Behind the Buzz: People-Based Marketing Defined

atlas
by Facebook

Co-authored by: Jennifer Kattula, Head of Marketing, Atlas by Facebook; Jonathan Lewis, Product Marketing Manager, Ads Ecosystem, Facebook; James Dailey, Head of Marketing Science, Atlas by Facebook

Abstract

"People-based marketing" has become an industry catchphrase since we introduced it nearly a year ago, and it's easy to see why. The measurement technologies digital marketers have relied on for years — like cookies — have not evolved fast enough to match consumer mobile habits. Advertisers need a better solution. This paper describes the philosophy behind "people-based marketing" and outlines practical steps marketers can take to make it a reality in 2015 and beyond.

The best ideas are often born of challenge and necessity. The primary challenge for marketers today is the consumer shift to mobile — the most radical transition in media consumption since the advent of television. Rapid mobile adoption has proved disruptive to traditional marketing philosophies that have been set in stone for generations, leaving today's marketers stuck in uncharted territory. In this mobile-first era, adaptation is imperative – marketers must evolve their marketing strategy to meet the usage and consumption habits of their consumers in order to command relevance. If they don't, they will be left behind by competitors embracing the shift to a consumer-led, mobile-first world.

Marketers who adopt a new marketing philosophy built for 2015 and beyond — and take advantage of a people-based marketing framework for developing solutions and evaluating vendors — stand the best chance of succeeding and thriving at this transformational moment.

1. People-based marketing is on the map in 2015

CUMULATIVE MONTHLY MENTIONS OF "PEOPLE-BASED MARKETING" IN BLOGS AND NEWS
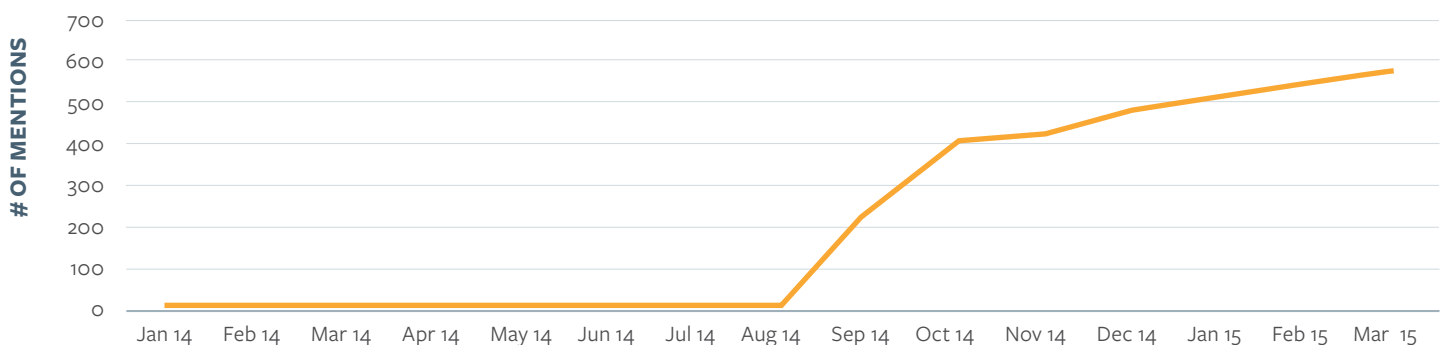
Source: Sysomos MAP, news and blogs search for mentions of the phrase "people-based marketing" January 1, 2014 through March 31, 2015

Over the past nine months, the phrase "people-based marketing" has become industry standard, with advertising companies far and wide trumpeting their ability to target and measure real people across both mobile and desktop. As noted in eMarketer's 2015 State of U.S. Digital Marketing report: "Strategically, marketers are focusing less on devices and more on people, specifically connecting with consumers wherever and whenever they access the web."

"People-based marketing" was first introduced into the industry lexicon in September 2014. Since that time, the phrase has been used beyond Atlas by the media and a variety of industry players. Of the total related media impressions captured since September 2014 by Eastwick - a technology focused communications agency - nearly 10% made no mention of Atlas itself[1], demonstrating the popularity of the concept even beyond its point of origin. But just as competition precludes uniformity, not every company that promises people-based marketing can deliver on it in the same way.

