Your Online Clicks Have Value, for Someone Who Has Something to Sell

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Imagine that a company set up a mall store where, instead of selling trinkets, it sold information about customer behavior. For a few cents, it could tell a saleswoman at Nordstrom that the person who was about to walk in had already stopped at Steve Madden and was looking for red shoes.

That is the idea behind two new Internet companies, BlueKai and eXelate Media, which run so-called behavioral exchanges. They do not sell products or ad space, but information about Web site visitors.

Data houses have existed in the offline world for years. When you receive a catalog in the mail, seemingly at random, it is usually because a marketer has bought data about you — income level, interests, age, gender — from a firm like Acxiom or Experian. (Why the data seems to indicate you'll enjoy the Bowling Delights catalog is another question.)

In the online world, where data is highly specific and immediately available, directing ads based on data can be even more detailed and lucrative.

"People are realizing that it's the data that drives the value," said Omar Tawakol, the chief executive of BlueKai.

BlueKai and eXelate work in similar ways. They both track who is interested in what through a cookie, an invisible bit of code on a Web page. When someone does a search, for example, on Kayak.com for first-class flights to Paris in September, that information can be captured by a cookie, and Kayak.com can sell that cookie using eXelate or BlueKai.

A buyer would want that cookie so the company could cut down on wasted ads. Sure, Hilton could blanket sites with its ads, but it would rather show an ad to someone who has searched for flights to Paris recently.

“When you see a cookie on that user, you can show them travel to Paris even though they may be on MySpace or The New York Times,” said Mark Zagorski, the chief revenue officer of Exelate.

Buyers vary: the Hilton itself or its media agency may buy the information. A publisher may buy data so it can sell more expensive ads to Parisian hoteliers and restaurants. Or the buyer may be an ad network — a company that handles sales for big groups of sites at once.

A general ad space buy costs around $1 to $2 for a thousand impressions. If BlueKai data is purchased, that may rise to $4 to $15 for a thousand impressions, Mr. Tawakol said.

Once the buyers log in to the exchange, they select the criteria they want, and the exchange tells them how many cookies are for sale. BlueKai has about three million cookies for in-market sedan buyers, for instance, and nine million for cellphones and P.D.A.’s. The advertisers specify how recent they want the cookie to be — they may want only people who have looked for their product in the last day — and bid on a price.

The challenge for Exelate and BlueKai is to get publishers and commerce sites interested in selling information about their visitors.

Mr. Tawakol argued that a commerce site has a lot of information about what someone is interested in, but does not make money from it. Expedia and Kayak.com, for instance, know the travel dates of customers, preferred airlines, and city of departure and arrival.

“A commerce player knows more about travel than Google does, but Google’s capturing all this advertising,” Mr. Tawakol said.

Exelate has a slightly different model. It asks not only commerce sites to sell their user data, but also publishers and sites with registration data. That may be challenging: many publishers have been reluctant to share any user information with other sites.

Mr. Zagorski argues that publishers can make extra money by selling data. “You still have extremely valuable data on your users that can be monetized,” he said. “Publishers need to have a data strategy. It’s as important as an e-commerce strategy or a social network strategy.”

In the Internet world, whenever talk of consumer data arises, so do questions about privacy. Privacy advocates have been pushing companies and Congress for stricter rules about aiming at consumers, and the Federal Trade Commission has been threatening to regulate online advertisers unless the industry adheres to more stringent standards.

Both BlueKai and Exelate have made a surprising decision on privacy. They not only provide a page where consumers can refuse all targeting, but they are allowing consumers to see what information has been collected about them, at exelate.com/new/consumers-optout/ for Exelate, and tags.bluekai.com/registry for BlueKai.

To see how this works, visitors can look at that BlueKai page, which might list some categories they are interested in, or might list nothing. Then, they could go to Kayak.com, which works with BlueKai, and perform a flight search.

Now, when they return to the BlueKai page, they should see a number of categories have been added within travel, like “first class,” or “Friday departures,” depending on what they searched for.

Showing consumers what information the company has on them might make them less concerned about privacy, Mr. Tawakol said. “You’re like, ‘You know, it’s not that scary,’” he said.
I checked the BlueKai and eXelate pages to see what they had on me. BlueKai's says I was interested in online privacy, which is true, though probably not very useful for advertisers. At eXelate, though, I wasn’t identified as being interested in anything at all. And while it had my age range correct — 25 to 34 — it also had decided that I was male. Certainly it wasn’t scary — but it also showed how far these exchanges have to go.