

# **Marketing in the Digital Age – the Future**

**Nielson 360 Panel**

**June 24, 2015**

## **Transcript**

LYNDA CLARIZIO: So Brad has set the stage and beautifully for our final panel. And we're going to hear from a very special, and very prestigious, group of leaders in our industry on the future of digital marketing. So now I'm pleased to introduce Judy Woodruff who's going to moderate our next panel. Judy is a long-time trusted voice and admired broadcast journalist. She's the co-anchor and managing editor of PBS NewsHour. She's covered politics and other news for more than three decades at CNN, NBC, and now PBS. And that makes her the perfect choice to moderate this panel with this very, very special group of guests who are going to be speaking to us. So please welcome Judy Woodruff. Where's Judy?

JUDY WOODRUFF: Thank you, appreciate it. Thank you, thank you. Thank you, Linda. I am so pleased to be here with all of you this morning, and to be taking part in this conversation about the maddeningly elusive digital environment. Just when we think we are starting to figure it out, it changes on us. It's kind of a shape shifter. And so we keep asking questions. We keep trying to understand where it's going, because it matters to all of us, whether we are retailers, news reporters, educators, entertainers, ministers, audience counters, but anybody else.

Just in the last few days, we have seen the power of digital, once again, in the roller coaster of events that began with a horrible incident in Charleston, South Carolina. And reach one culmination yesterday with stunningly rapid moves by major retailers like, Walmart, Amazon, eBay, moving even faster than Southern politicians to ban the Confederate flag. Only one week ago no one could have predicted this, and certainly not at this speed. And no one can predict perfectly where the digital realm is headed five years from now, much less 10 years, or a generation.

But Nielsen, this morning, has gathered five people who, I predict, come as close as anyone can through their experience, and their credentials, to be able to tell you what is happening, and where is digital environment is going. You're going to be able to read their full bios in your program. So I am going to introduce them just briefly by their titles, and let's welcome them now. Beginning with Senior Managing Director and Head of Private Equity Portfolio Operations for the Blackstone Group, former CEO, and now Executive Chairman of the Board for Nielsen after a long career at General Electric, David Calhoun.

[APPLAUSE]

Commissioner of the Federal Trade Commission for the past five years, and before that, Deputy Attorney General, and Chief of Consumer Protection and Antitrust for the North Carolina State Department of Justice, Julie Brill.



JUDY WOODRUFF: Julie Brill, who, where, how, did you learn this?

JULIE BRILL: So I've been dealing with a lot of the issues involving privacy, data collection, data use, for over 20 years. And things have changed a lot, but some things are the same. So part of it is my experience dealing with companies for a very, very long time. But truthfully, the way that I learned about it, in addition, definitely my kids, I completely agree with that. 21 and 19, so there as digital natives as you get. But also it's listening to consumers.

I go out around the country, I talk to consumers. We have a huge database of consumer complaints. I talk to other regulators, I talk to other people who are on the ground dealing with health and safety issues, as well as consumer and privacy issues. You can get a lot of information if you actually get outside the beltway, and talk to people.

JUDY WOODRUFF: Malcolm Gladwell, what about you?

MALCOLM GLADWELL: Well I'm not sure that I am, or I can say that I understand any of it. I mean I pick up bits and pieces, but I'm much more impressed by the impossibility of understanding what's going on now. If you look, historically, at the beginning of any great transformation in the way we consume things, behave, what have you, there's always a period of adjustment, which is typically longer than we think it's going to be, when behaviors are incredibly unstable, and not predictive of the future. And I feel like we're in that stage now, which makes me very leery of pronouncing or attempting, or believing that I can understand what's going on.

JUDY WOODRUFF: We can all sympathize. Dave Calhoun?

DAVID CALHOUN: Yeah, I would agree with Jeff, in terms of personal use, all through the kids without a doubt. But at the same time, back in the mid '90s I was doing mostly big industrial things. And we were trying very hard to build big services business, around our big industrial interes((e)4(f)3(f)3h-2(he)4po1(t)T)20( h)3(i)y9]TJhn7.49( t)-2(he)4( n t)-20(not)-2(-2(r)d)-10bi)-12(g)10(not)

transfer of this idea that technology is helping it to their own IQs is that I'm a smart person. And so that's an interesting thing, because once you're over-confident of the source of knowledge, it truly changes how you make decision, which I thought was a fascinating piece of research.

I was involved in some research looking at how people access information. So if you look or use a tablet, people often use your fingers, like in a smartphone. Or if you use a computer, you're often using your mouse. And so we had this managers who were making decisions on customer service returns, either using a mouse, or using a finger to access the information on customer complaints. And we found a lot of differences when you use your finger to access information on these individuals. They felt a little bit more empathy, they were more attached, they were more likely to give refunds. And so that was an interesting idea that the things you feel or think at the moment of accessing information to technology can change the decisions that you end up making.

