

# **Marketing in the Digital Age – the Future**

**Nielson 360 Panel**

**June 24, 2015**

## **Transcript**

LYNDA CLARIZIO: So Brad has set the stage and beautifully for our final panel. And we're going to hear from a very special, and very prestigious, group of leaders in our industry on the future of digital marketing. So now I'm pleased to introduce Judy Woodruff who's going to moderate our next panel. Judy is a long-time trusted voice and admired broadcast journalist. She's the co-anchor and managing editor of PBS NewsHour. She's covered politics and other news for more than three decades at CNN, NBC, and now PBS. And that makes her the perfect choice to moderate this panel with this very, very special group of guests who are going to be speaking to us. So please welcome Judy Woodruff. Where's Judy?

JUDY WOODRUFF: Thank you, appreciate it. Thank you, thank you. Thank you, Linda. I am so pleased to be here with all of you this morning, and to be taking part in this conversation about the maddeningly elusive digital environment. Just when we think we are starting to figure it out, it changes on us. It's kind of a shape shifter. And so we keep asking questions. We keep trying to understand where it's going, because it matters to all of us, whether we are retailers, news reporters, educators, entertainers, ministers, audience counters, but anybody else.

Just in the last few days, we have seen the power of digital, once again, in the roller coaster of events that began with a horrible incident in Charleston, South Carolina. And reach one culmination yesterday with stunningly rapid moves by major retailers like, Walmart, Amazon, eBay, moving even faster than Southern politicians to ban the Confederate flag. Only one week ago no one could have predicted this, and certainly not at this speed. And no one can predict perfectly where the digital realm is headed five years from now, much less 10 years, or a generation.

But Nielsen, this morning, has gathered five people who, I predict, come as close as anyone can through their experience, and their credentials, to be able to tell you what is happening, and where is digital environment is going. You're going to be able to read their full bios in your program. So I am going to introduce them just briefly by their titles, and let's welcome them now. Beginning with Senior Managing Director and Head of Private Equity Portfolio Operations for the Blackstone Group, former CEO, and now Executive Chairman of the Board for Nielsen after a long career at General Electric, David Calhoun.

[APPLAUSE]

Commissioner of the Federal Trade Commission for the past five years, and before that, Deputy Attorney General, and Chief of Consumer Protection and Antitrust for the North Carolina State Department of Justice, Julie Brill.

[APPLAUSE]

Next to Julie, Professor of Management and Marketing, Professor of Psychology, and Director of the Center for Customer Insights all at Yale University, where he has done pioneering work in understanding how consumers think and decide, Ravi Dhar.

[APPLAUSE]

Journalist and the author of five bestselling New York Times books, you recognize them all, The Tipping Point, Blink, Outliers, What the Dog Saw, and his latest, David and Goliath-- Underdogs, Misfits, and the Art of Battling Giants, Malcolm Gladwell.

[APPLAUSE]

And finally, the President of CNN Worldwide, overseeing CNN's 23 businesses, formerly the President and CEO of NBC Universal, where he rose up in the ranks at NBC News after starting as a Producer for the Today Show, Jeff Zucker.

[APPLAUSE]

So let's just plunge right in. Each of you grew up as I did, not part of this digital environment. And I'm curious to know, now that we're all embedded in it every day, what more than anything else help each one of you grasp the environment that you have to work with every day? Who or what did you rely on, more than anything else, more than anyone else, to help you understand it? Jeff Zucker.

JEFF ZUCKER: My kids. Seriously, I mean I learn every day, continuing today, from the way that they consume the world. They are digital natives, and it's the only thing they've ever known. And so every single day, from my eight-year-old to my 17-year-old, they're teaching me about how they consume the world, where they spend their time, how they spend their time.

We all know they-- I worked in television my entire life. They barely know what a television is, and yet they know more about what's out there, and have seen more, and consume more. I learn from them. And I'm not being flippant about them. That is really how I learn.

JUDY WOODRUFF: What about you, Ravi Dhar?

RAVI DHAR: Well I hear this answer most often from CEOs, or heads of marketing, the biggest complaint of a lot of the heads of marketing is that the CEO Watson, hey my kid is playing with his latest social media, what are we doing on this platform. So I want to take a slightly different view on this, which is there is a strategic aspect to digital, and how to think about it for companies, and what are consumers doing. But I see that there's a tendency to get lost in the trees, as opposed to the forest a lot of the time. And so this is the way people are learning. And the question is, are they asking the right questions about this. And I think people will differ on that.

