

“Investigating the Effects of Retargeting on Consumers’ Revisiting Behaviors”.

Online advertising has become an integral channel through which firms can reach consumers to influence their behavior on the Web and increase revenues. While attracting new customers has long since been a central advertising goal, recent technological advances allow contacting previous online store visitors in order to induce further visits. Moreover, through a method called retargeting, firms can track individual consumers’ online shopping behaviors at their online stores and provide them with correspondingly personalized ads. In this project we use data from a large-scale field experiment with a fashion and sporting goods retailer to investigate how this form of ad personalization affects consumers’ behaviors in terms of their decision to revisit a firm’s online store and conditional on revisiting, their type of visit (i.e., touch-and-go, shallow browsing, deep browsing, and purchase). We estimate a structural model to explain the effects of banners with different degrees of content personalization on these outcome dimensions. Based on our model, we conduct a simulation to explore the implications from the differences in advertising effectiveness across experimental conditions. The results shed light on the heterogeneous effects that specific banner execution strategies exert on consumers’ revisiting behaviors. Our results provide managers with important insight on how to increase the effectiveness of their online advertising efforts.