People talk about the sharing economy, and one interesting thing we did was looking at what implications does it have for automobiles. Yesterday one of the speakers was talking about the sales among millennials for automobiles is declining, and what it means, what automobiles should do to engage millennials more. But when we did the study, the smartphone was a new automobile. This is what, in other words, the reason Encyclopedia Britannica went away was not because they had other encyclopedias, we had computers. And so the cross-

And so, we're not in a game where we have to be first on television, because we know we're never going to be the digital consumption of news and information. And so this has all informed are thinking about the importance of digital. We reallocated our resources internally tremendously towards digital. We've increased our investment in digital 50% last two years. At the same time, knowing that television will always be the backstop to a lot of that digital.

JUDY WOODRUFF: Dave Calhoun, what about Jeff's point about people looking for something to confirm what they've heard or seen somewhere else. He's talking about news, but in your own experience at GE, we were talking about that earlier they're building airplane industry now at Nielsen and Blackstone. How is that affecting what consumers are looking for, and what they expect?

DAVID CALHOUN: I think it's a great point that Jeff makes. Everybody has their own authority. I think that's the beauty of it. Social allows us to appoint our own authority, and it's based on what we know, and have seen. And it happens all the time. And in Jeff's case, it's the world of news. If an operator is having an issue with something in an industrial complex, they think they know exactly where to go. Our job, as marketers in the industrial world, would be let's make sure we're the authority. How do you do that? What is the right way to market to somebody where you want to be known as the authority? Telling you the authority doesn't work. You have to earn it somehow, some way.

And I think that's the same in all the things that we try to market. But in the end, there's one judge and jury, and that is the consumer. And that is the power of what we're talking.

JUDY WOODRUFF: So is the bar higher than it used to be?

DAVID CALHOUN: Um, it depends on how you define the bar. I think in terms of reach, yes. In terms of the ability to convince a consumer, yes, I think the bar is much higher. I think you have



artificially, that individuals behave a certain way simply because they've been presented by the marketplace with a set of choices. A good example of the last one would be, we thought that the way people consume music, by buying an album, was a function of deep-rooted human desire to know and appreciate the entire work of an artist. But we realized actually no, it's an artifact of the fact we respond to the whole album. If you could let them buy the single, they could care less about the work of the artists. They just want to consume the three minutes.

Now which of those three things is millennial behavior? I have no clue. And I don't think anyone else does either.

JEFF ZUCKER: I'm just going to say, if Malcolm Gladwell doesn't know how to interpret it I'm going with that.

[LAUGHING]

RAVI DHAR: I want to jump in here a little. I think I generally agree that whenever you put some people in a box, obviously you're generalizing. I think all of us would understand that. But I think Malcolm raises one other interesting comment around what I think when people study how would you behave, and companies do that all the time, whether it's a new sitcom, a new product. I call this, and I see this a companies I work with all the time, I call this as consumers a scientist. You don't want to study consumers as scientists, which is bring people in a room and ask them if I had this new flavor of drink. What would you think if I made the warning label on the cigarettes twice as big, would you smoke less, would you smoke the same, would you smoke more. Who is going to say I'm going to smoke more, you just told me you're going to make it twice as big.

And then the studies they used say, well make the warning labels on the cigarette package bigger. So this consumer as scientist, verses the consumer in a more natural environment in the counter-

cases which are more black and white in privacy, but there are a lot which are really difficult I think.

JUDY WOODRUFF: So Julie, yeah, talk about that.

JULIE BRILL: Well I do think context is key. And we talk about that a lot when we're talking to companies when we're developing best practices, when we are interfacing with innovators, and whatnot. Context is key. And I agree that they're going to be edge cases, as you pointed out. But basically what consumers want, what we have found, is when sensitive information is being dealt with, whether it's health information-- and we can talk about the explosion in health apps, and wearables, and whatnot. A huge and important field. Or whether we're talking about geolocation information. Consumers, I believe, view that information as sensitive.

And so what they want, and what we would like to see, is contextual understanding that when it's being used for the purpose that consumers intended, that they were interfacing with the app for, that's fine. But when the information starts flowing to analytics firms, to data brokers, to other entities that are kind of sitting on top, or pixelating and spying, whatever we want to call it, and gathering this information to turn it into profiles about consumers, that's when you're really running up against brand trust. And you're really running up against an issue that-- look, consumers may never find out about it, because it's very difficult to understand. But if they do to find out about it because people like us at the FTC, or a researchers, or academics or whatever, start talking about it, you're going to really, as marketers, and as folks who are responsible for brand loyalty, you're going to run into a real problem with 3(e)4( )-10(g)10(o)2J 0 Tc]TJ -23.53 -1.15 Td [(



DAVID CALHOUN: Well I think what everybody's contributing is exactly right. I don't believe millennials are any less privacy sensitive, than anybody else. I don't believe that for one second. It's just that their definition of when they have been attacked is a little different. But when you're attacked, their reaction is going to be the same.

JUDY WOODRUFF: And what do you mean by attacked?

DAVID CALHOUN: If for one minute they think that something that really is important to them, and if their friends find out about it, or some business community finds out about it--

JUDY WOODRUFF: Their parents.