JUDY WOODRUFF: Julie Brill, who, where, how, did you learn this?

JULIE BRILL: So I've been dealing with a lot of the issues involving privacy, data collection, data use, for over 20 years. And things have changed a lot, but some things are the same. So part of it is my experience dealing with companies for a very, very long time. But truthfully, the way that I learned about it, in addition, definitely my kids, I completely agree with that. 21 and 19, so there as digital natives as you get. But also it's listening to consumers.

I go out around the country, I talk to consumers. We have a huge database of consumer complaints. I talk to other regulators, I talk to other people who are on the ground dealing with health and safety issues, as well as consumer and privacy issues. You can get a lot of information if you actually get outside the beltway, and talk to people.

JUDY WOODRUFF: Malcolm Gladwell, what about you?

MALCOLM GLADWELL: Well I'm not sure that I am, or I can say that I understand any of it. I mean I pick up bits and pieces, but I'm much more impressed by the impossibility of understanding what's going on now. If you look, historically, at the beginning of any great transformation in the way we consume things, behave, what have you, there's always a period of adjustment, which is typically longer than we think it's going to be, when behaviors are incredibly unstable, and not predictive of the future. And I feel like we're in that stage now, which makes me very leery of pronouncing or attempting, or believing that I can understand what's going on.

JUDY WOODRUFF: We can all sympathize. Dave Calhoun?

DAVID CALHOUN: Yeah, I would agree with Jeff, in terms of personal use, all through the kids without a doubt. But at the same time, back in the mid '90s I was doing mostly big industrial things. And we were trying very hard to build big services business, around our big industrial interests, aviation, and rail, and all these things. And this thing called the internet all of a sudden gave us data and information that allowed us to synchronize things that previously were not able to be synchronized. And I think that's a lot of what digital does for the world. It synchronizes things that we never thought before could be. And as you go through that process, it speeds things up, they get more accurate, they get faster, better. And I think since those days it's just been one exciting chapter after another.

JUDY WOODRUFF: How each one of you, from your perspective, already seen the people you work the most with, whether it's consumers, viewers, readers, citizens, whatever your perspective, how have you already seen them change the way they think, and then their preferences, because of what's happening, technologically? Ravi Dhar?

RAVI DHAR: So we did a lot of research in India looking at interesting questions. There's one research that I was not involved in, but I think it's really fascinating. It's was done down the street in psychology. The very fact that we use internet for so many different things, people, over time, don't even recognize that they're attributing to themselves, the resources that they're using. So these people become more confident, they think they're more knowledgeable. And the

transfer of this idea that technology is helping it to their own IQs is that I'm a smart person. And so that's an interesting thing, because once you're over-confident of the source of knowledge, it truly changes how you make decision, which I thought was a fascinating piece of research.

I was involved in some research looking at how people access information. So if you look or use a tablet, people often use your fingers, like in a smartphone. Or if you use a computer, you're often using your mouse. And so we had this managers who were making decisions on customer service returns, either using a mouse, or using a finger to access the information on customer complaints. And we found a lot of differences when you use your finger to access information on these individuals. They felt a little bit more empathy, they were more attached, they were more likely to give refunds. And so that was an interesting idea that the things you feel or think at the moment of accessing information to technology can change the decisions that you end up making.

People talk about the sharing economy, and one interesting thing we did was looking at what implications does it have for automobiles. Yesterday one of the speakers was talking about the sales among millennials for automobiles is declining, and what it means, what automobiles should do to engage millennials more. But when we did the study, the smartphone was a new automobile. This is what, in other words, the reason Encyclopedia Britannica went away was not because they had other encyclopedias, we had computers. And so the cross-category comparisons-- and you get up in the morning, the first thing you do is look at your smartphone. When you go to sleep at night--

JUDY WOODRUFF: Right.

RAVI DHAR: --The last thing you do is look at your smartphone. This is my automobile. This is where I like to communicate. This is how I like to socially signal. So there's some fascinating effects of technology on consumer behavior.

JUDY WOODRUFF: Jeff Zucker, what about in the world of news and media, and how people consume that. What have you seen changed.

JEFF ZUCKER: Well obviously the entire world has changed with regard to what we do. More people touch CNN digitally every month, than will ever watch CNN. And so, for us, the entire digital transformation has caused us to rethink how we interact with consumers. We don't really care, at the end of the day, where people learn about what's going on from CNN, on whatever device it is. As long as it's got those three little red letters on it, and we're good with that.

