their needs and firm activity will be direct to satisfy them (Butenko, 2008).

The market segment consists of consumers that have the same response to marketing stimuli. The firm has to decide, how to get to selected segment and to get a competitive advantages. Before that it needs to research competitors' position on market and define its place. P. Dickson notes an important role of positioning in marketing and product policy and to underline that effective positioning can make a millionaire from an entrepreneur and a top manager from middle manager (Dickson, 2007).

2. Selection of target market: from the range of segments firm choose the target one on which its' activity will be oriented.

3. Positioning is identifying the firm product between others.

There is no the only definition of positioning. But A. Ries and J. Traut (Traut), who implemented this term, support the mental approach and give such definition to this term: development and creating of a product image in that way to take different decent place from the others competitive products.

The most popular type of marketing is performed by selection of advertising space in that way when targeted audience match by interests, age, place of living and others.

The advertising networks give us an opportunity to target on ad spaces, geography, watching time (morning or evening, weekdays or weekends). Targeted ad act selectively for consumers whose preferences match a product's attributes and increase response for ad.

A unique opportunity gives us search system, as visitors already have some request. The contextual ad is showing to visitor, depends on search phrases on his request. This ad is more effective because people perceive it as additional information on their theme.

To determine ad material on internet site we usually use key word as a principle. The research systems orients on key words. That's why this ad will be shown to consumer, who use internet for searching information about products or services.

Almost all search systems in Internet use targeting ad for getting profit (such, ad network Google Ad Words is a source of income for Google). These ad systems allow advertise both on pages with search results for specific words and on pages which block contextual ads (Market targeting options).

There are a number of types of targeting, which differ from each other on the principles of audience selection by some characteristics. Using each of them can be very effective in each case. It's important to take into consideration features of offers and target audience.

There are few types of targeting listed below.

Behavioral targeting. Main interests, likes, consumers tastes, which tracked by cookie files are used for segmentation. Though, it creates kind of consumer profile, which give us a full picture about his tastes, hobbies, interests. On the thought of many experts, it is most perspective targeted direction (Alizar). Especially effective behavioral targeting works on ad for consumer of electronics and computers. Two-third of consumers buys these products at least ones on a month. Internet ad has special influence on the forming consumer intention according to authors.

Nowadays in Ukraine leading position on personalized ad is occupied by adware companies. They locate ad banners in programs but experts promise leading position to big portals and sites which are providing behavioral technologies. (Behavioral advertising is most effective for solving problems related to pent-up demand) Most of ad companies which provide internet promotion already have used this perspective novelty. Thus, only few media companies which represented in Ukrainian Internet ad market can give service with behavioral targeting technology. Even these companies are only parts of large international internet holdings. For now it's only two companies such as LLC «Bigun-Ukraine» (www.begun.ua) and LLC «Yandex. Ukraine» (www.yandex.ua) and they are daughters companies of media giants. (Pasichnyk)

According to Jupiter Research 78 % of buyers of consumer electronics and 77% of who already has bought computers did it under the Internet ad influence. 67% of consumer electronic buyers and computer equipment noticed behavioral targeted ad in network. The three quarters of buyers mentioned that they are more sensitive to behavioral target ad than to contextual. According to Frank Gerstenberg, vice president of Revenue Science, American sellers of consumer electronics spend 1.1 billion dollars on online advertising of their products. The data of new research allow them to minimize costs, achieving more effectiveness of its advertising. (Behavioral targeting makes to buy)

Geo-behavioral targeting allows targeting an ad to visitors' interests and habits based on their location, movements, most visited places. (Borodkin)

Geographic targeting allows advertisers to target visitors based on their location (countries, cities, regions). It's one of the most common types of this ad technology. The advertiser select geographic region (countries, cities) where advertising shows.

Time-based targeting is served up an ad to visitor on his local time, which identify by location of IP-address. It's possible to use this targeting by day of the week or the month. Time-based targeting allows limiting display by time to visitor on single day. The setting the time and day of the week, which should show a banner is an important setting, that lets you reach target audience based on calculation of the time which typical representative spends on Internet.

The types of provider: specify internet service providers, whose users see advertising. This type of targeting based on groups of IP address that belong to a particular Internet Service Provider.

The types of connection: specify the connection type of target users (modem connection or separate line)

The types of organization: specify group of users, which were addressed advertisement (offices, banks, universities etc.). A special case is displaying ad to sites depend on their domain.

The frequent display banners to unique users: this type of targeting allows you to limit numbers of banners showing to unique page visitor. The advertiser has to limited numbers of views on a day, week, and month.

Under thematic targeting we understand during registration on the banner network participant have to select their theme. Rarely advertiser does it by oneself. It means to allow or ban display advertising for different sites. It's much more perfect version of thematic targeting.

The language targeting allows selecting displaying ad or not on international sites (for example: on English). The users will see advertising only which have specific browser and operating system.

Psychological targeting, when psychological characteristics are used during ad display (psychological type, social type) (Chistov, 2007).

Matrix Shop Behaviors (MSB) is one of the latest developments based on of data and featuring of managers and client's two-way contacts is forming a kind of behavioral matrix, which use to business model and take to account their features (Oriah, 2010).

With help of targeting ad can influence on selected segment of target audience, place relevant to user ad even on pages without commercial content always keeping the consumer interest, form demand, build long term ad campaign, having known and studied audience, meet their social expectation, lifestyle, level of income (Bogdanov).

Conclusion. Now when advertising effectiveness is decreasing and lacking ad places Internet is not an exception. The growth of media technology and investment in development of new approaches to marketing promotion will continue to promote the intensive development of Internet and offline advertising. Only advertiser makes decision to use these tools. To increase effectiveness of ad campaign can use one type or work with all types of targeting. At reasonable approach to use all tools it allows to increase accuracy of targeting and increase resource conversion.

However, it should be noted, targeting settings are main tools that help quickly to increase the effectiveness of ad campaign. Though, in our time this tool is almost indispensable.

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