



BEHAVIORAL ADVERTISING IN BUILDING CLIENTS' LOYALTY

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Abstract:

The development of information and communication technologies enabled involvement of internet based services in conducting communication activities. Mass communication has proved to be less effective because its inability to reach all targeted clients. Behavioral advertising is a personalized approach focused on targeting selected categories of individual clients. Organizations use a variety of tools to collect personal information about their clients' browsing activities. In that manner, organizations create customized advertising messages which help them build clients' satisfaction and loyalty as key components for their market success. The goal of this paper is to present possibilities for deployment of behavioral advertising in promotion of university education, based on good practices in different industries. Online personal communication conducted on four target segments, behavioral advertising techniques applied on different age groups of young people, using knowledge and data collected, and introducing new media in lecturing and learning, will be the key factors for creating behavioral maps of university prospects.

Key words:

communication,
behavioral advertising,
loyalty,
promotion,
behavioral maps,
promotion,
university prospects

INTRODUCTION

Communication technologies have been the most powerful driving factor of business development for quite a long period of time. In 1960s companies were able to reach 80% of its target audience by broadcasting one simple 30 second ad by using three TV stations: NBC, ABC i CBS. Today, gaining the same effect requires one ad broadcasting using over 100 TV stations [1]. Constant development of communication and information technologies (IT) is not a mere factor of help and support, but also a factor of change in customer behavior. Traditional forms of commercial communication, such as mass communication, have faced some serious limitations towards changes in customer expectations.

According to recent researches [2] contemporary customers and clients request personalized approach in servicing their needs and demands. It is especially visible in the area of electronic commerce (e-commerce) which utilizes personalized strategies in customer service through companies' Web sites.

Providers of behavioral advertising, such as agencies and other institutions, create market segments consist-

ing of collected clients online behaviors, such as most frequently visited web sites over a period of time, using a particular browser. These market segments consist of clients that share the same preferences, purchasing models, and interests toward online contents. In behavioral advertising, collecting data based on personal clients' activities, is known as creating behavioral maps. For example, a user may usually visit web sites which offer sport news and, thus, be categorized as a sport enthusiast, and further on be offered with tailored messages. A company can create its own market segments or decide on offering ads in real time.

Behavioral advertising has a great potential if we take in consideration the plethora of digital media communication channels young population is using on everyday basis, in order to share engage and affect the way they interact. In order to attract potential students, educational institutions should become constant habitat of those new communication landscape, in order to promote their academic potentials and services. The space we are suggesting allow us to easily collect data and create behavioral maps of prospects, their habits, and needs, based on tracking their online activities and using knowledge management system.



NEW MEDIA SIGNIFICANCE

Mass communication over traditional media such as television, radio, or newspapers, enable companies to send their messages to a huge market audience. However, sending messages over traditional media proved to be ineffective in reaching specific target audiences as well as in communicating with prospective customers and clients on a personal level. Traditional advertising represents any paid form of non personal promotion of goods, services, and ideas by an identified sponsor [3], with the aim to inform, persuade, or remind target groups of customers and clients. The goal of this form of promotion activities is to inform huge audience about companies' activities, products or services. The basic limitation for companies which use traditional forms of advertising is that they cannot get an instant response from the audience about the messages they send.

Contemporary businesses depend on online advertising because it helps them build and maintain their competitive advantage [4]. The source of this „urge“ is based on the internet as the medium that has dramatically altered the way information is shared. New media help eliminate the boundaries and drawbacks of traditional media characterized by analogue transmission. In contemporary information age, new media provides an immediate, informative, intelligent, and interactive communication platform [5] for all kinds of message exchange.

New media, such as internet, websites, computer games and multimedia, CD-ROMs, DVDs and USB ports, is characterized by a „cyber culture“ [5], because the connection established between computer technology, information technology (IT), and digital data is controlled by computer programs. Information and messages transferred by new media are prompt, interactive, and can be obtained immediately provided one has internet connection. Internet blogs, Facebook, You Tube, SMS, MMS, podcast and webcast represent some usual forms of new media advertising, enabling their users mutual interaction, cooperation, and collaboration.