We also know that people are going to find out about what's going on from social media, a digital platform. And we're also comfortable with that, because one, we're part of that. And our social reach and our digital reach is tremendous. But even if they don't find it out from CNN, we also know that, oftentimes, they are going to come to CNN to see if it's true, and we're good with that. And then we recognize that. Because there is still this thing about wanting some verification from the television program.

And so, we're not in a game where we have to be first on television, because we know we're never going to be the digital consumption of news and information. And so this has all informed are thinking about the importance of digital. We reallocated our resources internally tremendously towards digital. We've increased our investment in digital 50% last two years. At the same time, knowing that television will always be the backstop to a lot of that digital.

JUDY WOODRUFF: Dave Calhoun, what about Jeff's point about people looking for something to confirm what they've heard or seen somewhere else. He's talking about news, but in your own experience at GE, we were talking about that earlier they're building airplane industry now at Nielsen and Blackstone. How is that affecting what consumers are looking for, and what they expect?

DAVID CALHOUN: I think it's a great point that Jeff makes. Everybody has their own authority. I think that's the beauty of it. Social allows us to appoint our own authority, and it's based on what we know, and have seen. And it happens all the time. And in Jeff's case, it's the world of news. If an operator is having an issue with something in an industrial complex, they think they know exactly where to go. Our job, as marketers in the industrial world, would be let's make sure we're the authority. How do you do that? What is the right way to market to somebody where you want to be known as the authority? Telling you the authority doesn't work. You have to earn it somehow, some way.

And I think that's the same in all the things that we try to market. But in the end, there's one judge and jury, and that is the consumer. And that is the power of what we're talking.

JUDY WOODRUFF: So is the bar higher than it used to be?

DAVID CALHOUN: Um, it depends on how you define the bar. I think in terms of reach, yes. In terms of the ability to convince a consumer, yes, I think the bar is much higher. I think you have to do it on their terms, and by definition, that's harder. On other subjects like the quality of what might be their authority, I think there are other judges and juries that might weigh in. But in terms of reach and convincing them that you're the authority, I think that's a tougher bar.

JUDY WOODRUFF: Julie Brill, weigh in on this. And from the perspective of somebody who thinks about government regulation of course, but protecting the consumer and making sure consumers get what they're paying for.

JULIE BRILL: Sure, so I think that you really have to divide the world between pre-Snowden and post-Snowden. I think that what Snowden revealed in terms of use of data, obviously there's a huge conversation--

JUDY WOODRUFF: You said Snowden?

JULIE BRILL: Snowden.

JUDY WOODRUFF: Yeah.

JULIE BRILL: Yes. And the revelations around government use of data, and surveillance. There's a whole conversation we could have about government use. But I think that it was a teaching point for consumers and for society, generally, about data use, and about the issues around who's got my data, who's got my information, and what are they doing with it. So what I'm seeing now, in terms of consumers' interactions, not just with government, but with everybody online, is a heightened concern. I think that's why you're seeing huge competition on privacy that we weren't seeing three, four, or five years ago.

We're seeing companies trying to differentiate themselves in terms of trust. And that trust is being defined-- I think companies were always differentiating themselves in terms of trust, but now it's in terms of how are they respecting consumers' data, how are they respecting consumers' privacy, and what are they doing to ensure accountability and protection of that data. And this comes up data security issues are being raised in a huge way, as well as privacy.

So what I see are, not only large companies trying to address this and ensure that they're protecting and respecting consumers and communicating that to consumers, but also new entrants coming in and saying, hey we're the privacy enhancing product. We're the privacy enhancing service. And going back to the digital generation, the digital natives, they love that stuff. They care about it deeply. So this notion that privacy's dead, that consumers don't care about this, that is not what I'm seeing in my world and in my interactions with consumers. And I don't think it's actually been borne out in terms of surveys either.

JUDY WOODRUFF: And you mean even with millennials, who we all--

JULIE BRILL: Absolutely.

JUDY WOODRUFF: --are trying to understand.

JULIE BRILL: I think millennials care deeply about this. And they want to communicate with whom they choose to communicate with. They want to control their social circle.

JUDY WOODRUFF: Malcom Gladwell, as you listen to all this, what are you thinking about in terms of the relationship, the evolving, changing relationship between the consumer and company, the provider of news, the government?

MALCOLM GLADWELL: Well to go back to what I said last time, and in response to it, I get really nervous when people say things like, millennials think x, because I don't know what to make of millennial behavior. So I will grant you that it's possible to identify a group born within a certain time frame, who, at the moment may have a set of characteristics in the marketplace at differ somewhat from the rest of us. But I don't know how to interpret that. So it's possible, for example, that kind of behavior is developmental. That is to say, when people are 18 to 22, or 16 to 25, they behave in a certain way, and then they stop behaving that way. They grow up. That's a stage we all go through.

