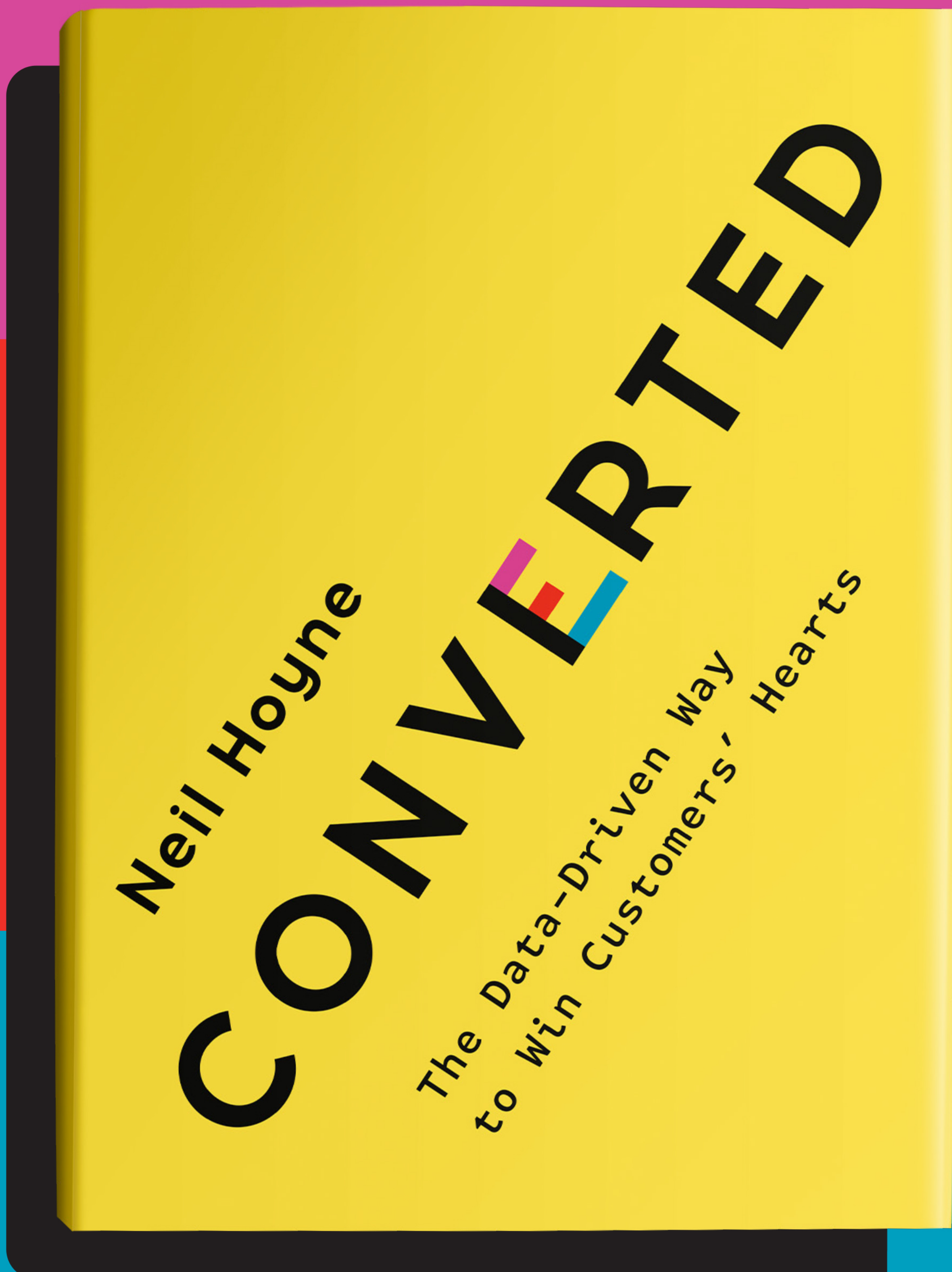

PORTFOLIO
PENGUIN

INTRODUCTION

Digital marketing is about keeping the faith. The faith that you can seduce someone to buy more, vote differently, or just love your brand—all in a 250 x 250-pixel box as they're scrolling through websites purposefully trying to avoid the message you're sending. It's about timing, extraordinary scale, and hoping that customers willing to pay full price don't find that 15 percent–off coupon code first. It's also a promise—help the customer reach their ambitions—while you get yours: their money.

