Moving Flash Cookies Into Direct-Response BT

By LAURIE SULLIVAN

If you're confused about the ad networks or technology companies offering behavioral targeting, Tatto Media CEO Lin Miao says you're not alone. Consolidation is on the horizon, he says, and "smoke and mirror behavioral shops" will fall by the wayside within the next 12 to 18 months.

The problem is the industry has become "reckless" about using the word "behavioral" when referring to targeting ads online, he says. It not only creates chaos among advertisers and publishers trying to figure out the companies that actually offer the service, but it also has begun to affect what "behavioral targeting" means.

Miao predicts within the next two years BT will move away from being used as a reporting tool and into performance and direct-response-based metrics. As a reporting tool, the BT technology monitors and keeps track of the number of clicks and how consumers responded to ads. As a performance and direct response metric the targeting is done through Flash-based cookie and data tags that last between three and six months.

In the direct response model, advertisers don't pay for leads or actions until something happens. Publishers don't get paid on a CPM basis, but only if an action results from the campaign. "If you were an advertiser wanting to buy media on a site like eHarmony.com, you could go through a CPM network and buy traffic everywhere, which isn't that effective," Miao says. "Or you can choose a Tatto Media network to buy ads on eHarmony.com and target males ages 25 through 36."

The problem that continues to distress behavioral ad networks is the length of time a cookie remains on a person's computer. Legacy networks have built their tracking systems around regular cookies. The problem is the average lifespan is less than 15 days. Increasingly more browsers, such as Google Chrome and Microsoft Internet Explorer, successfully block cookie tracking. And we all know that this presents problems for ad networks trying to retarget consumers based on collected cookie and pixel tag information.

When Tatto began to develop its core behavioral frameworks and algorithms, it believed Flash cookies would remain the best way to slow the ability of consumers to delete cookies from their computers. Flash cookies are no different than regular cookies in terms of user privacy, but on average remain on a person's computer for more than three months.

Miao believe three months is enough time to accurately retarget consumers based on proprietary behavioral algorithm. Three months provides enough history as to what types of advertisements consumers may respond to, and how often they click or respond to certain ads. He has no doubt ad networks will turn toward Flash cookies in the future as a way to compete and gather the most relevant and precise information.

Miao views behavioral technologies as a complementary tool to Tatto's direct response initiatives. He believes the best way to innovate is demonstrate to advertisers through direct response that behavioral targeting can create efficiencies. Behavioral networks need to prove to clients the technology is sustainable and can provide real benefits to advertisers, publishers and consumers, he notes.

In July 2009, Tatto Media ranked the third largest ad network worldwide in the comScore Worldwide Key Measures Media Metrix report.