



## Yahoo's New Behavior

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By [Anna Papadopoulos](#) | July 19, 2006

If you still think of Yahoo's behavioral targeting solutions in terms of Fusion and Impulse, it's time you set up a meeting with your Yahoo representative. Yahoo recently upgraded its behavioral targeting platform. As a result, the company replaced its Fusion and Impulse products with new targeting terms, "Engagers" and "Shoppers." The mastermind behind these product developments is Richard Frankel, senior director of product marketing at Yahoo. In a recent interview, Frankel provided an overview of the developments and the thinking behind them.

**Anna Papadopoulos:** How long has Yahoo been offering behavioral targeting to advertisers, and what were your initial opportunities?

**Richard Frankel:** Yahoo first started matching ads to qualified users in 2000. Marketers use it to deliver both branding and direct response messaging to relevant audiences outside of core contextual placements.

**AP:** Yahoo recently made some changes to the way it handles behavioral targeting on its network. Can you explain?

**RF:** In May, Yahoo launched an evolved platform for behavioral ad matching, which replaced previous products. The new ad matching system uses advanced technology to identify and target prospects at different stages of the purchase cycle. Our Engagers target set lets an advertiser reach consumers who have recently displayed interest in a specific product category. These are good candidates to receive messaging that builds brand awareness and consideration. Our Shoppers target set, on the other hand, lets an advertiser reach consumers whose level of recent behavior indicates that they are more actively in market -- and probably are close to purchase -- right now. These consumers are terrific candidates for direct response messaging and offers, since they have a high likelihood to respond directly to ad messages.

The core of the new behavioral ad-matching product is a sophisticated approach that models consumer interest based on the unique activity and purchase cycle of each product category. Several factors are weighted to predict where a consumer is in their progress toward a product purchase. With our new platform, the various behaviors relating to each product category (from shoes to vacations) are weighted according to what's most indicative of shopping behavior in that category.

The vast majority of behaviors we collect are done on an anonymous basis. We know identity only on those occasions when the user has chosen to log in, which gives them the full benefits of personalization, which include more relevant content and ads.

**AP:** What prompted you to make these changes?

**RF:** Yahoo always seeks to deliver the most innovative solutions to our users and advertisers. And we saw an opportunity to take behavioral ad matching to the next level. The goal of this new product is to improve performance and reach for both brand and direct response marketers and to more accurately deliver the most relevant audiences for marketers.

**AP:** What do the initial results indicate? What has feedback been from advertisers and agencies?

**RF:** The initial results have been very exciting. We are seeing very significant lifts compared to our older ad matching products. The response from advertisers and agencies also has been incredibly positive. We're seeing a heightened interest in adoption of behavioral ad matching.

**AP:** What types of advertisers are currently utilizing behavioral targeting? And what are their primary objectives: brand building or direct response?

**RF:** We're seeing advertisers across the board using behavioral ad matching to grow their online presence. While our strongest initial verticals were direct response marketers, like those in finance, travel, and telecommunications, we've seen additional interest in areas that are more focused on brand building, such as autos and pharmaceuticals. What we've found is behavioral ad matching is highly adaptable to a wide variety of advertisers and goals. In fact, we're seeing advertisers buying both Shoppers and Engagers targeting, sometimes to send different messages to consumers and often to compare the marketing efficiencies of these targeting tools against each other.

**AP:** Do you have advertisers that have brand building and direct response objectives for the same campaign? How do you address this through behavioral targeting?

**RF:** This does happen, but it's not so frequent. Our customers usually focus on one objective or the other.

**AP:** What are the major challenges that Yahoo has experienced since offering behavioral targeting?

**RF:** What we spend much of our time on is education and expectation setting. Because behavioral ad matching is so different from other advertising approaches, we've made a concerted effort to help customers understand what it is and how to use it. We also have had to be careful about managing expectations. While behavioral ad matching can deliver amazing performance, most marketers get the best results by using it to complement other formats, such as contextual advertising.

**AP:** What have you learned as a result, and how do you see these challenges unfolding in the next 12 months?

**RF:** We hope Yahoo customers who have just been dipping their toes in the behavioral ad matching waters will more fully embrace the product as part of their online media mix after seeing the results. We believe increased competition will bring more attention to the industry and help build greater awareness among marketers.

**AP:** What about outside the U.S.?

**RF:** Yahoo is currently beginning deployment of its new platform to major markets in Asia and Europe. Large advertisers expect to find similar offerings wherever they seek to reach consumers, and we want to meet that expectation.

**AP:** How would you say you compare to your competitors?

**RF:** We feel Yahoo has two key advantages: its technology and its scale. Yahoo has made significant advancements in its behavioral ad matching systems through investments in its technology platform to deliver the right advertising message to the right user at the right time. Our evolved behavioral ad matching capabilities are a major advance over previous systems, including those built by Yahoo.

Regarding scale, one challenge with using behavioral ad matching to reach narrowly defined audiences has been achieving sufficient reach to be worth the effort. But by starting with the world's largest, deepest, and broadest online audience, Yahoo can provide marketers with behaviorally refined segments of unprecedented scale.

Yahoo today offers behavioral ad matching in several hundred product categories across every major business vertical, plus a variety of major life stages. The list of interest categories continues to grow each quarter.

**AP:** What is Yahoo's long-term vision of behavioral targeting?

**RF:** Long term, we hope to see behavioral ad matching becoming an even more important way for advertisers to find relevant audiences on the Web. Eventually we feel it should become a standard element of advertising instead of an experimental one.

Based in New York, [Anna Papadopoulos](#) is the interactive media director for [Euro RSCG 4D](#), which handles media for such clients as Volvo Cars of North America, New Balance, OppenheimerFunds, and others. An advocate for creative media thinking, Anna has been a part of several industry firsts, including the first fully integrated campaign and podcast for Volvo. Before joining Euro RSCG six years ago, Anna was a media negotiator for TBS Media Management, where she bought media for such clients as CVS and RadioShack. Anna earned her bachelor's degree in journalism from [St. John's University](#) in New York.