

Part 3: Personal Data: The Heart of Connected Marketing

mCordis Inc.
January 2017

Michael Becker & Paul Berney
Co-Founders, mCordis & The Connected Marketer Institute

Personal Data powers Connected Marketing.

It is going to change the relationship between brands and connected individuals.

Introduction

In the first two parts of this eBook series we shared ideas about the rise of connected individuals and the rise of The Connected Marketer as a direct consequence. We also introduced the Connected Marketer approach, a framework for marketers that pulls together:

- Four human dimensions: physical, digital, sensorial and emotional with,
- Seven layers of connectivity and
- Four key tasks: understand, enable, simplify and serve.

It should be clear to any marketers following this approach that data plays an essential role in delivering connected marketing.

So much of data being collected is personal data, including IP address, devices IDs, health and fitness data etc. In fact nearly all data is becoming or can easily be turned into personal data. If this trend continues we are likely to see the growth of a new economic model related to that personal data. That will transform the relationship between individuals and organizations. This eBook discusses those trends and what it means for marketers.

The rise of the connected individual has led to the rise of The Connected Marketer.

The Connected Individual

The proliferation of connected devices, their falling cost and the ubiquitous connectivity they give us, means that we have the ability to be constantly connected.

That constant connection has led to us living in a state of connectedness.

That connectedness has caused and enabled an irrevocable change in our behavior.

The combination of those factors has changed the nature of the relationship between brands and individuals.

They are putting the individual in control.

The Connected Marketer

How should marketers respond to the individual now being in control? What has changed for marketers and what remains the same?

In many ways nothing has changed; the fundamental task for marketers is to understand the needs of their target audience and find a way to meet those needs in a mutually valuable way. But the needs and expectations of those connected individuals has changed.

The Connected Marketer approach offers a way to understand connected individuals, to enable them, to make their lives easier and ultimately to serve them.

Personal data – the heart of connected marketing

Collecting, storing and using data, specifically personal data, is a vital part of meeting those needs. It offers the change to use personalisation and automation at a scale never previously possible.

The needs and expectations of connected individuals have changed and will continue to do so as they become more connected and more dependent upon connectivity. The underlying principle of being a Connected Marketer is to create value with and for those individuals, not from them.

Connected Marketers must re-think the way they view and manage personal data and ultimately be of service to the individual .

The underlying principle of being a Connected Marketer is to **create value with and for individuals, not from them.**

Connected Marketers must re-think the way they view and manage personal data and ultimately be of service to the individual.

The Big Data Economy

With so much of our lives spent connected to our digital selves, it comes as no surprise that this activity is a huge source of data that marketers can tap into to build their understanding, targeting and ability to personalise their product offerings. In the past marketers captured mainly demographic data to support these three key activities. However, this has changed because of the sheer volume of data available through digital activities.

Put simply, an individual's physical and digital activities produce signals. These signals reveal insights about them. These insights can be amplified by the context in which they were recorded.

Capturing and using this personal data is an essential part of The Connected Marketer approach. It is only with data that the Connected Marketer can achieve personalisation at scale.

Mastering data science is now an essential marketing skill. Marketers must either learn how to; collect, analyze, append, refine, intuit and act upon the data available to them or hire people that can.