This paper seeks to demystify people-based marketing by advancing a marketing philosophy and evaluation framework for marketers to use as the industry shifts to mobile-first.

2. Consumer behavior is changing

The need for a people-based marketing solution is clear. Last year, mobile advertising spend surpassed radio, magazine and newspaper buys combined in the US, and it's projected to account for more than 70% of all digital spend by 2018[2], leaving desktop behind. In the US, digital audiences are now averaging nearly three hours each day on mobile and 25% use three devices daily[3]. In the US and UK, more than 40% cross devices during the conversion process[4]. These numbers are expected to climb; Michael Dell has predicted that by 2020, there will be 10 web-connected devices for every one person on the planet[5].

This is a critical juncture for the ad industry. Now more than ever, the medium is the message, with advances in mobile technology symbiotically shaping and defining the tools marketers use to advance their efforts. Digital will soon rival TV for total spend, but not before significant improvements are made to the ways marketers reach audiences on mobile. The value of an effective campaign built on people-based insights is obvious. Highly targeted, relevant ad content means stronger conversion and return on investment for advertisers, as well as a better overall experience for consumers. However, since understanding people is the key to delivering relevant and valuable content, advertisers must first learn the philosophies and techniques behind people-based marketing in order to put it into practice.

1. Time spent with mobile:

AVERAGE TIME SPENT PER DAY BY US ADULT USERS OF EACH MAJOR MEDIUM, 2011–2015
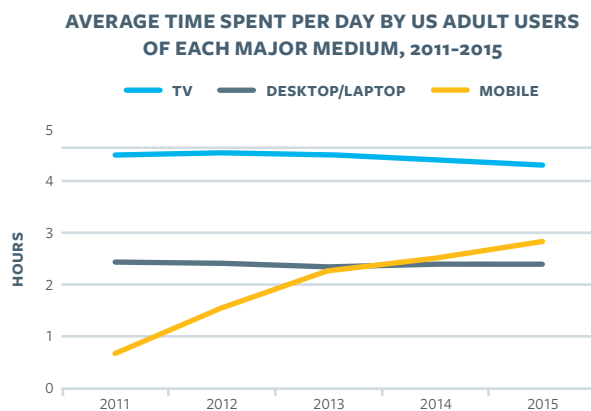
Source: eMarketer, April 2015, US

2. 25% of people use 3 or more devices per day

eMarketer, "Average Time Spent Per Day With Major Media by U.S. Adults," April 2014, US

3. More than 40% switch devices to complete an activity

GfK "Multi-device usage study" commissioned by Facebook, Nov-Dec 2013; US & UK; n=~2000

3. A new marketing philosophy

The goal of delivering relevant advertising to consumers is nothing new. Changes in consumer behavior have driven advertising's evolution since the dawn of the industry. Most marketers have been formally schooled in the traditional "4Ps of Marketing": Product, Price, Place and Promotion, as first outlined by Philip Kotler in his monumental textbook *Marketing Management*. Kotler's contribution to marketing philosophy has helped steer industry efforts immeasurably throughout the decades, as marketers have continually found new ways of adapting their message to fit the medium at hand.

But the mobile-era shift in consumer behavior now mandates that marketing philosophy evolve to a higher form. In 2015, the "4Ps" become the "4Cs": **Choice, Convenience, Cross-Device and Creative Sequencing** — a new people-based marketing philosophy.

