

Interactive advertising – a blessing or a curse?

By Kevin McConnell

Interactive advertising holds great promise. It can deliver timely, personalized advertising at a fraction of the cost of traditional advertising. However, it can also drive your customers to distraction, potentially sending them to competitors who aren't using interactive advertising. The key to delivering a positive experience is to know as much about clients - and their needs and interests - as possible. Existing disciplines and solutions can be easily modified to apply to this new paradigm.

For years, marketers have used customer analytics to better engage with their top prospects and customers. Starting with simple segmentation to identify what a certain demographic would most likely purchase, it later evolved to using statistical analytics to predict the purchasing habits of individuals. This greatly improved take rates, up-sell and retention efforts. There have been documented ROIs by financial institutions and carriers in the hundreds of millions of dollars.

Amazon.com has used analytics to determine what content their online customers are most likely to purchase. Amazon will not roll out anything to the Web site that will not drive value for the customer. This has allowed for greater measurement and improvement of their customers' online experience. If their customers derive value, they are more likely to purchase.

The next frontiers are mobile advertising and interactive TV. Google CEO Eric Schmidt proclaimed that mobile advertising would make more money than traditional Web advertising in a few years. Rory Sutherland, Vice-Chair of Ogilvy Group UK, has joined the TeleManagement Forum's Advisory Board to advise on emerging TM Forum programs to enable online and mobile advertising. Both markets have the capability of providing more tailored or custom advertising. What would be a breakthrough are truly targeted ads based on individual behaviors, preferences and current location (mobility). To accomplish this, you would need to combine predictive analytics with optimization techniques. The predictive analytics would constantly evaluate data sources to create new models and scores for every subscriber. The optimization will come into play when determining which advertisers would benefit most from reaching that consumer, and which have relevant offers based on the consumer's location.

Most ad-insertion platforms available today are only able to target ads based on the most rudimentary demographic factors. Integrating powerful analytics and optimization capabilities turns interactive advertising into a blessing, not a curse.

Kevin McConnell works on Industry Solution Development for SAS in the Communications, Content and Entertainment Business Unit