For university education promotion purposes, behavioral advertising could be applied to four target groups: 1. pupils of the fourth grade of high school (high school graduates); 2. young people from 12 to 17; 3. current university students, and 4. parents of high school graduates and university students. First three groups belong to the so called „generation Z“, which means they were born between 1995 and 2009. They grew up in IT environment, they are familiar with the latest internet and computer technologies, and, thus, they are usually called the net-Generation. Their characteristics are the following [6]:

- ◆ they are more worldly and more aware of advertising and marketing,
- ◆ they are content- and knowledge-driven with more in control on how messages are delivered to them,
- ◆ they are interested in creating, sending,, and receiving personalized messages,
- ◆ they are sophisticated and savvy multi-taskers,
- ◆ they have short attention spans with higher regard for

- ◆ speed over accuracy,
- ◆ and they gravitate towards media that provide live social networks.

Considering the fact that parents are usually involved in making decisions which college or university their children should chose, it is necessary to consider them as an important target group for directing behavioral advertising messages.

BEHAVIORAL ADVERTISING IN SHARING KNOWLEDGE

Behavioral advertising is interest-based, which includes collecting and analyzing information about users' online behavior for marketing-related purposes of companies and other institutions. The purposes are usually related to serving targeted ads, developing purchase propensity models, aimed to draw consumers' attention to advertisements that seem particularly well-tailored to their interests, characteristics, and models of behavior. Both advertisers and users have benefits from using behavioral advertising in communication and business: the users discover more about the things that interest them, while the advertisers find a more appropriate ways to communicate with them [4].

Internet has changed the way companies and different institutions communicate with their clients; the way they observe, research, and track their behavior, and the way they plan and conduct their marketing activities [3]. The case on elections in Malaysia in 2008 shows the power and impact of new media in society in one country [5]. The Malaysian government lost its two third majority in Parliament during the general elections, due to the fact they used traditional, mainstream media to provide information to the electorate, while the opposition used new media which proved to be faster, cheaper, and more personalized, targeting a bigger audience at the same time. Using new media in high education enables universities to update their teaching programs on regular basis. Technical media are no longer traditional - they have become tools of learning and understanding [7].

Contemporary students, as young people sharing common interests, extend their friendships and contacts mostly through social networks. Thus, their studying activities and personal development are logically peer-based and directed toward networks of learners in a society networks [8]. This is highly important for our education systems and educators who have to think about the following crucial aspects: (a) maintaining student interest in school systems, (b) re-thinking students' expectations towards attention spans (interactive approach to education instead of long sessions of sitting and listening), (c) dealing with the generation gap between teachers from a 'TV world' to students in a 'web world' [9]. In order to achieve the changes mentioned above, it is important to deploy client (prospects) - knowledge management (CKM) [10] in education systems. The implications would be numerous and highly sustainable mostly in fields of efficient and effective personal communication. The following research results will speak in favor of that.



A research carried out among German Top 1000 and the European Top 200 companies [10] distinguished information technologies as one of the main factors that influence CKM and the sharing knowledge process. The research in Serbia [11] showed that internet, intranet, e-mail and search engines are the most commonly used information tools for sharing and spreading information and knowledge: (1) 49% use the internet often, and 35% of them always; (2) 51% of the participants use the internal organization network in their day to day work, and 37% use it always; (3) 52% of the participants use e-mail often as a knowledge sharing tool, and 40% use it always, (4) search engines are used by 51% of the participants.

According to a survey conducted by the American National Advertising Initiative (NAI, an association of advertising networks), showed that 12 largest behavioral advertising networks are able to sell behaviorally targeted ad space at a price of 2.68 times more than what they charge for untargeted ad space. The price of behaviorally targeted ads was 2.68 times higher than standard; behaviorally targeted ads achieved a click-through price rate of \$4.12 and \$1.98, respectively. In 2009, NAI estimated that spending on behavioral targeted display ads account for 17.9% of all investments [12].

According to the Interactive Advertising Bureau (IAB), online advertising costs in the United States exceeded \$36 billion in 2012 — a 15% increase over the prior year that represented a growth rate five times faster than all other media combined. Similar growth trends also were seen in Canada (up to 16% in 2011) and Europe (up to 15% in 2011) [13].

