

How effective are retargeting ads?

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Abstract:

Although nowadays people tend to avoid advertising, retargeting has proven to be a very successful method for bringing back consumers and help them on their final decision. However, research on attention to retargeted campaigns have been scarce. In the current study, a longitudinal experiment was used to study participants reactions to different types of advertising – retargeted, targeted and generic –and how retargeted adverts impact their intention to revisit the website, purchase and recommend. An eye-tracker measured attention to the different types of advertising and emotions were measured as mediators. This study shows that retargeted advertising gets higher levels of attention than the other two types of ads. Also, it was possible to understand that retargeted advertising has a positive direct relationship with intention to revisit, and a positive indirect relationship with intention to purchase and intention to recommend, both mediated by intention to revisit.

Keywords: Attention, Retargeting, Intention to Purchase, Intention to Revisit, Intention to Recommend.

Introduction and Research Aim

Retargeting (or remarketing) consists on advertising directly to consumers that already visited the brands' website or e-store (Bleier & Eisenbeiss, 2015). These types of campaigns have a positive effect in website visits (Sahni et al., 2016) because they target consumers with messages from brands that they are more likely to be interested in (Lambrecht & Tucker, 2013). Although retargeting has been widely studied about its effectiveness (Lambrecht & Tucker, 2013; Bleier & Eisenbeiss, 2015; Johnson et al., 2016), the study of attention to such Ads and how emotions play a role have not been yet considered. Therefore, the aim of this study is to study if different types of digital advertising banners (generic, targeted and retargeted) get significantly different levels of attention from participants and if those differences affect purchase intention and intention to revisit the website. We intend to address two research questions in line with this aim: **RQ1:** Are retargeting campaigns more capable of capturing attention and positive emotions than generic and targeted campaigns? **RQ2:** Does attention to retargeting campaigns affect intention to revisit and intention to purchase?

Background and/or Conceptual Model

Two key elements are used. The first -attention- is conceptualized as a mental operation that prioritizes information by speeding the cognitive process (Rosbergen et al., 1997). Pieters and Warlop (1999) define visual attention as a process that decreases the time that takes to process a certain event (Pieters & Wedel, 2004). The second -emotions- are defined as complex reactions to stimuli (Dormann, 2003) that can be divided into positive or negative (Koshkaki & Solhi, 2016). Emotions motivate purchases, particularly when time is limited (Shiv & Fedhorikhin, 1999) and might occur driven by two different brain structures capable of arising somatic states: the amygdala and the ventromedial prefrontal cortex (Bechara and Damasio, 2005). Three variables are considered as behavioural responses: intention to purchase (Dodds et al., 1991), to revisit (Anderson & Srinivasan, 2003) and to recommend (Keiningham et al., 2007). Taken all together, here we hypothesized that retargeted campaigns – because they include information related to previous experiences – tend to have higher levels of attention than the other types: **H1:** Retarget campaigns get more attention than other types (H1a targeted and H1b general) of campaigns. Regarding emotional attributes influence on attention and on how adverts are perceived (Pieters and Wedel, 2004), the following hypotheses emerge: **H2:** Retargeted campaigns induce higher levels of arousal than other types (H2a targeted and H2b general) of campaigns; **H3:** Retargeted campaigns induce higher levels of positive pleasure than other types (H3a targeted and H3b general) of campaigns. Attention is a major factor in digital communication information reception (Lambrecht & Tucker, 2013) and so we argue that attention positively influences intention to revisit and purchase. **H4:** Attention to retargeted campaigns positively influences intention to revisit; **H5:** Attention to retargeted campaigns positively influences intention to purchase. Past studies have been analysing the correlation between pleasure and intentions (e.g., Babin et al., 1994; Mattila & Wirtz, 2001). Thus: **H6:** Pleasure positively influences intention to revisit in retargeted campaigns; **H7:** Pleasure positively influences intention to purchase in retargeted campaigns; **H8:** Pleasure positively influences intention to recommend in retargeted campaigns. Finally, intention to recommend and to purchase are associated to intention to revisit (e.g., Keiningham et al., 2007; Kabadayi & Gupta, 2011): **H9:** Intention to recommend is positively influenced by intention to revisit website when influenced by a retargeting campaign; **H10:** Intention to purchase is positively influenced by intention to revisit website when influenced by a retargeting campaign.