My world, digital analytics, is the science behind proving that this faith hasn't been misplaced. That the messy pile of actions and metrics—the impressions, clicks, and conversions—wouldn't have happened without exposing users to that six-second pre-roll ad on their way to watching another unboxing video on YouTube. It's not a perfect world. Here's reality: shoddy, imperfect experiments that need ninety days but only get a dozen, and porous data sets that may represent as much of reality as a coin toss.

In this space, I've been an analyst, researcher, inventor, lecturer, programmer, and, most shamefully, the father of many forgettable slides of glossy funnels and Venn diagrams. A witness to and participant in billion-dollar successes and expensive failures driven by ego, ambition, and, much less often, pragmatism. A key player in the executive rallying cry to be more "data driven."

My latest gig, spanning more than a decade at Google, has given me the privilege to lead more than 2,500 engagements with our biggest advertisers. I have overseen initiatives that have acquired millions of customers, stretched conversion rates by more than 400 percent, and supposedly generated more than $2 billion in incremental revenue. (I don't know how the economists derived that number, but I like it, so I'm going with it. I have my sins, too.) But, like most analysts I know, it's the failures that made me second-guess my career choices, if not my sanity. It's a messy world, and I'm part of it. We all are.

The moments that make you think your finely tuned model might as well be a random number generator? I've had my share. I've seen researchers remove individual survey results—"outliers"—until the results matched the product manager's convictions. I've worked with executives who demanded absolute accountability for every dollar spent—until it came to buying the naming rights to a college football game. When their sales numbers showed they would have produced better returns had they wrapped their product in hundred-dollar bills and tossed them into the crowd, they questioned the data. And once, I had to partner with a particularly egregious group of consultants who pulled a revenue estimate right out of their asses. I know that because the footnote was literally "Replace these numbers I pulled out of my ass." They didn't even proof it. But nobody reads footnotes—apparently not even the board.

Well-intentioned executives and graduate students used to ask me about the secret to building a successful marketing organization. Was having one more success than your failures enough? Or was it found in embracing some Silicon Valley platitude like "Fail Faster"?

I wanted to know. And I have spent my career in search of an answer.

You'll find me in Google's Partner Plex, located on our Mountain View, California, campus, surrounded by relentlessly brilliant engineers who make serving up results to forty thousand search queries every second look effortless. While the engineers crank out code, manage systems, and do the heavy math, my team talks and strategizes with customers. We welcome them to our part of the campus with an AI-powered piano that composes its own music, a rainbow staircase of the latest search trends, and a virtual reality rig to paint in 3D. It's enough to make Willy Wonka wish he had a golden ticket.

We also have conference rooms. That's where the work gets done. They're more than your normal meeting space, because they're purpose-built for the tasks ahead. Stuffed with power and bandwidth, sugar and caffeine—courtesy of small microkitchens tucked into a series of pull-out cabinets with "Drink" and "Eat" laser-etched into the sides. The conference tables, built from the same dark, laminated wood, could be branded with "Think." Here we collaborate with Google's largest customers on the future of their products and verticals.

Today I hold the title of Google's chief measurement strategist, but ever since starting out as an analyst, I was always curious to understand how executives made decisions based on the work my team produced, and why two companies often acted differently when shown the same data.

The question presented itself again and again. Why did companies use identical information to compete in entirely different ways? Over time, a pattern became clear. Most companies were focused on a single moment, a single sentence, a single interaction: Hey, take my offer! They were using the data to change creatives, colors, and targeting, changing words and tone with almost mathematical precision. Anything to get the immediate *yes*—but everything was short term.

It made sense. CFOs demand accountability. Digital advertising gave it to them. They could instantly connect clicks to action. They spent a dollar and then the customer spent ten. It set the strategies and their weekly dashboards. But it was boxing the CMOs in. That one moment was all that mattered and all that was measured.

But to the CMOs, this made sense too. The larger they grew, the more data they collected, the better they could make the most out of each moment. Innovators, disruptors, or whatever new model the venture capitalists were funding would have to go through (and pay for) the same lessons themselves, setting fire to their balance sheets.

Until their competition sprinted ahead.

Some of these companies had come to the Partner Plex knowing they couldn't catch up by running the same race. They need a new way to compete. We helped them find it. Instead of optimizing to the immediate, what if you built a business around long-term relationships with customers, using data to understand who the best customers were and what products they wanted to buy, then building around them? What if you could leave your competitors, with all of their data and their short-term thinking, just to poke around in the scraps?

