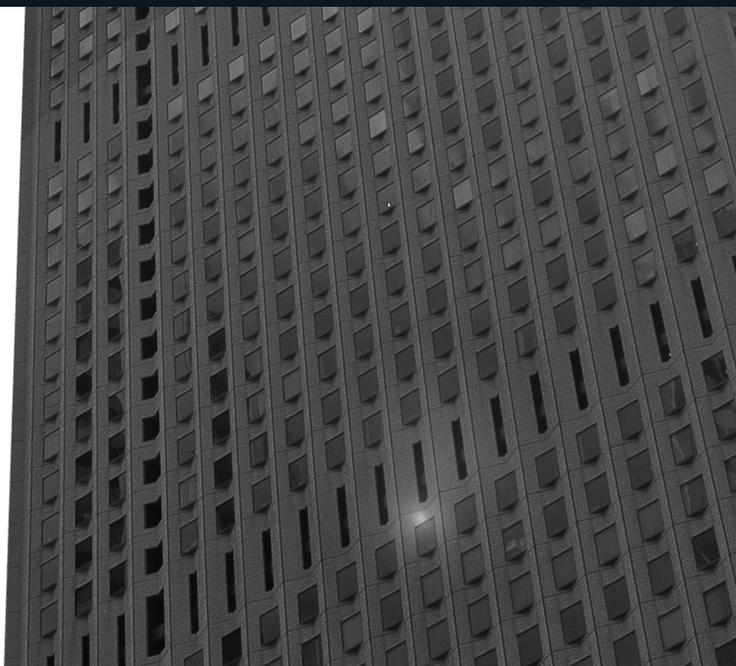


THE POWER OF

BEHAVIORAL ANALYSIS & THE CONSUMER IDENTITY STRATEGY.

PREPARED BY

ampagency



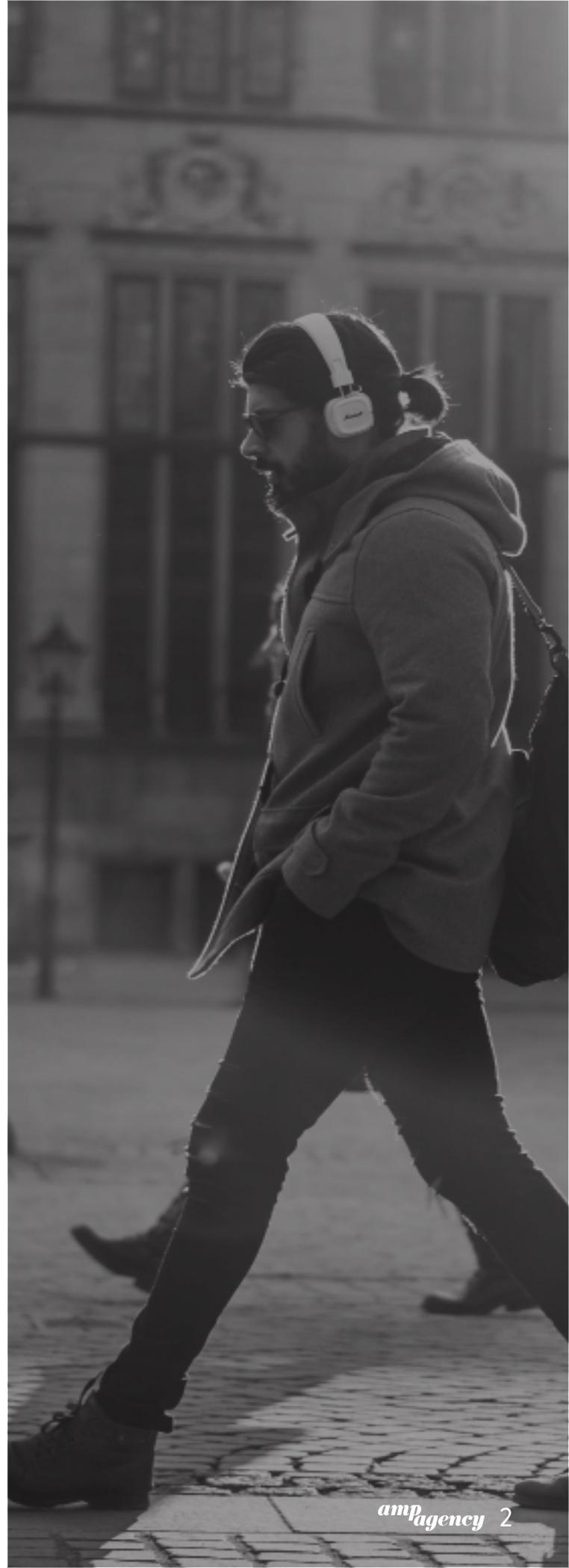
Every marketer knows the importance of understanding their audience and conducting consumer research.