It's possible it's generational. That people define by a particular epoch, span in time, have fundamentally different attitudes toward the world than the rest of us. It's also possible that it's

artificially, that individuals behave a certain way simply because they've been presented by the marketplace with a set of choices. A good example of the last one would be, we thought that the way people consume music, by buying an album, was a function of deep-rooted human desire to know and appreciate the entire work of an artist. But we realized actually no, it's an artifact of the fact we respond to the whole album. If you could let them buy the single, they could care less about the work of the artists. They just want to consume the three minutes.

Now which of those three things is millennial behavior? I have no clue. And I don't think anyone else does either.

JEFF ZUCKER: I'm just going to say, if Malcolm Gladwell doesn't know how to interpret it I'm going with that.

[LAUGHING]

RAVI DHAR: I want to jump in here a little. I think I generally agree that whenever you put some people in a box, obviously you're generalizing. I think all of us would understand that. But I think Malcolm raises one other interesting comment around what I think when people study how would you behave, and companies do that all the time, whether it's a new sitcom, a new product. I call this, and I see this a companies I work with all the time, I call this as consumers a scientist. You don't want to study consumers as scientists, which is bring people in a room and ask them if I had this new flavor of drink. What would you think if I made the warning label on the cigarettes twice as big, would you smoke less, would you smoke the same, would you smoke more. Who is going to say I'm going to smoke more, you just told me you're going to make it twice as big.

And then the studies they used say, well make the warning labels on the cigarette package bigger. So this consumer as scientist, verses the consumer in a more natural environment in the counter-factual is one way to study. The second point I want to make on Julie's privacy is, I think even if the companies want to do the right thing, it's hard because consumers don't really know what they want out here. Again, if you ask them a set of questions, they'll give you a set of answers. As I do enough surveys to know consumers are never shy in sharing their opinions. The question at its table is an internal, how strong is it felt.

The reason privacy is particularly difficult is the same set of features-- and we were discussing this over dinner-- the same set of features in the product, so if you're using, you're going to the airport, and you're a little bit late, and then they tell you, and it's automatically without accessing this information, this tool tells you, hey, there's another way you can go. Or you should x or y. People love it. At the same time, when they're going somewhere they shouldn't be going, where they don't want their spouse to know they're going to a club, or to see somebody, the same tool freaks them out. As if somebody now knows what I'm doing, and it's not a good thing.

And companies say, how can the contextual notion of privacy, how do we get a sophisticated way to then decide when to turn this tool off or on, unless we give the power to the consumer who then forgets how to use it. It does raise a lot of challenges I think. There might be some

cases which are more black and white in privacy, but there are a lot which are really difficult I think.

JUDY WOODRUFF: So Julie, yeah, talk about that.

JULIE BRILL: Well I do think context is key. And we talk about that a lot when we're talking to companies when we're developing best practices, when we are interfacing with innovators, and whatnot. Context is key. And I agree that they're going to be edge cases, as you pointed out. But basically what consumers want, what we have found, is when sensitive information is being dealt with, whether it's health information-- and we can talk about the explosion in health apps, and wearables, and whatnot. A huge and important field. Or whether we're talking about geolocation information. Consumers, I believe, view that information as sensitive.

And so what they want, and what we would like to see, is contextual understanding that when it's being used for the purpose that consumers intended, that they were interfacing with the app for, that's fine. But when the information starts flowing to analytics firms, to data brokers, to other entities that are kind of sitting on top, or pixelating and spying, whatever we want to call it, and gathering this information to turn it into profiles about consumers, that's when you're really running up against brand trust. And you're really running up against an issue that-- look, consumers may never find out about it, because it's very difficult to understand. But if they do to find out about it because people like us at the FTC, or a researchers, or academics or whatever, start talking about it, you're going to really, as marketers, and as folks who are responsible for brand loyalty, you're going to run into a real problem with consumers if they understand that their information that they thought was going to be used for one purpose, is now being used for an entirely different purpose.

And platforms are getting this. So you see Apple, and Google, and whatnot, saying, OK if you're going to use the Apple Watch, or our research kit, here's the terms of service guide, developers. You can't send this information to data brokers and analytics firms, because health is so sensitive. So I think those are the kinds of things that we need to start thinking about, in terms of helping to define context, which is, I agree, a critical issue.