The answer: You can. And it works incomprehensibly well.

The marketing success stories over the next decade will be more than just clicks and conversions. They will be about people and conversations with customers that build into relationships.

A digital marketer walks into a bar . . .

. . . and asks the first person they see to marry them. Crazy, right? But that's what companies do. That's digital marketing. And if the marketing team asks enough strangers the question—maybe it's a hundred, maybe a thousand—eventually someone will say yes. The marketers give themselves one moment, one opportunity to drive a result, and they treat every interaction the same. They can change only so much—what they wear, which bar they walk into, maybe a word or two in what they say. And then the CEO asks: Why aren't more people saying yes?

Because others are playing a different game. They say hello, they start a conversation. They ask questions, actually *listen* to the answers, and let things develop. They begin to build a relationship, one step at a time, and then they ask themselves, "Is this going anywhere?" Their data tells them the answer—and they act on it.

This book is a field guide to this new terrain, an exploration loosely organized around three themes: conversations, relationships, and self-improvement. It's not meant to be read once, then left to sit on your shelf. I hope you'll turn to it often and share it with colleagues excited by what you're learning. I want you to wear it out. (And then buy another copy, but that's just me.) It is a guide, filled with practical advice, but you won't find yourself lost in swamps of technical details. Along the way you'll see signposts to a website with additional content that supports the lessons in the book, a community of practitioners to engage with on your journey, and a developing set of tools designed to do much of the heavy lifting for you.

We'll start with conversations and the importance of interactions with customers: how to do it, what to expect, and also what not to do. The second section is all about relationships: your business depends on developing great ones while saving the time and money you'd spend on relationships that aren't going anywhere. The third, self-improvement, is all about looking inward—asking the right questions of yourself and avoiding the trap of self-delusion, which is sure to undermine any progress you make.

This adventure is yours. Ideas build on each other, so you can start at the beginning, indulging in everything offered. But each idea also stands on its own, so you can spend more time on the topics that speak to your own opportunities, curiosities, and closet fantasies and fit them to your purpose.

Everything you'll read here is inspired by real experiences, but not from one company or one industry. The lessons are in these experiences, not their particulars, so whether you are trying to sell products or solicit donations, it should all prove instructive.

Just remember: there are no certainties in marketing, as there are in the physical world. Days don't always follow nights. But while I can't tell you exactly how much your $10,000 will buy, I *can* give you the hard-earned lessons of how the greatest digital marketers use data to win the love of their customers, building unassailable relationships with almost mathematical precision. In this I have faith.

Welcome to church.

PART 1

CONVERSATIONS

1

LET'S TALK

It's a Saturday afternoon and a woman walks into a boutique shoe store, eyeing a pair of heels. Inevitably, she's approached by a salesperson. "Do you need any help?" The woman ignores the employee, lingers a moment longer on the high heels, and then exits the store.

Perhaps it's the style, the exorbitant price, or simply the inevitable pain of actually wearing them, but whatever her reason, she isn't interested in making the purchase. Or is she?

The woman returns later in the day and the same scene unfolds. The greeting, the fleeting interest, the quick exit. A third time, a fourth, a fifth, and then the next day, the same thing happens, and again the day after that. The staff keep adjusting their approach. A smile this time. A compliment the next. Anything to get her to buy the shoes she's been eyeing this whole time.

And then it happens. Nearly two weeks after her initial visit.

Those $450 worth of three-inch heels. Sold!

What happened differently this time? Most important, what lessons did the store take away to repeat this winning result? Not a thing. In reality, this woman never left home. Each of her—wait for it—262 visits occurred on the store's website. And nobody noticed. Nobody intervened. Nobody learned. Her experiences were lost in a spreadsheet filled with countless others—mothers, husbands, lifelong friends, and consummate professionals reduced to "conversions."

The store was able to track each of her visits. That was trivial. But they welcomed her with the same experience each time. Every visit was interpreted as interest, driving up their investment as they chased her with more online ads. Sure, they sold the shoes in the end. But even with their 40 percent margins, they ended up in the red.

And they never knew it.