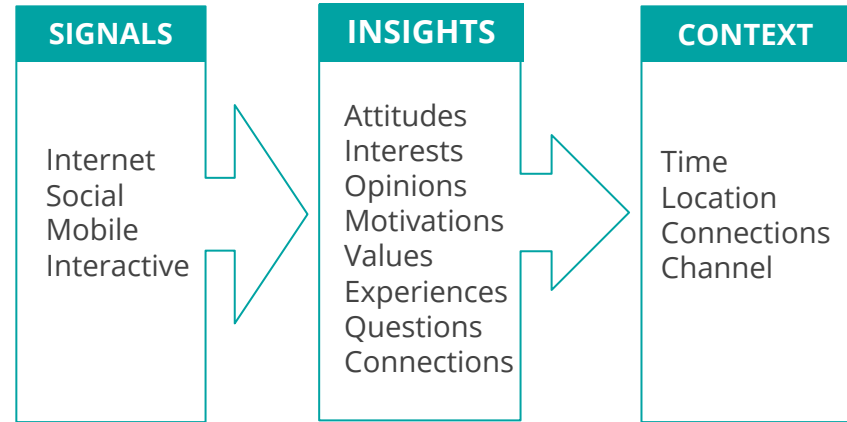


Fig 1: Using big data. Adapted from IMMR

The value of Big Data

The unconscious flow of data that we leave behind from our digital activities is often described as a digital footprint or digital exhaust. As individuals we are often totally unaware of the data we are leaving behind or sharing with brands from our interactions. For instance how many connected individuals are aware that they share on average over 20,000 data points with Facebook if they are regular users.

Worldwide, by some estimates, the market for personal information and the data collected from connected devices will be in the trillions by 2020. In fact, McKinsey estimates that eighty percent of the Fortune 500 value, roughly \$8 trillion dollars, will soon be, if it is not already, based on the intangible assets of data and McKinsey is encouraging companies to actively pursue strategies to participate in emerging data marketplaces.

The challenge with these modern data practices, what many refer to as “big data”, is that the subject of the data, the individual, has little to no sovereignty or authority over their use of this data. Industry has effectively side-lined the individual through the application and refinement of terms of conditions and service policies.

‘Personal data is the raw material of the digital age. Monetization of digital engagement is at the heart of almost every technology business’ *

*Adapted From Pew Report On The Future Of Privacy

From Segments to personas and profiles

One of the most obvious gains from the availability of big data is allowing marketers to move beyond basic segmentation by demographics and instead migrating to using personas to complete a more detailed profile of an individual. Personas record demographic information alongside brand interactions, order history, individual preferences, interests, connections, motivations etc. and allow a much greater level of targeting, re-targeting and direct consumer engagement than ever before.

Personas for example, will support the growth of programmatic advertising allowing brands to move from buying media to reach a target audience, to buying target moments. For example, instead of placing adverts on mobile sites used by males aged 35-50, as they typically do, marketers using persona-informed advertising could target those men using a contextually relevant moment.

It seems likely that personas will be a stepping stone towards using individual profiles, dealing with every individual on a one to one basis. In this way, connected marketing could fulfil the promise of Customer Relationship Marketing. Technology has given marketers to offer personalisation at scale.

The implications of truly offering one-to-one marketing are huge. Dealing with every potential customer as an individual would require the creation of huge databases. Managing the collection, storage and use of this data will require the of data science and of more technology to automate personalization at scale.

It will also require new perspectives on data, because not all big data is the same and individuals will demand a different type of value exchange for their data.

We must recognise that not all
Big Data is the same.

@connectedMRKTR

Different types of Big Data

Marketers should consider the fact that not all data is of equal value to either the individual or the brand. That being the case, the way that data is collected and used will be different. There are at least five different types of data a connected individual might share with a brand and a sixth that can be created by the brand:

1. **Descriptive Data/PII:** Acquired from purchased lists e.g. postal address, demographic data.
2. **Implicit Data:** Observed data derived from engagement with your brand e.g. purchase history, social media follows.
3. **Explicit Data:** Revealed through what people tell you directly e.g. search queries
4. **Contextual Data:** That you can track during engagement e.g. time, location.
5. **Intimate Data:** Self reported data that people are collecting on themselves e.g. through fitness trackers and health apps.
6. **Derived Data:** Actionable insight created by combining different data sets together

The volume of this data changes along with the value. Plotted against a pyramid (see fig 2 on next page) it can be seen that the value of the data changes as it becomes more scarce and more intimate. Consider the value of brand knowing something about a 35 year old woman who runs in her free time.