JEFF ZUCKER: You don't think the consumers assume that their use of those apps, products, devices, means that they are giving up a lot of that information just by using it?

JULIE BRILL: Giving it up to whom? I think--

JEFF ZUCKER: I don't know.

JULIE BRILL: I think consumers understand that they're giving it to the program to help them say, OK how much do I weigh today, how much did I run today, that kind of thing. But I think consumers would actually be shocked if they found out that information is going to a data broker to profile them as being obese, as having diabetes, or having some other health condition. I think that would be shocking to consumers.

JUDY WOODRUFF: So Dave Calhoun, how should companies be thinking about that?



DAVID CALHOUN: Well I think what everybody's contributing is exactly right. I don't believe millennials are any less privacy sensitive, than anybody else. I don't believe that for one second. It's just that their definition of when they have been attacked is a little different. But when you're attacked, their reaction is going to be the same.

JUDY WOODRUFF: And what do you mean by attacked?

DAVID CALHOUN: If for one minute they think that something that really is important to them, and if their friends find out about it, or some business community finds out about it--

JUDY WOODRUFF: Their parents.

DAVID CALHOUN: --they're offended, or their parents. They're going to react just like you would react, and I would react, and anybody else. I also think we're going to see an explosion of social media on people who have been attacked. It's too easy, right. And so we're going to see it, and they're going to see it, they're going to read about it, then they're going to get mad about it. And so just right today I think they don't know what they don't know, and they don't care, because they haven't been attacked. But these things are going to-- we all know that it's going to explode. There are too many bad actors in the world, there are too many people who can do this, so we should just be ready for it.

And I just think the privacy line has to be a clear line. It has to be thought about, designed for, it just has to be thought about right up front.

JUDY WOODRUFF: What about that, and how much transparency do people expect? I want to hear Jeff and Malcolm talk about it too.

MALCOLM GLADWELL: Well I think health is a good one to talk about this, because it strikes me that the word privacy, in all these contexts, is incredibly fluid. So if somebody were to come to me and say, Malcolm I would like to use your health care data, and also the data of all 20 million, or 30 million other Americans, in order to solve a specific medical problem, in order to give you much more seamless access to medical services, in order to lower your costs. My attitude towards it might be profoundly different, than if I were to learn that my medical data were being used to profit someone else.

So it's really about why it's being used, and how it's being explained to me. So privacy, in that context, is standing for something else, which it's standing in for the concept of violation. Now once you talk about privacy in terms of violation, you're a long way from the general definition of privacy. I suspect that most people don't have a hang up with privacy, even non-millennials. What they have a hang up with is violation.

And violation of something is personal and specific, and damaging in the moment. And what we've done, because we've carried this incredibly cumbersome, and ill-defined concept around with us, is we have an inability to understand people's behavior, because our definition's not matching what they're actually responding to.

JUDY WOODRUFF: But we just heard Dave say there needs to be a clear line where people know what's OK, and what isn't OK. Jeff, from your prospective, is that possible?

JEFF ZUCKER: Yeah, well I also think that that line changes, and especially when you think about broader issues of everybody is in favor of strict rules of privacy, until their security is threatened. And then things change. And so I think that it's a ever changing line, and I think it'll be hard to have a hard set of rules about where that line is. That's my personal opinion, because I think security, national security, always will change that.

MALCOLM GLADWELL: Here's a good example of this. There's an interesting paradox here, which is suppose you're really worried that your bank is going to get hacked, which is a reasonable assumption, since Chase was hacked. There is a simple way around this, which is if your bank goes to the NSA and says, we'll give you the run of the place. The NSA is reasonably confident they could protect against most outside hackers. Now let's take that assumption that claimed by NSA on its face, let's say that it's true. So in order to get us one kind of privacy, you have to surrender another kind of privacy. So in other words, the word privacy in this conversation is meaningless.

So if you make the argument to me as a consumer, would you be willing to hand your bank info over to the NSA in order to protect yourself against the Chinese.

JEFF ZUCKER: I think if it was to protect my money from staying in that bank, I think a lot of people would say, OK.

MALCOLM GLADWELL: I'd actually make that deal.

JEFF ZUCKER: Right, exactly.

MALCOLM GLADWELL: I trust the NSA more than the Chinese just by this much.

JUDY WOODRUFF: Which raises the question--

JEFF ZUCKER: --but you would.

MALCOLM GLADWELL: I would.

JUDY WOODRUFF: Which raises a question, how much confidence do we have that anything can be kept private anymore, given what has happened?