The fact is digital marketers—myself included—are

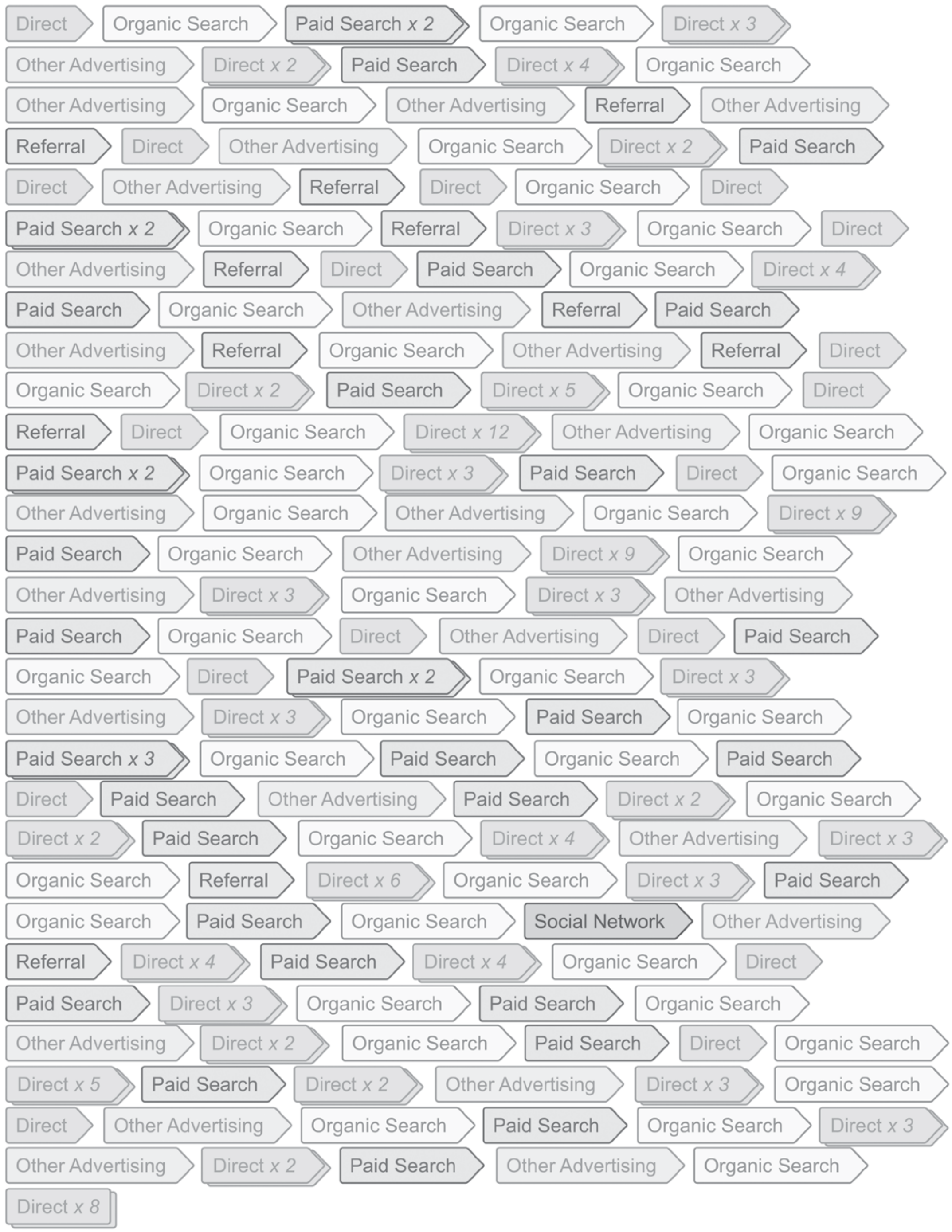

Figure 1.1: The woman's purchase journey. Each block represents an actual interaction with the company's marketing efforts.

better at making statements than conversation. It's not hard to picture us at a bar, approaching strangers with the strongest possible thirty-second call to action and an almost painful sense of urgency. "You should marry me right now. Only one of me left!" God help you if you reply. We might even follow you around to other bars for the next two weeks. You know, just in case.

The first product sold through Google was a lobster. Someone sat at their computer in California, clicked on a search ad for a fresh Maine lobster, and bought a two-pounder. The next day, a live lobster was delivered in a box to their door, confused as hell about the past twenty-four hours.

It was a conversation that worked for *that* time.

But now that same person has dozens of devices and no shortage of options for their next purchase. Lobster-comparison sites. Lobster coupon codes. Lobster reviews. There are more than 4.8 million posts on Instagram hoping to inspire you with different ways to prepare your lobster. One lobster even became a social media influencer, which makes a telling statement about the influencer industry as a whole.