Descriptive data may give you a name and address and age only. But nothing about her interests. Implicit data may provide the fact that she shops at a particular sports store and is a member of a loyalty scheme. It may provide a purchase history for that store only. Explicit data may reveal that she has searched on the brand site for lightweight running shoes. Contextual data could reveal that she attended an expo for the New York marathon and searched for those shoes.

Intimate data though could reveal that she is training for a marathon and derived data could show this to be her first time. Knowing this could and should influence the messaging from her preferred sports brand.

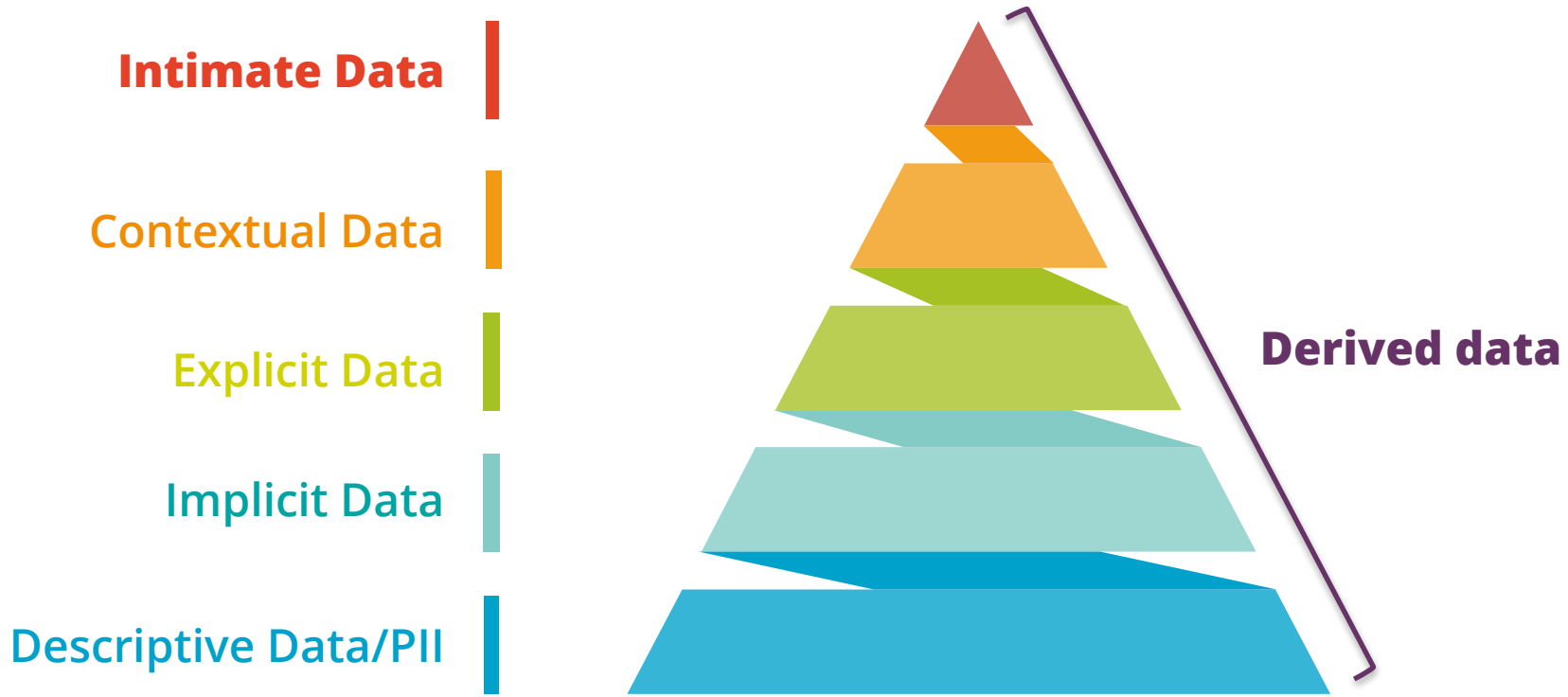


Fig 2: The 6 types of big data. Copyright mCordis Inc. 2017

Intimate Data > Quantified Self > Quantified Customer

Much of intimate data collected by connected individuals is for their own use. It can be considered part of the “the Quantified Self” movement, that seeks to help understanding of ourselves through measurement of activities. Individuals may believe that this data has little to no value to anyone except to themselves, as they pore over it looking for trends and meaning in the activities. But many individuals struggle to understand and interpret the data for themselves.

There is huge opportunity for brands in helping people understand what the data means. Hence we see the efforts of Nike, Adidas and Under Armour to provide virtual coaching services that help guide individuals to get the most out of themselves and the sports clothing and gadgets they use.

Consider that individuals sharing specific data is already transforming industries and products and services. For example sharing health and fitness data can lower your health insurance costs and sharing your driving data can lower your auto insurance premiums.

Adding data gathered and shared by individuals to the data already held by a brand will create a new category of Quantified Customers. Brands could create new products and services aimed specifically at these customers who can prove they fit a particular set of conditions. The keys, as ever, will be for the individual to see a demonstrable value exchange and for the brand to be able to collect, manage, use and secure that data.

Too much data is being collected today without any clear understanding of why and what to do with it. The two questions a connected marketer should be asking about any data collected are:

So what?

And now what?

For example, knowing the location of an individual can be highly valuable but only if the brand knows what context means to them and to the individual concerned.



*The future of marketing is being driven by sophisticated, channel-agnostic consumers who expect exceptional experiences every time. This reality poses a real challenge for organizations, as consumer intolerance for mediocre brand interactions puts **more pressure on brands to leverage their data and technology***

Ashley Johnston, SVP of Global Marketing, Experian Marketing Services

