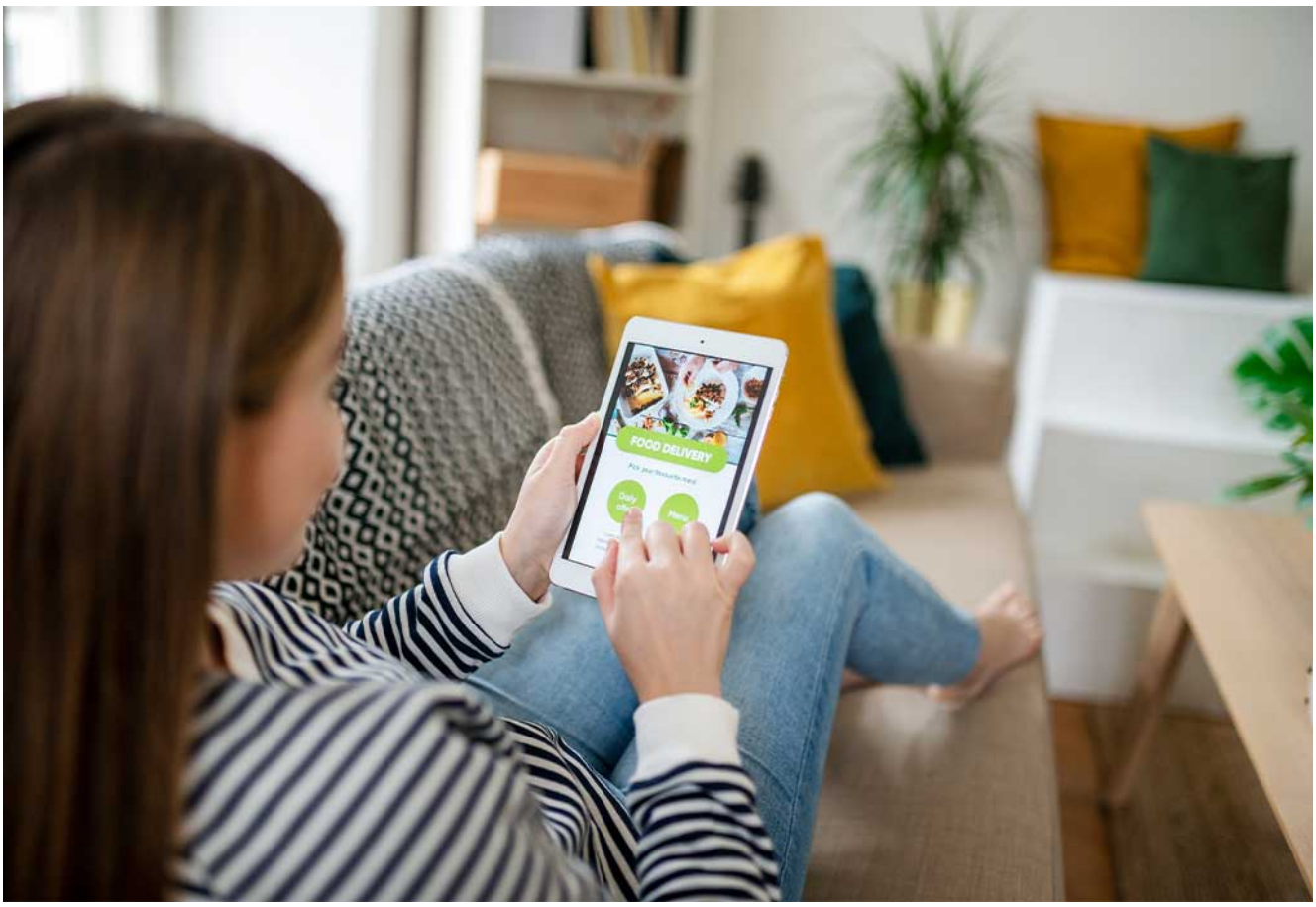
Audience, placement, message: personalizing the marketing journey doesn’t have to be intrusive

From addressing privacy concerns to using marketing budgets to place advertisements in context, there are ways to make maximum impact.



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Hands up if you've ever searched for a product online, only to see it pop up again and again in the following days as an ad in your social media.

For some, the repeat exposure may be a welcome reminder, or even a push, to bite the bullet and buy the item. For others, it feels like an invasion of privacy and a sign that your technology is "listening" to you.