JEFF ZUCKER: I assume nothing.

JULIE BRILL: Well at the cyber security summit out in California, that was held a few months ago, the cyber security folks who know a lot about this issue, much more than I do, said there's really two kinds of companies. Those who have been hacked, and those who don't know yet that they have been hacked.

JEFF ZUCKER: Yeah.

JUDY WOODRUFF: What about-- picking up on some things that you all have said, this idea of the on-demand economy. People letting us know, in ways that we never dreamed of a few years ago, what they want, how they want it presented to them, whether it's an Airbnb or whether it's food, or you name it, the different ways cars and taxis are available, Uber, how is that, Ravi, how is that changing? And where do you see it headed? Are we going to be at the point where you look at your wrist watch, or you flick your finger, or wiggle your ear, and the car is there, and the house is there?

RAVI DHAR: So I'm interested in two aspects of the on-demand economy. So one is that, so when you think about a category, you think about these as a zero sum game roughly substitutes. If people are watching CNN, they're not watching Fox, or they're not watching MSNBC. And so for then with Uber coming in, many of these on-demand economies, the planning is going away from the whole purchase process, which means I buy it when I want it. And when do I want a taxi? I have no idea-- certain times I know I want a taxi. That's, when in New York, you would call a Dial 7, or other cab companies. But many times I'm walking down 32nd Street, I have to go to 51st, I feel like walking, and then after two blocks I say, no, what the hell, let's just take Uber.

And this idea expansion of demand I think-- and also you have a pizza on demand. When you take away the planning from the buying process, it changes how people decide. So I think that's one aspect of it, which interests me, that it might lead to a lot of category expansion, whether it's for taking services, and you have task rabbits, and all this other which do your chores for you at home, and you can on-demand demand call somebody, and clean up your home.

The other aspect I think that's interesting about this is, an OK now take from Uber, by taking away the payment at the end, it really changes the relationship you have with the cab person. It's not, oh, he's trying to chat me up. It's mostly he the drivers that do I need to give them a more tip. The whole relationship is very different when the money has to exchange hands of the end. And I think some very interesting idea that you take away the money, the experience becomes much better. I can have a good time. The driver can have a good time. And I think this whole idea of taking the last mile of payment away from the transactions we do, and how that changes the overall experience, fascinates me as a researcher.

JUDY WOODRUFF: Where do you see this going, Dave Calhoun?

DAVID CALHOUN: Oh, the same. It's remarkable, all these things are great things. Uber is one of the great examples. I think if the world wanted Uber to go away, I don't think it could happen. I think it's so embedded now in most of our lives for all the right reasons. And while I haven't thought about it, I get the payment thing instantly. And I saw everybody else's nodding too. It does take away the unpleasant part of that experience, for sure. One of the unpleasant parts.

JUDY WOODRUFF: Jeff Zucker, what about it's consumer demand, it's on-demand economy, but in terms of the news world, which is whether it's news, whether it's documentaries. We're surrounded now by people telling us, yes they still want drama, they want music, and rest of the

entertainment, but they also want to know what's going on all the time. How is that changing what the job of news is to news organizations to deliver?

JEFF ZUCKER: Well use our platforms in different ways. We're covering more news than we've ever covered around the world, but we're not putting all of that on television. We're using our digital platforms to provide more news and information than we ever have, and it's all on our digital platforms. But we don't feel the obligation anymore to put all of that on television. Now some people have criticized us for that, because we concentrate at CNN on a couple of the big stories at a time, that actually the consumer is more interested in. Because we feel the consumer can go to CNN.com, and always find out everything that's going on.

And so we think that both digital, and the on-demand world, have changed the way that we program are different platforms. And we don't feel any obligation to program our different platforms the same way. And I think a lot of people haven't understood that we've made that change at CNN. And they've criticized that we're covering Charleston all day long, at the expense of all the other news. Well we're not. We're actually cover more news than we've ever covered. It's just on CNN.com. And were incredibly comfortable with that change in strategy. And we think that the digital platforms have allowed us to change that strategy. And that gives the consumer what they want in both places.

JUDY WOODRUFF: But you're talking to two different audiences there, aren't you?

JEFF ZUCKER: I don't think so.

JUDY WOODRUFF: How much overlap is there?

JEFF ZUCKER: Well first of all, as I said, more people are going to access us digitally than are ever going to watch on television. But they know that they're going to come to the television and get what is the big story of the day, or two stories of the day, or three stories of the day, but they're always going to be informed on our digital platforms.