This has been an essential part of marketing ever since the folks at *Arm & Hammer* discovered that their customers were putting baking soda in their refrigerators to keep them fresh.

That seems like ancient history, but in the world of marketing strategy, some of the same methods of consumer research haven't changed significantly throughout the decades—surveys, interviews, and focus groups.

But data scientists and smart marketers are changing all this by creating methods that improve and expand upon the insights coming from traditional qualitative and quantitative research.

By layering in big data, brands can develop a comprehensive consumer identity strategy.



WHAT IS A CONSUMER IDENTITY STRATEGY?

The idea of observing people's actions, habits, and behavior is nothing new in the world of psychology, but being able to observe consumers at scale and use data models based on behavior is, in fact, disruptive for marketers and is rapidly becoming the core of every identity strategy.

CONSUMER IDENTITY STRATEGY:
An authentic and evolving portrait of a consumer and their purchasing journey, informed through persistent evaluation of online and offline behavior coupled with demographics and psychographics.

Thanks to a myriad of data sources such as online shopping, social sharing, geo-fenced mobile devices, IoT, wearables, and smart speakers such as Amazon Echo and Google Assistant, innovative brands have been able to gain new understandings of consumer behavior. With better understanding and a stronger identity strategy, brands can connect with consumers more seamlessly. Communications and messaging will feel less like sales pitches and more like conversations. It's these benefits that are causing brands to focus their efforts and budgets on stronger identity strategies. In fact, a considerable percentage of marketing budgets across industries is being earmarked to capture these types of behavioral data.



In 2017, Winterberry Group, the Interactive Advertising Bureau (IAB), and the Data & Marketing Association (DMA) projected US companies will spend \$10.05 billion on third-party data intended to provide insight into audiences, and a further \$10.13 billion on data activation efforts designed to put those insights into practice.

Out of all types of audience data, the most money—\$3.53 billion—will go toward audience data related to omni-channel...This type of data, in theory, would allow companies to target audiences across a range of traditional and digital media channels.¹

1) Article by Rahul Chadha Dec 11, 2017
<https://www.emarketer.com/articles>
Audience Data: Where Marketers Are Investing Their Spending
US companies will invest more than \$20 billion this year on outside data, solutions

Better than relying on self-reported surveys, analyzing behavioral data builds a picture of a consumer based on their actual behaviors—what they purchase online and offline, how far they’ll travel for brand loyalty, even behaviors as specific as what time of day they like to shop or how often they really go to the gym.

Behavioral data can help reinforce common sense hypotheses, such as most people who search “Red Sox” live in or near Boston. More importantly, it can refute gut feelings, commonly held beliefs, even polling and survey data that traditional media outlets have relied on for decades. Although behavioral data is not 100% accurate — 100% of the time — it can identify behaviors that humans may not even realize they are doing.

Netflix learned early on in its life cycle: Don’t trust what people tell you; trust what they do.

Originally, the company allowed users to create a queue of movies they wanted to watch in the future but they didn’t have time for at the moment. This way, when they had more time, Netflix could remind them of those movies.

However, Netflix noticed something odd in the data. Users were filling their queues with plenty of movies. But days later, when they were reminded of the movies on the queue, they rarely clicked.