Today's conversations aren't so simple. They're bursting with nuance and opportunity. And most businesses haven't kept up, locked in the legacy that measuring the value of single interactions—“Marry me, now!”—must be more important than reaping the returns of a broader relationship over time.

Does it have to be this way? Absolutely not. We have conversations all the time in daily life. It’s how human beings work. We read, we listen, we engage. Our ancestors were brought together by campfires, eliciting understanding, trust, and sympathy.* We have dinner with somebody, we get to know them; we spend time with family. We do it in business too; all the keynotes, Zoom video conferences, and trade shows with vendors handing out cheap plastic pens.

People think of brands and websites the same way. They talk about them almost as if they were people. I love this company! I hate *that* company. I love this website!

But does the company reciprocate that love? Probably not.

If any of this reminds you of your company’s marketing, it’s not your fault. I get it. Marketing has the decades-long pressure to prove its results, in order to justify its growth in good times and defend budgets in the bad.

* Polly W. Wiessner, “Embers of Society: Firelight Talk Among the Ju/’ hoansi Bushmen,” *Proceedings of the National Academy of Sciences* 111, no. 39 (September 2014): 14027–35, DOI: 10.1073/pnas.1404212111.

And, in between, to fend off the misplaced belief that marketing is merely a cost center.

It only works until it doesn't. If customers see the same short messages and are pursued by the same relentless tracking everywhere they go, it's easier to be apathetic toward it all. But marketers are starting to see the value of conversation—not only because of the wealth of customer information it provides but because it separates them from the competition. They stand out, and they triumph.

That makes a larger shift all but inevitable. Interactions between the best companies and their customers are changing from quick messages demanding an immediate response to deeper, more lasting conversations. "Buy now" behavior that would flop in a bar will get you left behind online too. You just won't survive as a marketing leader if you can't learn and respond to the signals customers are giving you.

At the end of the day, this is about looking at marketing through a different lens: the very human lens of conversation. We know how to do it already. We only need to learn how to do it in a different context.

2

STARTING SIMPLE

I sat at a noisy vegetarian bistro with a handful of retail marketing execs who had been trying to turn around their stale but promising brand. The CMO and his team had teased some rather lofty ambitions. They brought me in to offer feedback on their journey to a better place.

"We're excited about the opportunity here," they said. "We're going to digitally transform our business."

Usually, this is where I get concerned. *Digital transformation* is quickly earning its place in the upper echelons of bullshit business-speak, right next to *innovation, acceleration,* and *amplification*. Too often these kinds of grandiose ambitions end merely with a refreshed app icon and launching curbside pickup.

What they unveiled was arguably worse: a $70 million software engagement to build out the most comprehensive data-management program the company had ever seen, uniting all their customer data, every touch point, everything imaginable.

It would be ready in only two and a half years.

I was appalled. *What's going on here?* These were skillful marketers, after all.

"Well!" they said. "It doesn't make a lot of sense to do anything until we get all of the data in place. Once we do, we'll be able to hire hundreds of data scientists to streamline all of our decision making."

They were really proud of this. Like it was a legitimate plan.

I couldn't help myself. "So you have a multimillion-dollar project, you got the board to make this huge capital investment, you're not going to show any returns for three years—and you think this makes sense?"

"Well, yes, because the data has to be perfect first!"

I sat there thinking, *But what about your retail stores, which don't share any customer data back with you? Where is that coming from? Where does your brand value fit in? Or word of mouth? You'll still be missing large pieces* *of the conversation. What about the value of the data you have on customers today? Are you happy to give that opportunity up?*

The company's ambitions never played out. It took too long just to set up all the pieces. The board grew tired of waiting for results. The CMO is gone, and the brand shuffled between a few more private equity groups. But the legacy remains. Nobody will touch a similar project again.

Why you need to start simple

When people feel they've lost control of circumstances, they tend to turn to high-involvement products that require hard work to fix things.* It's that January-gym-membership effect. Signing up feels like a tangible result, and that's what you're looking for. Does it work?

* Keisha M. Cutright and Adriana Samper, "Doing It the Hard Way: How Low Control Drives Preferences for High-Effort Products and Services," *Journal of Consumer Research* 41, no. 3 (October 2014): 730–45.

Not really. Eighty percent of those new customers won't make it past April.*

That's why the retailer was so proud of its software child. That's where most companies that are trying to tie together their data start. It's where they stop, too. Ask executives if their CRM system is helping business grow, and 90 percent will say no.†

Customer conversations are not about capturing every single interaction. That's exactly where most companies start with data, and it doesn't make sense.

