MAKING TRUE 1:1 MARKETING HAPPEN, AT SCALE

HOW TO SOLVE FOR THE ASPIRATIONS & EMPTY PROMISES OF THE MARKETPLACE

Matt Martella

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CONVERSANT®

INTRODUCTION

Before we get into the meat of this paper, I want to share with you what I think are the most important rules for any kind of digital marketing (and they also happen to be the most challenging to achieve). They've evolved from the thousands of conversations I've had with marketing executives at leading brands, across all different verticals.

○ **Brands must understand and speak to consumers as individuals.** Not as cookies, devices or segments.

○ **Brands must have real, ongoing conversations with consumers.** The dialogues should be proactive, persistent and informed by actual real-time buying behavior across channels.

○ **Every dollar spent must be measurable.** And it should be measured against incremental sales, and optimized continually over time.

It's with these principles in mind that one can execute best-in-class one-to-one marketing at scale.

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WHAT WE MEAN WHEN WE SAY 1:1 MARKETING AT SCALE

"Personalization" may be our industry's most misused word. It's come to mean everything that's even remotely targeted or customized—leaving marketers disappointed by the results of inaccurate, ineffective "personalization solutions."

What marketers are really hoping for is one-to-one marketing at scale. This is far more specific—and far more challenging to achieve.

We define one-to-one marketing at scale as:

Recognizing, reaching and staying connected to a sizable number of individuals whom you know a lot about, through meaningful, ongoing conversations, in real-time, and being able to learn and optimize as you go.

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THE DEFINITION OF 1:1 MARKETING AT SCALE: A BREAKDOWN

1. RECOGNITION & REACH
Finding the right consumers, across all of their devices, with unprecedented accuracy, scale and persistence over their lifetimes.

2. INDIVIDUALIZED PROFILES
Knowing how your consumers spend their time and money, across every dimension, by obtaining one complete, anonymous view of every person.

3. DECISIONING & DELIVERY
Delivering the best personalized message to the right consumer, in the right medium, in real-time to enhance the consumer brand experience and maximize campaign effectiveness.

4. MEASUREMENT & INSIGHTS
Continuously observing and learning about your consumers and your campaign's incremental results to keep messages compelling and your marketing dollars spent wisely.

① *Recognizing, reaching and staying connected to a sizable number of*
② *individuals whom you know a lot about, through*
③ *meaningful, ongoing conversations, in real-time, and being*
④ *able to learn and optimize as you go.*

Master each of these essentials, and you'll confidently engage a large number of consumers with unique, compelling messages across all of their devices, channels and media formats. And each time you reach out to them, you can pick up the conversation right where it left off.

Drop the ball on just one of these four, and true, one-to-one marketing at scale isn't possible.

THE MARKETER'S CHALLENGE

Marketers often try to solve one-to-one marketing with point solutions, combining a DMP, DSP, media buyer and data onboarder. But point solutions come with inherent issues:

- *Smaller audience identification, match and reach.*
- *Matching only at the household or browser level, not at the person level.*

- *Lack of persistent connections to that audience over time.*
- *Limited offline, historical and other profile data.*

Successful one-to-one solutions can't be cobbled together from three to four platforms (because as each partner is added, the audience size shrinks).

Instead, the winning solution should maintain the chain of custody of consumer profiles, from the time offline data is joined with online data, through profile building, real-time decisioning, message creation, measurement and insights.

It needs to deploy messaging across all stages of the buying funnel, and understand how consumers convert within every channel. It needs to show marketers how their customers interact not only with their brands, but with all the other brands they've bought from.

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CONVERSANT'S REAL RESULTS

To see the impact of our campaigns, we ran studies across leading brands in eight consumer retail categories. The results were profound.