What was the problem? Ask users what movies they plan to watch in a few days, and they fill the queue with aspirational, highbrow films, such as black-and-white

World War II documentaries or serious foreign films. A few days later, however, they will want to watch the same movies they usually want to watch: lowbrow comedies or romance films. People were consistently lying to themselves.

Faced with this disparity, Netflix stopped asking people to tell them what they wanted to see in the future and started building a model based on millions of clicks and views from similar customers. The company began greeting its users with suggested list of films based not on what they claimed to like but on what the data said they were likely to view. The results: customers visited Netflix more frequently and watched more movies.

“The algorithms know you better than you know yourself.”

—*Xavier Amatriain, a former data scientist at Netflix*²

KEY TAKEAWAY

Behavioral data can show true consumer behavior and reveal counterintuitive results that may go against what society or individuals believe to be true.

2) *Everybody Lies: Big Data, New Data, and What the Internet Can Tell Us About Who We Really Are* by Seth Stephens-Davidowitz

BUILDING A BETTER PERSONA

By developing an identity strategy that layers behavioral data onto more traditional methods of qualitative and quantitative analysis, brands are able to truly identify their consumer. Discovering how, when and where he/she shops, seeing what brands are stealing closet- or shopping cart-space, understanding how customers connect on social channels—brands can even see how their customers behave when they aren't shopping. In essence, **brands can build not just personas, but doppelgängers, of their customers through big data.**

In Seth Stephens-Davidowitz's 2017 book *Everybody Lies: Big Data, New Data, and What the Internet Can Tell Us About Who We Really Are*, he describes how Nate Silver of *fivethirtyeight.com* used doppelgängers to refute the conventional wisdom that Boston Red Sox's slugger David Ortiz was washed up at age 32.

HERE'S HOW SILVER DID IT:

1

He built a database of every Major League Baseball player ever, more than 18,000 men.

2

Included everything he knew about those players: their height, age, and position; their home runs, batting average, walks, and strikeouts for each year of their careers.

3

Found the twenty ballplayers (doppelgängers) of the past who looked most similar to Ortiz right up until that point in his career- those who performed like he did when he was 24, 25, 26, 27, 28, 29, 30, 31, 32, and 33.

4

Then saw how David Ortiz's doppelgängers' careers progressed.



These players started their careers a bit slow; had amazing bursts in their late twenties, with world class power; and then struggled in their early thirties. (This is where Ortiz was in 2008.)

Silver then predicted how Ortiz would do based on how these doppelgängers ended up doing. And here's what he found: they regained their power.

The doppelgänger search, the best methodology ever used to predict baseball player performance, said Boston should be patient with their aging slugger.

- ▶ *In 2010, Ortiz's average rose to .270.*
- ▶ *He hit 32 home runs and made the All-Star team.*
- ▶ *This began a string of four consecutive All-Star games.*
- ▶ *In 2013, batting in his traditional third spot in the lineup, at the age of thirty-seven, Ortiz batted .688 as Boston defeated St. Louis, 4 games to 2, in the World Series. Ortiz was voted World Series MVP.*

Without Silver's doppelgängers, Ortiz's career would have been over because of the opinions of "experts." Instead, the data proved them wrong and Ortiz proved the data right.³

KEY TAKEAWAY

With the right data and enough of it, brands can build more perfect personas. They can design strategies to reach and serve their customers not only with the right messaging but also the right timing and cadence.

TURNING METHODOLOGY UPSIDE DOWN FOR DATA

When a fashion brand known for its laidback SoCal style reached out to AMP Agency to help them build and expand their consumer base, AMP answered with a comprehensive customer experience study.

Traditionally, in order to build surveys and recruit for focus groups, marketers need to know or make assumptions about who the brand's audience is. AMP didn't want to assume who their client's consumers were or rely on legacy research. Instead, they wanted to build their own version of doppelgängers—personas based on actual shoppers.

