

## Online Pitches Made Just for You

Louise Story



Alaska Airlines, which is tailoring online advertising to specific Web users, recently tested ads with and without Mount Rainier.

It's an offer you can't resist: fly to Honolulu for \$200 round trip. But what you might not know is that the offer was designed especially for you.

Alaska Airlines is introducing a system on the Internet to create unique advertisements for people as they surf the Web. The company is combining data from several sources to paint a picture of the consumer sitting on the other side of the screen, clicking past the airline's ads. Then, as each Web page loads, an ad is swiftly assembled.

"What's the right one to show you? The permutations are just enormous," said Marston Gould, director of customer relationship management and online marketing for Alaska Airlines.

Mr. Gould, a former engineer at NASA, has worked at the airline for five years but only recently started to think that online technology had developed to a point where the airline's ads could take on the level of specificity of direct mail or telemarketing. The difference on the Internet, however, is that companies usually do not know the names of the people seeing their ads; instead, consumers are identified by their computers, using a small piece of code known as a cookie.

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Alaska Airlines is looking at a range of information to select ads for each Web surfer, including the person's geographic location, the number of times that person has seen an Alaska Airlines ad and whether the person visited the company's Web site. Other considerations are the person's purchase history with the airline and his or her experience with lost bags, delays and flight cancellations.

Alaska Airlines is a small operation, serving mainly Alaska and cities in the Pacific Northwest. So it is all the more important that its ads narrowly aim at people who might actually fly to those areas, Mr. Gould said.

The first phase of the new system is to offer different flight prices to different people. The company is starting to feed data about which people click on its ads to a company called Proclivity Systems, which analyzes how price-sensitive customers seem to be. Then, in an instant, one customer gets an offer for a flight from Seattle to Portland for \$99 and another is quoted \$109.

It's a strategy that works best online, since real-world stores, of course, cannot easily mark a T-shirt or a bag of flour with different prices for different shoppers. When asked if such varied pricing is legal online, Mr. Gould said "airlines do it all the time."

He said that airlines were required to guarantee that all customers are offered the lowest published fares. But he said airlines can offer special deals to particular individuals as long as those fares are not published. Most industries have long done so through direct mail, he said.

A company in Boston called DesignBlox assembles the airline's ads adhering to rules set by Mr. Gould and his team. The system works a lot like one that Yahoo introduced last summer that instantly creates custom ads based on retail data about which products are selling and which ones are not. Yahoo says that the percentage of people who click on these ads is two to three times the percentage who click on ads that are more static.

Showing different ads to different people does raise obvious privacy questions, said Judy Gern, the chief executive of DesignBlox, which also works with companies like McDonald's and Monster. But she said she thought much of the consumer concern was unwarranted.

"I come from the direct marketing world," she said, referring to ads that are mailed to consumers' homes. "And consumers should really worry about what direct marketers know, not what online marketers know."

Mr. Gould of Alaska Airlines is quick to admit that data drives online marketing, and does not mince words when asked about his view of other marketing professionals who are more focused on tag lines or catchy videos.

"I think they're very afraid of getting into the data," he said. "It's either overwhelming, or it will tell them something other than what they actually believe."

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One newfangled data practice that Mr. Gould supports at Alaska Airlines is called retargeting. That involves recording who visits the Web site, and then turning that data over to the airline's ad-delivery company, Atlas, a unit of Microsoft. Next, when those people are elsewhere on the Web, Atlas shows them an ad. That means that people who visited Alaska Airlines' site receive ads that are different from those seen by people who have not.

For instance, someone who had visited Alaska Airlines' site frequently but then abruptly stopped visiting it might be greeted with the \$200 Hawaii offer.

"I guarantee you there are a lot of people who will say yes to that," Mr. Gould said.

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