DAVID CALHOUN: --they're offended, or their parents. They're going to react just like you would react, and I would react, and anybody else. I also think we're going to see an explosion of social media on people who have been attacked. It's too easy, right. And so we're going to see it, and they're going to see it, they're going to read about it, then they're going to get mad about it. And so just right today I think they don't know what they don't know, and they don't care, because they haven't been attacked. But these things are going to-- we all know that it's going to explode. There are too many bad actors in the world, there are too many people who can do this, so we should just be ready for it.

And I just think the privacy line has to be a clear line. It has to be thought about, designed for, it just has to be thought about right up front.

JUDY WOODRUFF: What about that, and how much transparency do people expect? I want to hear Jeff and Malcolm talk about it too.

MALCOLM GLADWELL: Wee



JEFF ZUCKER: Yeah.

JUDY WOODRUFF: What about-- picking up on some things that you all have said, this idea of the on-demand economy. People letting us know, in ways that we never dreamed of a few years ago, what they want, how they want it presented to them, whether it's an Airbnb or whether it's food, or you name it, the different ways cars and taxis are available, Uber, how is that, Ravi, how is that changing? And where do you see it headed? Are we going to be at the point where you look at your wrist watch, or you flick your finger, or wiggle your ear, and the car is there, and the house is there?



transparent to you just how much you're getting screwed by Uber in that moment, because if you have no idea where the four times came from.

JEFF ZUCKER: Yeah, but you made the choice to take the Uber and not a taxi, which is you're on unpleasantness.

MALCOLM GLADWELL: I know, I know, it's exactly. But I'm just saying, it hasn't removed the unpleasantness. It has simply made it plain.

JEFF ZUCKER: Would you have been more unpleasant in a Taxi?

MALCOLM GLADWELL: I would be-- no, listen, I'm the one who paid \$200 to take an Uber to the airport in Austin recently, because the plus was like 6x at that time in the morning. No, I'm just I'm reacting against the notion that this has somehow created a painless experience for the consumer. On the contrary, what it has done is made it absolutely clear to us, what the cost of our activities are, and what the penalty for this buying this convenience is.

JEFF ZUCKER: Would you rather have the pain at the beginning, or the end?

MALCOLM GLADWELL: Uh.

RAVI DHAR: So we have research in that I think.

[LAUGHTER]

And I think [INAUDIBLE] is correct.

JUDY WOODRUFF: I was going to bulletin to Uber, don't charge Malcolm Gladwell.

[INTERPOSING VOICES]

JEFF ZUCKER: You would rather have the payment in the beginning, of course, because once you accept it upfront, you're good.

RAVI DHAR: There's a whole business on Club Med based on the prepaid [INAUDIBLE]. But let me get back to Malcolm's point on the surge which is interesting. And there's a lot of interesting debate on how should that information be presented to them. So I ran some studies, and part of the reason people get upset is there the counterfactual is I'm paying four times the cab. And I'm saying, there's no cab, and that's why you're paying. And so if you reframe these two options that Uber ran, that I would rather try my luck at getting a cab, and suddenly that 3x-- and of course, at certain point I agree that it would be outrageous, but then suddenly the same people reacted very differently.

So part of it is also how the information is framed, and what people think about it, the reaction, and whether it was unfair. And you can ask me what is the reaction, and what is fair and unfair

changes dramatically based on, OK now that you tell me the option is I don't get a cab at all, I'm OK with that.

JUDY WOODRUFF: Which kind of brings us back to the transparency question. Julie, how much more are people willing to put up with if they know, if it's clear at the beginning, even if it's unpleasantly clear, as Malcolm just said.

JULIE BRILL: Well we've got five people here who all disagree about it, so I don't know how much more-- whether consumers generally are really willing to put up with it. I do think Malcolm's right, it front loads pain, and whether you're going to take Uber again will be a question. But there's so many issues around the demand economy, or the sharing economy. And some of the things that we're looking at are things like what is it doing to competition, and what are the incumbents in these various areas. Do we need to try to fend off the sharing economy, or those who are trying to enter.

You know the Texas Medical Board just issued an order which a judge said could not be implemented. This order was going to require all doctors to have in-person visits, to basically

r prntec(1)-2-2(i)-220( i)-2(s)-1(s)-1



JUDY WOODRUFF





going to be hosting one of the sessions really to talk about what you can see for the media business, and the innovations we're going to be bringing out there.

**KAREN FICHUK:** And I will be hosting the session focused on the innovations and our CPG and business during the back half. These sessions will be held in the independence room, sections E through H are for the CPG by session, and independent sections A through D are for Lynda's in the media session. All of the rooms are located on the bottom floor, M4.

And just one note about the sessions, and why we're doing what's next, we really designed them so that you can take the information from those sessions, bring them back to your colleagues, and really share what you can expect from Nielsen in the last half of the year. And we really hope that you can join us.

**LYNDA CLARIZIO:** So the two pieces of housekeeping, first the survey. We're sending you a C360 in 60 email with a link to a survey that we'd like you to fill out about this conference. So