The changing mindset of the connected individual:

It's not data about me, it's **my data**.

My data is an economic asset - how do **I get the value?**

My data is **worth more than free access** to content.

@connectedMRKTR

Rise of the Personal Information Economy

The application and use of personal information have been the subject of businesses from the dawn of commerce, but it was not until the 1970s and beyond that systematic accumulation and application of personal data at scale, started to be recognized as an important business asset and medium of commerce.

Initially, personal data was widely used for audience segmentation and analysis as well as for marketing channels such as direct mail.

As the Internet evolved over the last quarter of a century, the ability to monitor and measure online behaviors, including search, click streams, content views, shopping behaviors and purchases, became increasingly possible and more accurate.

Brands recognized that they could commercially benefit from the systematic application of consumer and shopper data that allowed them to;

- better understand their customers, i.e. intuit their preferences and intent
- better target, influence and drive engagements
- simplify experiences and streamline operations
- better serve people.

The changing face of individuals' understanding of data

While many individuals still have little to no knowledge or understanding of exactly how their data is and might be used, there is a growing awareness of the volume of data being collected and a change in attitude towards that. Connected individuals increasingly see the data as belonging to them rather than the collector and are seeking to control it. New tools are being created to allow individuals to track where and how their digital data is being collected and used.

Secondly, in 2011 The World Economic Forum publicly recognized that personal information was a new asset class and should be treated as such. In other words, individuals should have authority over the use of their data as an asset. The challenge for individuals is how do they get the value from that asset.

Combined, those two facts lead individuals to question whether their data is worth more than just free access to stuff.

This has profound implications for brands and marketers. Many brands operate an unequal equation where the value of the data they collect and use is worth more or perceived to be worth more than what they give individuals in return. For example, websites that collecting user data that they use to sell advertising may give those users free access to the content. But individuals are rejecting this model now in their millions as the growth in use of ad blockers clearly shows. Ad blocking can be seen as symptom of a wider malaise: users don't trust brands to use their data fairly and no longer want to be 'the product'. Trust is falling for brands in many business categories and the misuse and mismanagement of personal data is a primary cause of that.