- ◆ Presented data demonstrate the efficacy of behavioral advertising. The main advantages of behavioral ads are:
- ◆ Communication to target consumers and potential consumers, where the resources are used rationally;
- ◆ High visibility of promotional messages that match target groups;
- ◆ The resulting model measures the effects of a display ad campaign on visits to and successful conversions at the advertiser's website, as ad exposures vary across individuals;
- ◆ The price affordability, compared to a mass market.

The disadvantage of behavioral ads could be found in possible abuses of visitors' and clients' data and information.

BUILDING CLIENTS' LOYALTY

In highly competitive business environment, achieving clients' loyalty is considered as the most important part of communication processes. Behavioral loyalty is usually recognized as the most commonly used approach for measuring and building clients' loyalty [14].

According to Behavioral Theory [14], customer's loyalty is measured by the purchase frequency made in a period of time, in a particular store or website. James G. Barnes calls this approach the „functional approach“ since it refers to the fact that a customer can be considered as

loyal if he/she makes more than one repeated purchase from the same company or of the same brand. If made online, the purchases can be followed and measured, so online behavior can be tracked in form of behavioral maps for individual visitors/target groups. Based on that, purchase propensity models can be followed by tailor-made ads for particular target audiences.

Building clients loyalty is considered as the process of offering something new, something more, value-added, and, in online communication and social community sense, something interactive and shareable to the prospects and clients. Behavioral advertising is based on Behavioral Theory in building customers' loyalty. Thus, the connection between „creating value for customers“ and „building customer's loyalty“ can be made.

The UK Government's Digital Britain Project highlighted the importance of behavioral advertising as one of several business models to help converting „creativity into value“ [4]. Value proposition represents a company's offer, based on previously tracked and researched needs and demands of its customers over space and time - behavioral maps [15]. Creating value for online and offline customers is the „condition sine qua non“, a basic determinant for building their loyalty toward a particular company or institution [16]. A successful digital presence requires creating a living, breathing, meaningful experience for prospects, clients, and web content users. It has to be based on inspiration, customer empathy and clear utility [17].

Customer's loyalty is the consequence of the business relationships established between companies and its customers. According to Barnes [18] understanding relationships with customers requires substantial knowledge on socio-psychological roots of established interpersonal relations with each customer.

Behavioral advertising is mostly applied by companies that offer cosmetics, as well as companies in the fashion industry, in order to build customers' loyalty. In Serbia, behavioral advertising has been implemented by Httpool company since the first campaigns are conducted for the brands such as Fairy, Wellaton, Pantene, Nivea Visage, Nivea Sport, Gorenje, LG, OTP Bank and Atria. According to Httpool, behavioral advertising is conducted in the following order [19]:

- ◆ Tracking a variety of consumer behaviors across websites – check the consumers' browsing behavior that support the predictive behavioral targeting (PBT). In this way, information is collected about the behavior of visitors to the website and ads on them.
- ◆ Conducting a survey network – in order to obtain individual socio-demographic data, lifestyle data and other interests for the target products.
- ◆ Creating the visitors' profile – information (data) collected from the visitors survey is compared to the data collected from the non visitors survey, using parametric statistical techniques showing the assumptions for the non visitors survey.
- ◆ Preparation of ad campaign - based on collected data, it defines the number of the required ads.



- ◆ Display ads – ad messages are displayed to the target group, and advertisers are able to track a variety of consumer behaviors that can be directly related to a specific online ad.

BEHAVIORAL ADVERTISING IN EDUCATION

Based on good practices in different industries, there are two sets of behavioral advertising activities that can be deployed in promotion of university education. The first is showing ad messages on university websites which enables obtaining data for target audiences (prospects, current students, and parents). The second is sending defined ad messages to the mentioned target groups via e-mail, which are based on their browsing behavior.