10x
average incremental return on ad spend (ROAS)

2.5% to 8.3%
incremental increase in YoY company sales growth
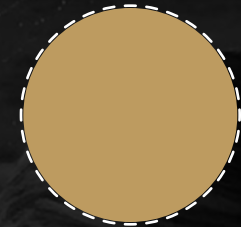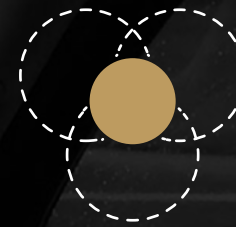
RECOGNITION & REACH

With an unprecedented amount of data, including anonymized transactional data (both online and off) from more than 4,000 brands, we accurately recognize consumers like no one else. In fact, our 96% accuracy in matching dwarfs the competition, who can only achieve ~50% accuracy. And the depth and breadth of our IDs continue to grow as we observe over 86 billion online interactions every day, across every device.

That's millions of verified IDs. They're completely anonymous, scrubbed of all personally identifiable information. And they last a lifetime, so conversations with customers never miss a beat.

Our massive digital reach is on par with Google. And our competitors can't come close to our scale or persistence of recognition.
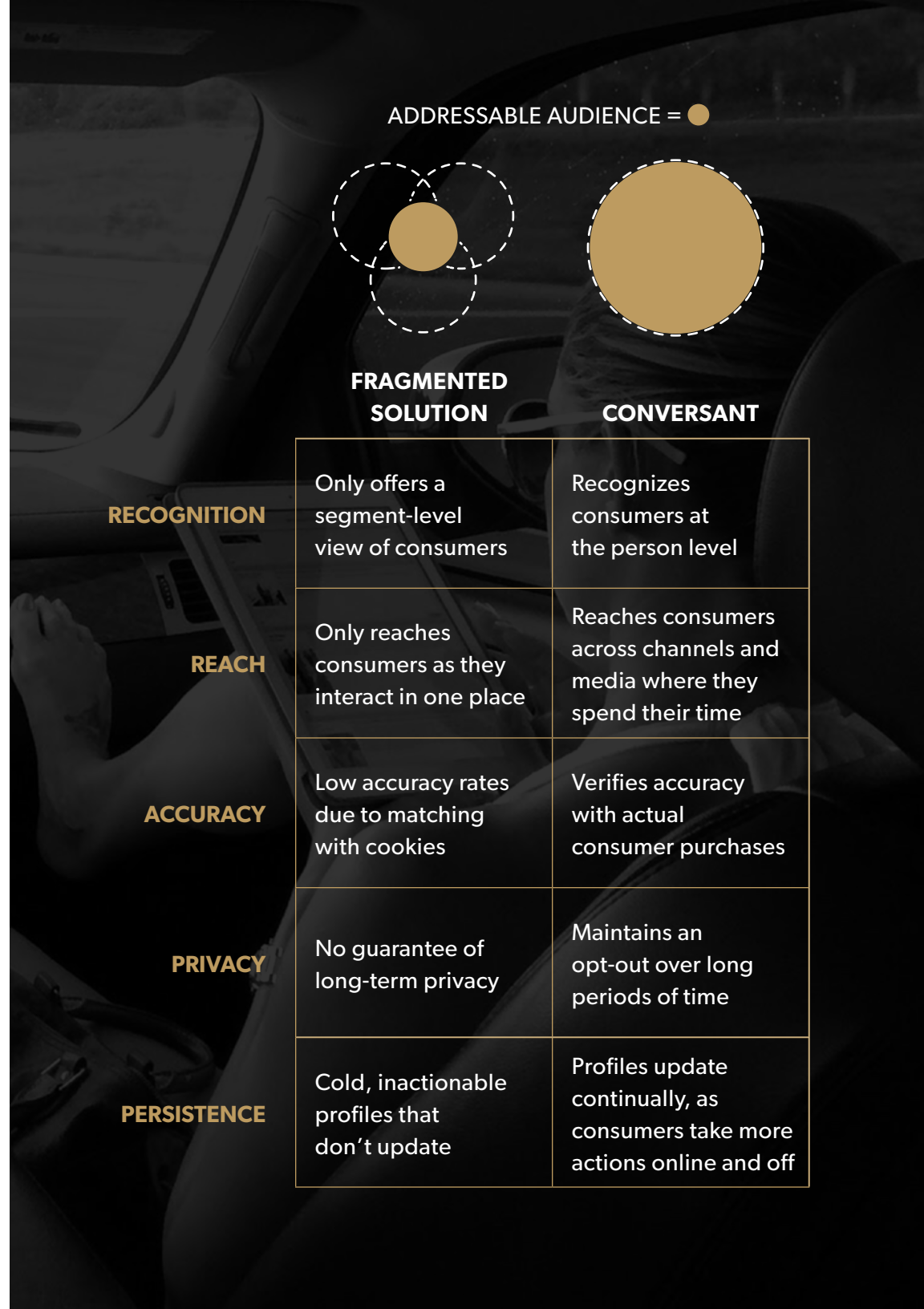
CONVERSANT ®