Instead of hypothesizing personas in order to create and place ads, AMP's media team geo-fenced each of the brand's and their competitors' physical locations so they could observe the behaviors of real shoppers on a large scale. They were also able to create more perfect personas, identify underserved target consumers, build new shopper profiles, and weed out low-value customer types.

By layering in this behavioral data, AMP discovered profound insights that changed the client's preconceived notions about their target.

Instead of seeing shoppers from the Midwest, as predicted, AMP found that the client's actual shoppers were much more likely to be from coastal states. While the expected audience was a 35+ stay-at-home mom or teacher, only 4% of shoppers were seen in school zones, and the majority were observed working in corporate office buildings. There were also a significant number of younger shoppers browsing, but not buying—a signifier of a new audience segment for the brand.

These, along with many detailed behavioral data points and insights, shaped a new marketing strategy for the brand—one that couldn't have been developed solely using traditional research methods.



THE IMPACT OF IDENTITY STRATEGIES

Netflix used behavioral analysis to increase viewership and membership. They were also able to prove that the data knew more about their viewers than the viewers knew about themselves.

Nate Silver used doppelgängers to build the case for extending David Ortiz's career. As a result, David Ortiz made (approx) \$112,075,000 from 2009 - 2016.⁴ He also made the Boston Red Sox more money, as well as helped win them more World Series trophies.

Finally, based on their data, AMP presented a series of results that both refined the client's view of their existing customers, but also identified new customer profiles that could dramatically impact business. The results helped change some preconceived notions the client had about their customers.



Although it's difficult to attribute ticket sales or other revenue to a single player, one thing can be directly connected to Ortiz— T-shirt sales.

David Ortiz's No. 34 tops list of highest-sold MLB jerseys at All-Star break
Big Papi is making the Red Sox a lot of money through jersey sales.

By R.J Anderson July 11, 2016 CBSSports.com

In case you thought David Ortiz's farewell tour couldn't get any sweeter, Ortiz's no. 34 was the top-selling jersey of the first half (of 2016), according to Major League Baseball. Per a league-issued press release, this is the second time Ortiz has topped the list, which has been published since 2010 using sales from MLBShop.com. Ortiz's first time was back during the 2013-14 off-season.⁵

⁴ https://www.baseball-reference.com/players/o/ortizda01.shtml#all_br-salaries

⁵ <https://www.cbssports.com/mlb/news/david-ortiz-no-34-among-tops-list-of-highest-sold-mlb-jerseys-at-all-star-break/>

CONCLUSION

Using behavioral data to create a consumer identity strategy is no longer for the Amazons, Walmarts, and Googles of the world. It's for every brand that has a physical, digital, and mobile presence in their industry. Brands that don't focus their marketing dollars on consumer identity strategies immediately will find themselves playing catch-up in the years to come.

OPPORTUNITIES

Here are just a few ways to start building a consumer identity strategy:

- 1** Move beyond self-reported consumer data to build better personas and journeys with behavioral data
- 2** Leverage your owned behavioral data from website analytics and CRM to in-store foot traffic to see how consumers are actually interacting with your brand across owned properties both on- and off-line
- 3** In addition to traditional consumer research, conduct studies that leverage location and web behavioral data to help understand existing consumers, and identify new opportunity targets
- 4** Use physical location data to identify media opportunities—like where to place out-of-home (OOH) media, or conduct an event, what brands to partner with, and even to help with expansion, real estate and investment decisions.

DISCOVER HOW CONSUMER IDENTITY STRATEGY CAN TAKE YOUR BRAND TO THE NEXT LEVEL.

AMP can help.

About AMP: With more than 300 employees and offices in New York, Boston, Los Angeles, Seattle, and Austin, AMP Agency is architected to effect change at all touch points between a brand and its customers. The agency uses proprietary data, behavioral analysis, and predictive analytics to inform its insights and investment strategies, and create beautifully useful marketing ecosystems, digital products, and tactile experiences that grow businesses. AMP Agency's body of influential work can be found on its site.

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