Product ▶ Choice

It used to be that when you walked into a grocery store, there were 50 kinds of breakfast cereal at most. Today, there are hundreds – the Cheerios brand alone is now available in 15 different varieties[6]. Grocery stores have evolved into massive supermarkets built to contain the vast and growing number of products available today. Online shopping has followed the same pattern, yielding a virtually endless supply of products that are constantly being replenished. Product has evolved into Choice, obliging brands to meet nuanced consumer demand with highly relevant and personalized products. **For marketers, this means advertising has to become more relevant and personalized than ever before.**

Price ▶ Convenience

Convenience and immediacy define modern culture. With the advent of Amazon Prime, Google Shopping and food-delivery apps and services, consumers can get whatever they want, whenever they want, wherever they want. A single market-defined price point is no longer the norm, because advances in technology – particularly in the mobile realm – allow marketers to capitalize on shifting

supply-and-demand curves. Uber is a prime example of a "born-mobile" company. They offer supreme convenience to customers, which in turn enables them to charge more via "surge pricing" when demand outpaces supply. Today's consumers demand an infinite range of products and services at the tap of a finger. **Price has shifted to Convenience – and there's no greater convenience in 2015 than reaching people with relevant messages on their mobile devices.**

Place ▶ Cross-device

"Place" used to mean the end cap or eye-level shelf at a grocery store. Today, with 25% of people using three or more devices each day[3], place is no longer simply the physical location where a transaction occurs; place is everywhere people go as they move across devices throughout the day. More than 40% of people begin browsing on one device before finishing their transaction on another[4]. **Place has shifted to Cross-Device: the ability to deliver relevant marketing messages anytime, anywhere and gauge marketing performance based on real results.**

Promotion ▶ Creative Sequencing

"Promotion" used to simply mean advertising. We're now living in a world where consumers experience hundreds, if not thousands, of media messages each day. Digital formats are critical to storytelling, though the order in which you tell your story is equally important. How do you know if a consumer saw your brand ad before your direct response piece? How do you know if your video format works better before a static format or vice versa? **Today, Promotion has shifted to Creative Sequencing. Advertising is more than just a single message that moves consumers from awareness to purchase; it's about finding the right order in which to tell a story in consumable, bite-sized pieces.**

4. Putting the "4Cs" Into Practice

Philosophy is one thing; taking action is something else entirely. People-based marketing built on the "4Cs" requires a framework for practical implementation. There are three critical dimensions to building and executing effective campaigns capable of reaching unique people across devices and publishers over time.

The "4Cs" are the *why* of people-based marketing; **Accuracy, Persistence and Scale** are the *how*.

- ▶ **Accuracy:** Authentic insights that provide information about real people
- ▶ **Persistence:** Stable and high-fidelity information that measures real people as they move through the purchase path over time, across both devices and publishers
- ▶ **Scale:** An understanding of a large, representative percentage of real people who are active online today

Accuracy

"WHO AM I REACHING?"

According to Nielsen Digital Ad Ratings, global Internet targeting is only 65% accurate at reaching broadly defined categories such as age or gender[7]. One of the only ways to increase accuracy is by using information from real people, not inferred "audiences" modeled on cookies or website visits. Atlas uses information from the 1.44 billion people who use Facebook every month. Facebook is 85% accurate in broadly targeted global campaigns and up to 90% accurate for US campaigns combining age and gender[8]. While age and gender are not the only definitions advertisers use for targeting, they provide an objective framework by which to measure targeting effectiveness.

People-First Privacy

Relevant ads create value for consumers and businesses. With that relevance comes the responsibility to put people first. We protect information that people entrust to us, and we empower people to control how information about them is used for ads. When Atlas uses data from Facebook to measure and deliver ads across devices, we do so in a way that protects privacy for advertisers and people. When we partner with other companies to offer services to Atlas customers, we carefully choose partners that make a similar commitment to protecting people's information.

US ON TARGET %

INDUSTRY AVERAGE									
Demo	18-24	18-49	18+	21-34	25-44	25-49	25-54	35-54	35-54	35-64
Persons	29%	56%	71%	92%	47%	45%	49%	58%	40%	53%
Females	-	31%	46%	73%	-	31%	36%	39%	22%	45%
Males	22%	51%	57%	-	43%	-	-	44%	-	34%

FACEBOOK PERFORMANCE (MINIMUM OF 3 CAMPAIGNS) ON-TARGET % FOR DEMOGRAPHIC GROUPS MATCHING BENCHMARK REPORT									
Demo	18-24	18-49	18+	21-34	25-44	25-49	25-54	35-54	35-54	35-64
Persons	55%	80%	84%	92%	73%	88%	87%	84%	49%	90%
Females	-	80%	87%	89%	-	46%	79%	86%	82%	72%
Males	54%	77%	79%	89%	85%	-	-	-	54%	-

Source: 2014 OCR Benchmarks Report, Nielsen Online Campaign Ratings through 2/15/2015

"WHICH CONSUMER GROUPS ARE DRIVING MY ONLINE SALES, AND HOW CAN I REACH MORE OF THEM?"