JUDY WOODRUFF: Malcom, talk about what people's expectations are when it comes to understanding what's going on in the world? That's changing too.

MALCOLM GLADWELL: Yeah, I can answer this actually by joining in the Uber conversation. I had a mild disagreement with some people on the panel about this. As a heavy Uber user, and those of you use it a lot, you know that if you order an Uber in either rush hour in the morning, rush hour in the afternoon, or any other time Uber deems to be a busy time, you have to agree up front to a surge price, which can be 4x the normal-- you agree, it says, would you be willing to pay four times the normal fair for this trip? And you type in 4.0, and you press OK. And then you're aware that you do the math in your head, you're like, OK this would normally be a \$20, I'm going to pay \$80 to go \$20 in New York City.

So the question is, does this remove the unpleasantness at the end of the ride? Yes, but only by transferring the unpleasantness to the beginning of the ride. And by making absolutely

transparent to you just how much you're getting screwed by Uber in that moment, because if you have no idea where the four times came from.

JEFF ZUCKER: Yeah, but you made the choice to take the Uber and not a taxi, which is you're on unpleasantness.

MALCOLM GLADWELL: I know, I know, it's exactly. But I'm just saying, it hasn't removed the unpleasantness. It has simply made it plain.

JEFF ZUCKER: Would you have been more unpleasant in a Taxi?

MALCOLM GLADWELL: I would be-- no, listen, I'm the one who paid \$200 to take an Uber to the airport in Austin recently, because the plus was like 6x at that time in the morning. No, I'm just I'm reacting against the notion that this has somehow created a painless experience for the consumer. On the contrary, what it has done is made it absolutely clear to us, what the cost of our activities are, and what the penalty for this buying this convenience is.

JEFF ZUCKER: Would you rather have the pain at the beginning, or the end?

MALCOLM GLADWELL: Uh.

RAVI DHAR: So we have research in that I think.

[LAUGHTER]

And I think [INAUDIBLE] is correct.

JUDY WOODRUFF: I was going to bulletin to Uber, don't charge Malcolm Gladwell.

[INTERPOSING VOICES]

JEFF ZUCKER: You would rather have the payment in the beginning, of course, because once you accept it upfront, you're good.

RAVI DHAR: There's a whole business on Club Med based on the prepaid [INAUDIBLE]. But let me get back to Malcolm's point on the surge which is interesting. And there's a lot of interesting debate on how should that information be presented to them. So I ran some studies, and part of the reason people get upset is there the counterfactual is I'm paying four times the cab. And I'm saying, there's no cab, and that's why you're paying. And so if you reframe these two options that Uber ran, that I would rather try my luck at getting a cab, and suddenly that 3x-- and of course, at certain point I agree that it would be outrageous, but then suddenly the same people reacted very differently.

So part of it is also how the information is framed, and what people think about it, the reaction, and whether it was unfair. And you can ask me what is the reaction, and what is fair and unfair

changes dramatically based on, OK now that you tell me the option is I don't get a cab at all, I'm OK with that.

JUDY WOODRUFF: Which kind of brings us back to the transparency question. Julie, how much more are people willing to put up with if they know, if it's clear at the beginning, even if it's unpleasantly clear, as Malcolm just said.

JULIE BRILL: Well we've got five people here who all disagree about it, so I don't know how much more-- whether consumers generally are really willing to put up with it. I do think Malcolm's right, it front loads pain, and whether you're going to take Uber again will be a question. But there's so many issues around the demand economy, or the sharing economy. And some of the things that we're looking at are things like what is it doing to competition, and what are the incumbents in these various areas. Do we need to try to fend off the sharing economy, or those who are trying to enter.

You know the Texas Medical Board just issued an order which a judge said could not be implemented. This order was going to require all doctors to have in-person visits, to basically disrupt telemedicine entirely. And so a telemedicine firm challenged and said, hey you know telemedicine is really important. We're going to be serving the poor, we're going to be reaching people that can't get to a doctor. And so this will be really interesting issue as it places out.

Similarly though, so there' all those competition issues around the sharing economy, but consumer protection issues I think are going to also raise their head. So does your Uber driver have the insurance that it needs to cover you if it gets in an accident. Who's looking at those issues? The California PUC, Public Utility Commission is really trying to examine how Uber fit within the regulatory framework. The New York Attorney General's office has done a huge report on Airbnb. Are some of the people who are offering these rooms, are they actually virtual hotels? And do tourists understand that there's no fire code here, no other safety features that a hotel has to comply with.