Targeted advertising can be a powerful tool, but it can backfire when it feels intrusive or too personal.

Yet, when done correctly, "retargeting" — that is, advertising to individuals who have previously visited a website or shown interest in a product — can yield impressive results.

IESE's Albert Valenti and Chadwick Miller, with Catherine Tucker of MIT Sloan, explore ad targeting in their paper, "Combining Ad Targeting Techniques: Evidence from a Field Experiment in the Auto Industry," published in *Management Science*. Their research shows the careful balancing of personalization and context that businesses should use to build meaningful connections with their audiences.

Combining retargeting with the right placement and the right message can ease that feeling of intrusiveness. It can also lift conversions by as much as 17% for some product categories, particularly those with customization potential such as technology, transportation, apparel and travel.

The perfect context for retargeting

For marketers, it's a big head start to know what someone has already shown interest in. The capability in digital marketing to track consumer behavior across websites and distinguish active interest has reshaped advertising strategies, leading to more of the budget being assigned to retargeting.

To discover how retargeting can best be combined with other targeting techniques for maximum effect, the authors conducted a field experiment with over a million online users in collaboration with a European automaker. Users were divided into groups of new and retargeted clients and exposed to a variety of advertisements, both in context (on car-related websites) and out of context (on news or celebrity gossip sites).

Findings were clear: placing ads on contextual or related sites was the most effective,

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regardless of whether the ads were shown to retargeted or new clients.

However, combining retargeting with contextual targeting delivered the best outcomes. In fact, this strategy outperformed others on all key metrics: website visits, user engagement and conversions. This suggests that the surrounding context in which ads are placed may be more influential than the content of the advertisement itself.

Placing advertisements in the right context is typically more expensive than just placing ads anywhere, but it may be worth it. A consumer on a related site is already in the right mindset to consider purchasing.

However, to unleash the full effectiveness of a perfect placement, marketers also need to carefully craft the content.

Customization prompts: how and when to use them

The study also experimented with offering a chance to customize the product, from its external appearance to technology and safety features. The authors found that retargeted ads that included a customization prompt and were placed in contextual sites proved highly effective, as customers who were already considering the product were quick to engage with prompts, perceiving them as relevant and helpful rather than intrusive.

But when customization prompts appeared on websites outside of the car-shopping context, users often found the ads intrusive, mismatched to their needs, and overly reliant on their browsing history — impressions that diminished the ad’s effectiveness.

Users who worry about privacy were even less likely to be pleased by customization prompts, which made ads less appealing and even counterproductive, whether or not they were in context. Those with less sensitivity to privacy concerns responded well to retargeted ads with prompts — but only in a relevant context.

Given the likelihood of customization to backfire when it targets privacy-sensitive users, it’s clear that there needs to be a thoughtful and strategic approach to ad placement and messaging.

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Allocating the marketing budget with precision

Growing reliance on automated budget allocation algorithms has made it easier for managers to optimize advertising spending. This convenience does come with a downside, however, as managers may lose a nuanced understanding of online advertising. To avoid this, they should tailor their strategies and metrics to specific goals and contexts.

- **Match content to context.** In general online settings, non-customized ads with minimal copy are likely to be more effective. Matching ad content to the context in which it is displayed is crucial.
- **Cater to privacy-conscious audiences.** Where privacy concerns are becoming increasingly prominent — driven by stricter policies and consumer preferences — carefully design campaigns that resonate with privacy-conscious audiences.
- **Choose metrics wisely.** Focus on performance metrics that capture customer intent closer to the point of purchase, such as engagement and online conversion rates. These measures offer more meaningful insights into the effectiveness of retargeted advertising compared with broader metrics such as website visits.

By aligning advertising with natural concerns about privacy, and keeping customization efforts focused on websites where they make sense and don’t feel invasive, managers can better allocate their advertising budgets and drive more effective campaigns.

READ ALSO:

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The contexts putting your privacy at risk



Albert Valenti

Assistant Professor in the Marketing Department at IESE Business School. He is an expert in marketing analytics, multichannel and digital marketing, and marketing resource allocation.

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Chadwick Miller

Visiting Associate Professor of Marketing at IESE Business School. Prior to joining IESE, he was a faculty member at Washington State University and previously worked for several years in marketing and supply chain positions at Nissan North America.

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