ADDRESSABLE AUDIENCE =

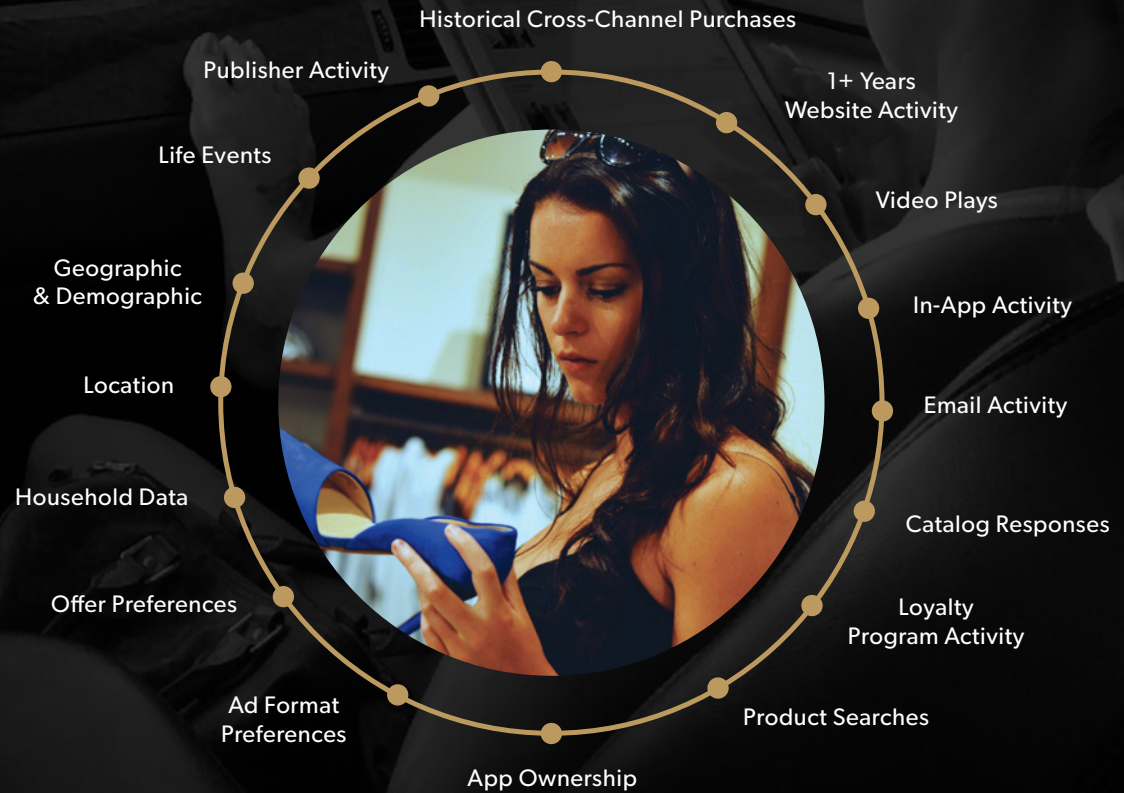|	FRAGMENTED SOLUTION	CONVERSANT
RECOGNITION	Only offers a segment-level view of consumers	Recognizes consumers at the person level
REACH	Only reaches consumers as they interact in one place	Reaches consumers across channels and media where they spend their time
ACCURACY	Low accuracy rates due to matching with cookies	Verifies accuracy with actual consumer purchases
PRIVACY	No guarantee of long-term privacy	Maintains an opt-out over long periods of time
PERSISTENCE	Cold, inactionable profiles that don't update	Profiles update continually, as consumers take more actions online and off