In a recent Atlas case study[9], digital agency M8 found that by focusing on people-based insights derived from Facebook and used by Atlas across publishers – instead of relying on cookie-based data alone – it could prove that media purchases for a recent campaign reached the target US Hispanic affinity audience at twice the average market rate. Similarly, M8 was able to demonstrate that conversion was more than twice the rate of the US population as a whole. Additional data helped identify which publishers were most capable of delivering the target audience in high concentrations for future campaigns and exposed the relative conversion efficiency of the target segment.

"We always strive to verify that we are reaching our intended high-value audience niches, but with Atlas we can prove it at an unprecedented level. Atlas even told us which publishers can deliver more of this audience at a very granular scale."

— *Jonatan Zinger, Director, Media Insights at M8[9]*

Persistence

"WHAT IS MY CROSS-DEVICE STRATEGY, AND HOW DO I ACTIVATE BASED ON RESULTS?"

Though cookies are currently the predominant technology for measuring campaigns online in 2015, they've been shown to yield inaccurate, unreliable depictions of campaign efficacy. When looking at a recent representative sample of Atlas clients, we found a 12% increase in conversions using people-based vs. cookie-based measurement. This is because cookies cannot capture cross-device paths to purchase.

When cookies expire or churn, all targeting information and knowledge of prior interaction is lost. Even for sophisticated marketers who utilize advanced multi-touch attribution models, a lack of persistency can result in a misunderstanding of campaign effectiveness. If a marketer can't connect impressions to conversions over the full consideration cycle of a brand or product, she risks overweighting

later impressions relative to the ones that helped introduce product and consumer. Many attribution models overweigh product-level retargeting programs because upper-funnel impressions are often lost with time due to cookie deletion.

However, with people-based marketing, advertisers can understand a person throughout time. Atlas utilizes persistent Facebook login across devices and publishers, establishing the movements of real people as they travel along the purchase path. These findings demonstrate how marketing investment affects the entire purchase cycle and which channels and tactics work best for target consumers. The effort is key to unlocking a wealth of real consumer insight, telling the conversion story from the first impression served on day one to the final purchase on day 90. Marketers can uncover the channels, publishers and tactics that drive an entire purchase cycle through to sale.

COOKIE-BASED MEASUREMENT:
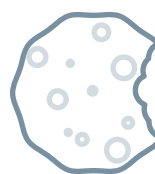
- ▶ 58% overstatement of reach
- ▶ 141% understatement of frequency
- ▶ 65% accuracy in demographic targeting
- ▶ 12% conversions are missed

Atlas Internal Data, March 2015; Nielsen OCR Norms, March 2015.

Scale

"AM I DELIVERING RELEVANT ADS TO THE RIGHT CONSUMERS?"

People-based marketing only works – and only gives marketers the ability to target, learn and optimize – when it accurately depicts a large, representative percentage of the entire internet population. Small panels can yield results that are insignificant at best and misleading at worst. But with scale, marketers can glean insight even when analyzing smaller publishers, shorter time periods and narrower demographics. It's important to note that while there are numerous existing people-based sources of information, combining them, via a cookie sync, can result in a drop-off and reduce reach.

There is no single, larger footprint of real people online than the Facebook audience. In the US, Facebook users represent

68% of the entire online population[10]. This robust user pool empowers a potential for unprecedented targeting and measurement across the digital landscape and serves as an accurate panel by which to measure the activity of desktop and mobile internet users at-large.

Since Facebook's audience engages across devices and browsers, persistence can be utilized to create holistic targeting opportunities that enable a complete, scalable understanding of the ways in which ads influence conversion across devices.