Behavioral advertising can be conducted via e-mail. Behavioral Email Marketing involves sending e-mail to users based on their browsing behavior. Characteristic for this type of advertising is that the institution itself creates multiple number of advertising messages, and apply them to different users. Mailing lists and content of advertising messages are created based on behavioral maps. For the effective implementation of Behavioral Email Marketing is necessary to take into account the decision making process and costs. Stages of decision-making process are anticipatory, current and retrospective [20]. In anticipative phase consumers or prospects become aware of their need for a specific service. Advertising messages are intended to attract the attention of potential clients or students. In the current phase services are being bought. Behavioral ads should persuade consumers to purchase the services at the right place. The emphasis of advertising messages is on the quality and the cost of services. The main purpose of the messages is to persuade clients to buy the service. The last phase is the retrospective phase, ie. phase after purchase. It is important to create customer's loyalty. Through this very phase, clients receive advertising messages that should confirm their purchase. The retrospective phase should create the partnership between institutions and its clients. It is not possible to determine which one is the most important phase within the process: both anticipatory and actual phase are important in the decision-making process, but the retrospective phase is also important because it helps clients to become loyal users.

The initial step in the creation of behavioral advertising is define the promotional objectives. Usually, higher education institutions have short-term goals, or objectives that are related to the students' enrollment in the upcoming school year. By implementing behavioral advertising it is possible to set and achieve both short- and long-term goals. The goals can be set based on the defined target audience. Short-term goals should be directed to the high school graduates, whereas long-term goals could be directed toward parents, young prospects from 12 to 17, and students. It is important to notify that, according to the Code of Marketing Communications, it is not allowed to target children under the age of 12 years.

Obtaining and building relationships with targeted audiences should be based on the following trends [21] that should be also taken into serious consideration in order

to create value as a determinant for building prospects' loyalty: (1) communication with the targeted audiences (pupils from 12 to 17, high school graduates, students, and parents) should be conducted by using both traditional and digital marketing channels; (2) social media marketing, as a set of basic activities in contemporary marketing campaigns, should be used on regular basis since the first three target groups are familiar with and rely on this particular form of marketing communication and activities; (3) image-centric contents will be in focus, enabling users, students, and prospects to quickly digest information sent; (4) creating simplified marketing messages should be obtained as a model of communication since sending in-depth messages has proved to overwhelm customers with too much data; (5) the focus of university communication strategies and activities will be on mobile-friendly contents - according to Forbes [22] 87% of connected devices sales by 2017 will be tablets and smart phones; (6) ad retargeting, as an effective marketing strategy should be highly obtained, and (7) social shares will be even more important in creating effective marketing strategies.

CONCLUSION

The media environment is in a constant change which depends on the needs and demands of customers and clients. The fundamental changes are based on the facts that: individuals want a 'voice', citizens demand accountability, students, parents, and university prospects need accuracy, consistency, and reliability in education. University education goals and strategies should be communicated clearly, consistently, on a regular, daily basis, using new technologies appropriately adjusted, on one hand, to the characteristics of behavioral advertising techniques, and, on one other hand, to the potentials of the target audiences.

In order to achieve results from applying behavioral advertising in promotion of high education, universities should invest in life long education of their professors and lecturers. It is suggested that in schools and universities education should be shifted from content-based to process-based. The following approaches will enable introducing new media into lecturing and learning [9]: inquiry based learning, learning about cognition, thinking about thinking, learning the value of cooperation. As for the methods used, the following should be the methods of choice: experimentation, systemic thinking and collaborative knowledge construction, problem-solving, critical thinking, capacity to face new developments quickly, cooperative spirit and skills, navigating in knowledge networks [9]. On the other hand, teachers and lecturers should be no longer considered and developed as individuals in education process. The lecturing system should start functioning as a network, which would eventually enable better understanding of social networks and communities functioning to the teachers. This, teachers should develop (1) collaborative skills, which could be implemented in different courses and curricula; (2) team teaching approaches, which would help them organize team courses in order to stimulate creating learning interactive



networks and (3) cooperative teaching techniques, which would help teachers develop themselves on a regular basis and start thinking “out of the box”. Based on that, the following changes could be achieved: (a) implementing peer-training in order to develop new competencies required for digital learning; (b) creating educative communities of practice; (c) full teacher mobility which will help teachers integrate local, regional and international networks; and (d) creating online promotion campaigns and behavioral maps, based on knowledge shared, regular online communication activities, and tracking prospects, their habits and current needs.

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