INDIVIDUALIZED PROFILES

Conversant doesn't just assign IDs to millions of consumers. We build profiles around them that are so robust, we know them better than they know themselves.

We track over 1 million online actions per second to build each profile across more than 7,000 dimensions—including web browsing, app usage, video plays, email activity, cross-screen engagement, life events, hobbies, ad interactions and product interests.

All in all, they're the most complex consumer profiles ever built, allowing brands to really get to know their customers and grow the relationships over their lifetimes.

Anonymized profiles are built from more than 7,000 dimensions, and they continue to update as more actions are taken.

Historical Cross-Channel Purchases

Publisher Activity

1+ Years Website Activity

Life Events

Video Plays

Geographic & Demographic

In-App Activity

Location

Email Activity

Household Data

Catalog Responses

Offer Preferences

Loyalty Program Activity

Ad Format Preferences

Product Searches

App Ownership

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DECISIONING & DELIVERY

We reach millions of people. How do we make sure that each one sees the right message?

Every day, we make over a trillion real-time decisions about billions of interactions. Each decision is customized and unique for each person. And it's made in just milliseconds, across an extensive media footprint that's on par with Google.

Each ad we deliver is customizable across an unlimited number of factors, always within the boundaries of our clients' brand standards. All of these decisions are made in milliseconds, delivering an ad with the perfect personalized ad experience to get the consumer to convert.

We also take significant steps to deliver ads in brand-safe environments, ensuring the highest level of ad quality. In fact, our proprietary approach to combating ad fraud is unparalleled in the industry.
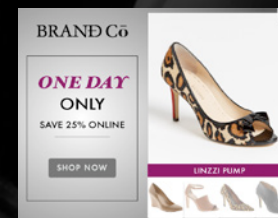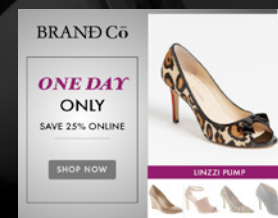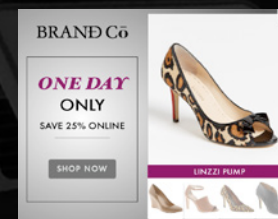
So brands can enjoy limitless opportunities to have the best conversation with each consumer at exactly the right time.

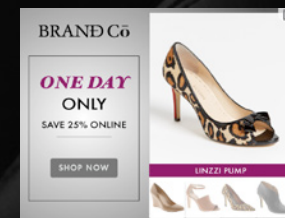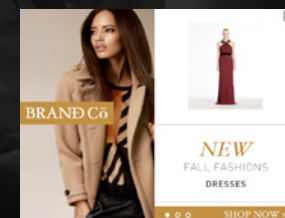**CONVERSANT**®

Age: 30-35
Lives in Chicago
Married
Fashionista
Loyalty Member
Dominant Categories: New Arrivals
Browsed: High Heel Pumps, Dresses
Purchase Activity: Sweaters, Shoes
Income: 75-100K
Etc.

FRAGMENTED SOLUTIONS

CONVERSANT

Unlike other solutions, Conversant personalizes each ad across an unlimited number of factors, building a conversation with each consumer over time.

MEASUREMENT & INSIGHTS

Does Conversant's solution really work? The proof is in the numbers we deliver.