5. Summary

It's a challenging time to be a mobile marketer. The advertising technology that brands and publishers have relied on for years has not yet caught up to the cross-device consumer habits enabled by mobile technology. The concept of real people-based marketing is "sticky" for precisely this reason; finding and engaging directly with individual consumers amid a morass of cookies and device interactions is more valuable now than ever before. And since mobile will account for 70% of all digital spend by 2018[2], this is not a problem that

can be ignored. Just as academics have observed throughout the history of the medium, the best advertising – and the best advertisers – are the ones who adapt their techniques to new market realities before the market decides their fate for them. People-based marketing that delivers accurate, authentic insights about real people, based in persistence and scale, is the next step in the evolution of advertising and is the solution to the daunting mobile challenge currently faced by marketers.

Key Takeaways

▶ Marketers must evolve beyond cookies to reach consumers on mobile. If they don't, they'll be left behind by those who have.

▶ "People-based marketing" has gained industry traction because it promises a new solution to the challenges mobile advertising presents.

▶ Mobile mandates a new marketing philosophy for the 21st century. Kotler's famous "4Ps" are now the "4Cs": **Choice, Convenience, Cross-Device and Creative Sequencing.** Every decision marketers make should be rooted in these fundamentals.

▶ The "4Cs" are the *why* of 21st-century marketing. **Accuracy, Persistence and Scale** are the *how*. Real people-based marketing delivers across all three planes.

▶ Atlas is real people-based marketing. It uses anonymized information from real people to deliver unprecedented accuracy in targeting and measurement at scale based on Facebook users worldwide.

The new marketing philosophy: The 4 Cs of Marketing

Choice	Convenience	Cross-Device	Creative Sequencing

The people-based marketing framework

Accuracy	Persistence	Scale
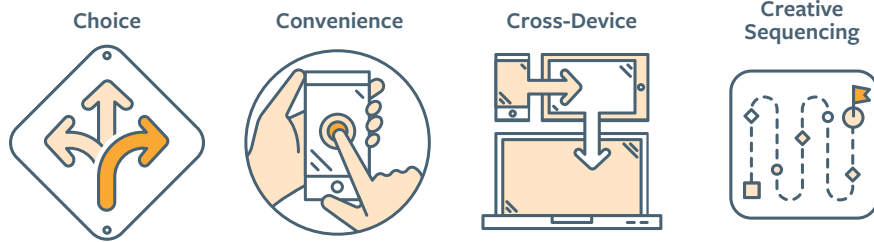
Marketers need to ask these key questions:

Who am I reaching?

Which consumer groups are driving my online sales, and how can I reach more of them?

What is my cross-device strategy, and how do I activate based on results?

Am I delivering relevant ads to the right consumers?

Sources:

1. Sysomos MAP, news and blogs search for mentions of "people-based marketing" January 1, 2014 through March 31, 2015

2. eMarketer, "Total US Ad Spending To See Largest Increase Since 2004", July 2014, US

3. eMarketer, "Average Time Spent Per Day With Major Media by US Adults," April 2014, US

4. GfK "Multi-device usage study" commissioned by Facebook, Nov-Dec 2013; US & UK; n=~2000

5. Michael Dell, Marketplace Interview, Mar 2013

6. General Mills, Cheerios Product List, as of 4/29/15. Retrieved from: http://www.generalmills.com/en/Brands/Cereals/cheerios/brand-product-list

7. Nielsen Digital Ad Ratings through 02/15/2015, Global.

8. Nielsen OCR Norms, March 2015

9. Atlas. Atlas Reveals High Conversion Rates for a Niche Online Audience. 2014. http://atlassolutions.com/2014/10/31/atlas-reveals-high-conversion-rates-for-a-niche-online-audience/

10. Facebook MAUs as of December 2014 compared to UN World population data as of December 2012 and Data & Internet World stats from April-June 2014

External Data Sources:

http://esa.un.org/unpd/wpp/Excel-Data/population.htm (UN 2012 Data)

http://www.internetworldstats.com/stats.htm (Internet World Stats, Apr-Jun 2014)