The result is that brands must radically reconsider the way they are using personal data.

Digital Sovereignty

Eighty Nine percent of consumers agree with the statement: 'I should be able to control what data a company collects about me online, and what it uses this data for'. This represents a clear call for change. The connected marketer will need to respect the digital sovereignty of individuals.

Digital sovereignty: an individual's authority and control over the digital representation of themselves in society

Digital Sovereignty should afford every individual a legal, commercial and human right to their personal information, their data, and the authority to oversee why and how their personal information is collected, refined and derived and who and when it may be accessed by and for what purposes.

This means that marketers must realise that privacy is not binary but dynamic. Gaining permission once, through one channel should not give a brand the right to keep the data forever and treat that permission given as a lifetime universal opt-in by the connected individual.

A starting point could be to apply three principles to permission based connected marketing:

Transparency – be clear about what you are collecting and why

Notice – be clear about when you are collecting and using data

Choice – allow the individual to decide if they want

Personal Information Management Services (PIMS)

Saying that informed consent is a myth is a bold statement. But in the future, brands may find that they are unable to secure new customers, as the savvy, connected individuals may only engage those brands that not only adhere to the principles of digital sovereignty, but also actively engage in the emerging personal information exchange marketplace and transact directly with individuals through Personal Information Management Services (PIMS).


PIMS are online software services that make it possible for individuals to collect, manage, and ultimately monetize their personal information through the burgeoning personal information marketplace, a marketplace where individuals can join in and actively participate in the value exchange for their personal information. In this new market model, people do not give marketers consent to take and use their data.

Rather they share access to their data via a PIMS. As long as the individual believes a marketer is providing value, then the marketer will continue to have access to the individual. If at some point the individual perceives that he or she is not getting value, then the individual will restrict or block the marketer's access to the information.

A woman with long brown hair, wearing a light-colored blazer, is looking at her smartphone with a serious and slightly concerned expression. The background is a blurred crowd of people, suggesting a public or social setting. The entire image has a warm, reddish-orange tint.

Informed consent is a myth:
It will give way to
informed access.

@connectedMRKTR

A woman with dark hair in a ponytail, wearing a light blue polo shirt, is shown in profile from the waist up. She is looking down at a tablet device she is holding with both hands. The background is a dark, textured wall. The entire image has a semi-transparent purple overlay.

Over the next few years marketers are likely to see a dramatic increase in the amount of data collected and used to deliver more personalized products and services for connected individuals. Much of that data will continue to flow through the established routes available, but a new parallel data economy is likely to grow alongside this as more informed connected individuals want to play a more active role in control and profiting from their data.

This new parallel economy will not replace the existing market for personal data, they will likely co-exist, but connected marketers will have to make a choice about whether they want the short term gains from buying and acquiring data, over the longer term gain from relationship building with individuals. This choice is likely to come into sharper focus the more that industries and markets are disrupted by digital services and solutions and the more that direct to consumer models take hold.

The Connected Marketer will have to strike the balance between respecting the digital sovereignty of the individual and gaining their permission to use enough data to deliver what those individuals want. The Connected Marketer Institute aims to help brands and marketing technology companies develop the best models to make this new relationship work

A blurred background image of a desk with a laptop and a smartphone. The laptop is on the left, and the smartphone is on the right. The text is overlaid on the right side of the image.

To learn more about The Connected
Marketer™ approach and The
Connected Marketer Institute visit:
www.theconnectedmarketer.com

The Connected Marketer™ is an mCordis Inc. initiative.

Contact: marketing@mcordis.com

Follow: [@connectedMRKTR](https://twitter.com/connectedMRKTR)

mCordis Inc. SAN FRANCISCO – LONDON – ISTANBUL