

## **Be Transparent: The Key to Online Tracking**

***Featuring:***

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**KATHLEEN:** Hi, this is Kathleen Ruane from Corporate Communications at Draftfcb. And I'm here today with Mike Brzozowski, our EVP of CRM at Draftfcb New York. And we're discussing the subject of online tracking. Mike, could you share what's been happening recently?

**MIKE:** Thanks Kathleen. There's been a study that was done recently at the University of Pennsylvania that was asking consumers what they thought about being tracked online and being served communications and offers based on their surfing behavior. And it's interesting because there's great tension going on here where 68% or close to 68% of consumers really objected to the fact that they were being tracked online. Yet if you really start delving into the study a little further and look at some of the details, 51% of consumers said, "You know, I actually liked the idea of getting offers tailored to my needs." And 58% of consumers said, "You know, give me information that's interesting to me, that's relevant to me."

So you really have this dichotomy of people saying they don't like being tracked online, but they also want relevant information. So that's really the crux of this problem. It's an interesting dilemma.

**KATHLEEN:** Based on that research, what are you recommending to our clients in the way of targeted marketing?

**MIKE:** What marketers may be losing sight of a little bit in this scenario is they're not thinking about this in the context of getting permission from consumers. I think there's a real difference between what I would describe as implicit profiling versus explicit profiling. And what I mean by that is implicit profiling is really exactly what consumers are objecting to. They don't know necessarily that they're being tracked, even though privacy policies are posted on websites. Let's be honest, consumers don't really read that anyway. So there's web analytic software that basically collects and catalogues visitors' surfing behavior and this is mostly on websites but can also be done on online media and of course search. And what ends up happening is there are mathematical algorithms that are behind this software that end up serving targeted information and/or offers based on that surfing behavior.

When you ask consumers how they feel about that, there's sort of a vague creepiness about it. You know it's like "Oooh somebody's watching everything I'm doing. I don't like that." And so that to me is implicit profiling. It's not necessarily a bad thing; it's been done all the time in marketing.

Credit card companies have been doing this for decades where they track your purchases and then serve you up offers that are related to the types of purchases you did in the past. Nobody seemed to overly object to that stuff, but online it makes people feel a lot more uneasy.

What I'm recommending too is that marketers do a better job of asking permission and that's what I mean when I say explicit profiling. It's directly asking consumers what do you like, what do you want, what can we offer you? Tell us a little bit about yourself. It's this quid pro quo where if there's value being delivered in return, consumers are willing to provide more and more information. There are dozens and dozens of examples of this working very, very well.

I've yet to work on any business or with any client where if you explicitly ask a consumer what do they want and you actually deliver it, that they're upset with that.

**KATHLEEN:** So what you're suggesting is that there should be full transparency in terms of all of the tracking that you're doing with online consumers?

**MIKE:** Absolutely. If you think about what consumers are objecting to when you read this study, they really don't like the fact that they're being followed. So you're still delivering something of value to them, so why not just be very transparent about what it is you're doing? Whether it's surfing behavior or collecting data directly from consumers. Marketers need to be very explicit about what they're doing with the data. And I think even more open about sharing what data they're collecting with consumers. It's no secret that social media is exploding and in that environment, transparency is absolutely key because the moment you are not transparent the word gets out and it spreads like wildfire. You want to avoid those types of things from happening. And having a very explicit privacy policy is crucial.

The last reason why it's so crucial is that if we don't do it, if we don't police ourselves as marketers in the marketing community, then the government's just going to come and do it for us. And I can't imagine that the results are going to be too great for marketers.

**KATHLEEN:** Could you give us one last comment on online tracking and what we all need to be thinking about?

**MIKE:** I think the key human emotion that's really important about tracking an online privacy is trust. I think it's already is the new currency in marketing effectiveness. Building trust and enabling that trust between brands and consumers. Brands that don't inspire trust are the ones who are doing things that consumers feel is vaguely underhanded. So the more open you are, the more transparent you are, the more dialogue you're having with your consumers -- whether it's in new product development or marketing campaign development or even things related to how you're collecting data -- being open and honest, the brands that are the best at being open and honest are succeeding in the marketplace. If you don't do that, someone's going to find out and it's not going to be a pretty thing.

**KATHLEEN:** Thank you very much, Mike.

**MIKE:** Thank you.