We've got the most precise measurement and consumer insights in the industry. Our clients' marketing dollars are spent wisely, as we continuously observe and learn from their campaigns to keep the messages compelling.

We show clients how their digital dollars drive conversions across offline buying channels, such as in-store and call center. Our ability to measure the longitudinal impact of spend and customer value over time is one thing that makes our approach unique.

Clients have full visibility into their campaigns' power, broken down by channel, location, device, audience, creative and more. For every dollar spent, they understand the incremental return on investment, from direct sales to offline sales and their overlaps, over the lifetime of their customers.

Page View Percentage
29%

Device Type
TABLET

Network Average: 16%

Period Date
JAN 2 |15   FEB 2 |15

Weekday
WEDNESDAY

Page View Percentage
30%

Device Type
MOBILE

Network Average: 17%

Period Date
JAN 2 |15   FEB 2 |15

Weekday
WEDNESDAY

Page View Percentage
41%

Device Type
COMPUTER

Network Average: 16%

Period Date
JAN 2 |15   FEB 2 |15

Weekday
WEDNESDAY

AGE RANGE
18-24
25-34
35-44
45-54
55-64
65-74
75+

GENDER
FEMALE
MALE

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1:1 SOLUTIONS: THE REPORT CARD

Many vendors offer solutions, but none are as comprehensive or as powerful.

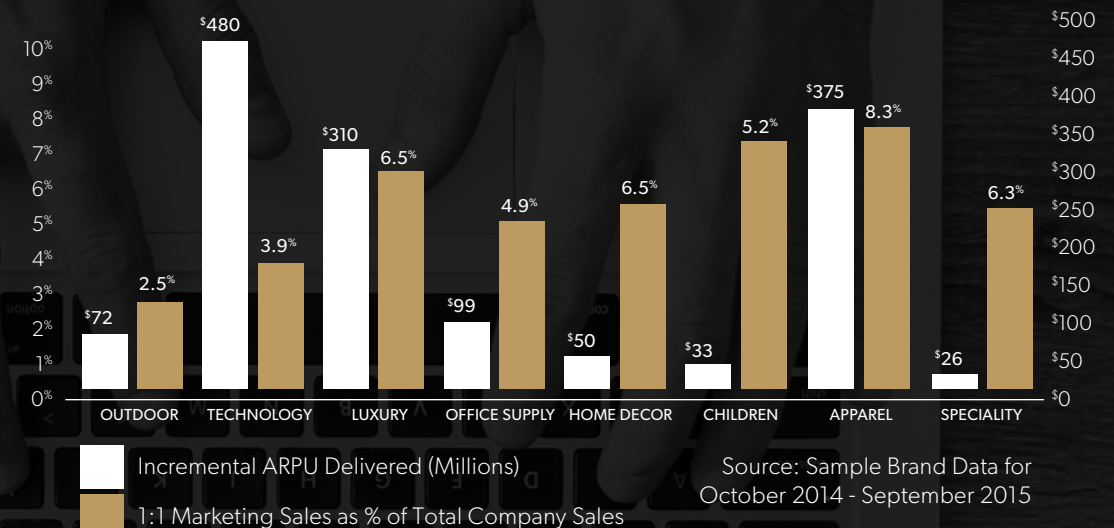|	**FRAGMENTED SOLUTIONS** Combining best-of-breed DMP, DSP and onboarder solutions to accomplish what Conversant does in-house, with far weaker results.	**REMARKETING** Credited with many of the early advancements in dynamic creative and user targeting, it doesn't meet other one-to-one requirements.	**CONVERSANT** A comprehensive, end-to-end solution that connects brands to consumers like no one else in the industry.
RECOGNITION & REACH	🔴 Matches only happen at the cookie or segment level, not the person level. And since the chain of custody isn't controlled by one house, there's a lot of ID leakage.	🔴 User IDs come from third-party cookies and reach a tiny fraction of your target audience.	🟢 We have the industry's largest reach of consumers at the person level, across their devices.
INDIVIDUALIZED PROFILES	🟡 Profiles are built only from emails and websites, not from offline CRM data, and the data doesn't persist over time.	🔴 The focus is on just a single data point (most recent items viewed, but not purchased, on one website) that disappears when the objective is complete.	🟢 We track both online and offline activity, including more than 1 million online actions per second, to build each profile across more than 7,000 dimensions.
DECISIONING & DELIVERY	🔴 There's typically no creative personalization. Most use automation and templates to customize just a few elements.	🟡 The ads are only personalized in the sense that they feature the last item browsed or some related products.	🟢 Each of our 1T+ daily real-time decisions is customized for each person, across unlimited factors in each ad.
MEASUREMENT & INSIGHTS	🔴 Real-time optimization happens only at the segment level, not the person level. And insights only drill down to the campaign level.	🔴 The campaigns don't drive long-term user understanding or focus on the entire buying cycle. The reporting may show sales, but analysis consistently shows that many are non-incremental.	🟢 We update profiles in real-time based on the actions every consumer takes. And our clients have full visibility into their campaigns' power.