Methodology

On the first day, participants arrived and fulfilled the consent form. Then, they had up to 30 minutes to travel through a website made especially for the study: “Smart Phoning”. The

website showed what the company had to offer, and allowed participants to choose the smartphone they were most likely to purchase (considering that they had financial resources to buy any of them). The first day experiment was concluded when the chosen smartphone was put in the website cart. On the second day the eye-tracking device was put on the participant's head and calibrated on the researcher's computer, using D-lab software. Then, they read 3 blog articles, each blog followed by one survey, and in the end a final survey. The three blog articles were created for the purpose of the experiment, based on real contemporary news or opinion articles. In the middle of each blog article, there was a different digital banner. In the middle of the first article there was a generic banner – from a brand that was unknown to participants. In the middle of the second article there was a targeted banner – from the brand of the website they visited on the first day experiment. In the middle of the third article there was a retargeted banner – from the brand of the website they visited on the first day experiment, but also with the smartphone they chose as the one they were more likely to purchase (here each participant saw the smartphone they chose). After reading a blog article, participants filled in a survey. In the end, from the 33 valid questionnaires, there are 19 from males and 14 from females, all aged between 18 and 28 years old.

Results and/or Discussion and Contributions

A Friedman test ($\chi^2(33,2)=19.71$, $p<.01$) followed by a post-hoc test showed significant differences in attention level (measured by total glance time) between retargeting ads (Mean Rank=2.62) and targeted ads (Mean Rank=1.61), $p<.01$ and between retargeting ads and generic ads (Mean Rank=1.77), $p<.01$). Using PLS-SEM (SmartPLS 3.0), it is possible to understand that all hypotheses are supported, except H5, H6, H7 and H8. Although Johnson *et al.* (2017) propose a direct correlation between attention and intention to purchase, this study indicates that intention to revisit may act as a mediator. Hence, one may claim that attention plays a big role on convincing customers to revisit a website they already visited before (Moriguchi *et al.*, 2016) – therefore indirectly increasing the intention to end up purchasing the product that caught their eye in the first place. A similar assumption can be made regarding the relationship between attention and intention to recommend. Truong and Simmons (2010) suggest that retargeting advertising gets less negative impact on people's perception than other types of advertising. The fact that a positive indirect relationship can be assumed between attention and intention to recommend supports Truong and Simmons' (2010) theory. Not only participants gave more attention to retargeted advertising, but also they showed positive pre-disposition to revisit, purchase and recommend. Concerning arousal and pleasure, this study find no clear evidence that there is a significant relationship between them and the behavioural variables. Yet, Pieters and Wedel (2004) claim about emotions as part of the top-down factors for attention – personal experience and emotional attributes towards brands, products or adverts. Emotions are also considered a major influence on decision-making (Koshkaki & Solhi, 2016), particularly when time is limited (Shiv & Fedhorikhin, 1999) and prioritizing is needed (Damasio, 1994).

Implications for Theory and Practice

People seem to spend a significantly higher amount of time looking at retargeting banners than targeted or generic banners. As a marketing manager, using such strategies may translate into an increase on the amount of people that return to the website or even finish a purchase. Although people tend to show a negative response towards advertising (Cho & Cheon, 2004), apparently retargeting advertising reduces the level of the negative impact – which may reduce the negative impact on brand perception, based on a relation proposed by Truong and Simmons (2010). Using an eye-tracking experiment complemented with emotional mediators, we confirm that retargeted Ads can indeed have a relevant role in the future of Marketing practice.

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