Understanding your customers isn't about capturing every nuance of their behavior—every product they look at, and for how many milliseconds; how many times they place something in their shopping cart, then put it back on the shelf—without any sense of what actually matters. The fact is that the more information you try to gather, the more you miss, and the more you spend. Learn to recognize the signals that are important—and learn what not to obsess over. A marketer who can focus on what's necessary to move a business forward today is

* Rebecca Lake, "23 Gym Membership Statistics That Will Astound You," *CreditDonkey*, February 26, 2020, https://www.creditdonkey.com/gym-membership-statistics.html.

† Scott Edinger, "Why CRM Projects Fail and How to Make Them More Successful," *Harvard Business Review*, December 20, 2018.

ten times more valuable than one who gushes about the latest opportunity to connect everything in life to the internet. Come on. My flip-flops don't need to be connected to the internet, but I'm sure that someone somewhere is pitching that right now.

How to Start Simple

We have three principles to embrace. Nothing extravagant. This is about focus.

GET MOVING

The priority is simplicity. The more complicated the approach gets, the harder it is for us to make progress, the harder it is for us to have accurate data, and the harder it is for us to pull it. Keep things as simple and as lightweight as possible for now. Small teams. Swift action. Some of the most successful marketers I know spend no more than a couple hours setting up a database in the cloud and work from there; it'll be sloppy, and it might not scale well, but it's enough to get moving. Start with a workshop, not a factory. We don't need a huge CRM when a spreadsheet will do. We'll add more data as we go, but we'll do it with purpose. Every week I meet another company that's spent a year obsessing about how to store its data. The best marketers aren't doing that; they're obsessing over how they can *use* their data, keeping it simple, showing they can make money, and building from there.

START WITH PEOPLE

The finest source of truth is straightforward. It's money. If we made money from a customer, we know where that money came from, and we know who that customer is. That's the spreadsheet we're building. That's also the spreadsheet CFOs respect. They tend to care less about your leads or app downloads than about what's in the bank. Data organized on the basis of channels, campaigns, or products is the wrong way to look at this. Start with the people.

KNOW EVERYONE'S NAME

The third principle: we need to know as many names as possible, because that will help us tie everything together. Actual names. Email addresses. Loyalty program numbers. Something that allows us, when we look across systems, to know that the person over here is the same person there. The importance of this principle cannot be overstated. One entertainment company knows everyone by up to twenty-seven different IDs—one for each system, with no common connection. The company can't hold a decent conversation because they keep losing their place.

You need to be able to identify your customers. Offer incentives to encourage them to register for an account—exclusive content, promotional offers, coupon codes. (Just don't go overboard and give away your margin.) Use a single-sign-on provider like their Google or Facebook ID to ease the burden. Some companies get more creative with tools like email-campaign tagging to help identify customers across multiple devices.

The point is this: regardless of the approach you use, focus on identifying as many people as possible. Don't simply accept that only a few will give you their names before making a purchase. Work at it. Find the right balance, the approach that yields the most names at the lowest cost. It's that important.

Take What You Can Get

Don't wait to make use of the names you learn. Personalizing your marketing offers immediate benefits. Research found that adding the name of a recipient to the subject line of email marketing campaigns increased open rates by 20 percent and conversion rates by 31 percent while reducing unsubscribe rates by 17 percent. But bear this in mind: you've got to know just enough about your customers to get it right.*

* Navdeep S. Sahni, S. Christian Wheeler, and Pradeep K. Chintagunta, "Personalization in Email Marketing: The Role of Non-Informative Advertising Content" (Stanford University Graduate School of Business Research Paper No. 16-14, October 23, 2016.

You don't need ten thousand columns of data to have better conversations with your customers. It's not about recording everything. Start simple. Begin with data you're confident is accurate instead of trying to clean up everything that you've collected. Use names to keep things as consistent as you can. From there, you need to pay attention to what truly matters in your conversations. This is a skill that I'll teach you in the upcoming chapters.

There are companies that will sell you fully automated systems to conduct these conversations on your behalf. Some are better than others. But be careful. It's like asking your friend to talk to your crush at school. When your friend comes back and says, "They like you!" that's fantastic—but what do you really know about the exchange? Does your crush like you as a friend? As something more? Were they just being polite? It may lead to more questions than answers—and you'll still need to talk to your sweetheart eventually.

Be selective, don't overcomplicate . . . and then learn to listen.

CONVERTED

The Journey Continues
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