🟢 *Best-in-class*   🟡 *Fair*   🔴 *Poor*

PROVEN RESULTS WITH OUR TEST-AND-CONTROL METHODOLOGY

So, how do we know it works? Because our team analyzed the marketing programs of dozens of our clients, across all verticals, using a verified test-and-control methodology. And the results were profound.

HERE'S HOW THE TEST WORKED:

1. For a sample of leading brands in eight retail categories, we displayed messages to two randomly selected groups of consumers: One that saw brand marketing, and one that saw PSAs and other non-marketing messages.

2. We compared the sales of the test group (that saw ads) to the control group (that didn't see ads).

3. Any increased sales in the test group were statistically validated to be the direct result of the advertising.

4. Across our clients, incremental ROAS (Return On Ad Spend) was in the 4–32x range, with an average of more than 10x. Meaning that for every dollar invested, we drove $10 or more in incremental sales.

Incremental ARPU Delivered (Millions)
1:1 Marketing Sales as % of Total Company Sales

Source: Sample Brand Data for October 2014 - September 2015

STUDY PARAMETERS

- Assessed programs over a 12-month period from October 2014 to September 2015

- Analyzed multiple retailers, per retail category, with results averaged across retailers

- Measured incremental ARPU using scientifically validated test/control methodology

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CONCLUSION

As consumers spend more and more time on devices, our industry keeps building better solutions to reach them. Many vendors promise personalization, and they may even call their solution "one-to-one marketing." But that's only possible if they can recognize, reach and stay connected (at scale) to real people, and proactively message them in meaningful, ongoing and real-time ways across every device and time of day.

Every solution or set of solutions that doesn't meet this definition falls short of the real capabilities available today.

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ABOUT THE AUTHOR

Matt Martella is the Senior Vice President of Business Development for Conversant. He leads the Direct to Brands sales team as they work with marketing and brand leaders across the Fortune 1000. Matt brings over 20 years of experience in sales, marketing, consumer research, strategic planning and logistics to Conversant. Matt has deep experience with startup companies, as well as years of experience working within Fortune 100 organizations. Specifically, Matt's career has been spent with companies selling enterprise technology, marketing services and digital media. Matt received a BS in Business Administration from St. Mary's College of California and an MBA in Marketing from Golden Gate University.

ABOUT CONVERSANT

Conversant is the leader in personalized digital marketing, transforming the industry through cutting-edge technology, bold creative and a staggering amount of data. Its roster of 4,000 clients includes 400+ blue chip brands and 65 of the Internet Retailer Top 100. Coupled with the world's largest affiliate marketing network, CJ Affiliate, they drive incremental sales better than anyone. Conversant is a division of Epsilon, the global leader in creating customer connections that build brand and business equity.

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