So these are really interesting issues that I think-- do consumers understand these issues? Not necessarily. I think a consumer going to Airbnb thinks they're just renting someone's home. They don't realize that they're actually interfacing with a large virtual hotel. So what kind of transparency is needed around this? I do think in terms of pricing, pricing's fundamental. We've got to get pricing right. Whether it's a frame issue, or whether it's a 4x issue, where the consumer can actually do the math in their head, we've got to be truthful, we've got to be upfront. Drip pricing, we also take a look at that. A consumer signs up for one price, and then at the end when they arrive, they find out that there's a lot of other prices and charges that they have to face. That that's not going to be--

JEFF ZUCKER: Another good reason to pay it upfront.

JULIE BRILL: That's what I said I couldn't answer the question, because I think otherwise you do drip pricing, and there's some real issues around that, in terms of consumer's disclosures.

JUDY WOODRUFF: David Calhoun, quickly, how much do companies need to think ahead of time about all these issues, even if consumers are not yet thinking about it.

DAVID CALHOUN: Well I think everyone has to put a ton of time into it, and put a lot of planning into it, because these things can be planned for it even though the course isn't necessarily going to go the way you hope. All these things can be thought about and planned for. Unintentional use of data, you can plan for that. You can plan for that. You can design for that. But most often people choose not to, not until something is presented to them as, oh gosh, somebody got caught. And maybe I'm overusing the word most, but it happens a lot.

So these are things you plan for. But of course in this world when you don't control everything, the consumer controls it, you just have to plan for course corrections, like all the time. But you have to put a lot of thought into it. And you can't use the excuse that it just happened. The world turned, and now we're going to react to it. I really do believe you can be ahead of these things, not perfect, but a lot better.

JULIE BRILL: We call it privacy by design. And to really be planning upfront. And now we're talking about security by design, that is when you're building systems, really thinking about these things upfront. I couldn't agree with you more.

JUDY WOODRUFF: OK just a few minutes left. I want to ask each one of you to tell this audience who they are, what they represent, tell them as far out as you can see, as you, and the smart people around you, can see, how is this digital environment changing? And what are you worried about, as you look ahead, Jeff Zucker?

JEFF ZUCKER: I think it's changing everything. And I think that's a good thing. I think ultimately the marketplace decides what wins and loses, and what the price will be. But I think the winner in the digital revolution is the consumer, because they get to choose, they get to affect the world. That's what's happened in the wake of Charleston, and that's what's happened in your ability to get to the Austin airport, and that's all good and I think it's exciting. And I'm not worried about privacy, because I think that will work itself out too.

JUDY WOODRUFF: Ravi?

RAVI DHAR: Well, I mean, this is a hard one. I think I just mentioned one thing that this goes back to the privacy, and a bit data aspect. What I find interesting is how much people do want to know what others are doing, so maybe they think their own information is private, but they want to know what everybody else is doing. We know this whole magazines are built on idea of violations of privacy, in some sense. And when I talk to even people who are high net worth investors, there are people who run the businesses, what is the single most question you get from these relatively rich folks? What's everybody else like me doing? Where's their money? What are they doing? How do they live? Do they have a private plane?

And so I find this whole idea of our interest in what everybody else is doing, but at the same time what I do is private, sort of fascinating. And how it's going to play out, I don't quite know the answer to that.

JUDY WOODRUFF: And it worries you, is that what you're saying?

RAVI DHAR: No, I find it interesting. It doesn't worry me.

JUDY WOODRUFF: Dave.

DAVID CALHOUN: Yeah I think the worry part-- I don't want to state it too much, but for people who work in big data and use it for purposes of ensuring safety and environment, the data elements that they measure, or that they bring together are perfectly accurate. And they calibrate and use gauge R&R on it every day, all day, because safety is at risk. And the financial world, for lots of reasons, usually because of the potential for discriminatory practice, they're also pretty good at it, because they know the implication of getting it wrong.

And oftentimes these algorithms that are put together in marketing and other things, it's hard to find what might or might not be discriminatory until it is. In marketing, there's no such thing. And that's an overstatement, but I mean it to be. There isn't a practice around data accuracy, and I mean real data accuracy. And when you lace together three or four data streams, and they're all two sigma, you have a system that most people wouldn't use.

JUDY WOODRUFF: You have to explain--

DAVID CALHOUN: Well, so let's assume your 90% accurate. Well if you multiply four streams times 90%, all of a sudden you're barely 50%. This is what happens. And it's math, and there's a lot of measurement science people out here who know a lot more about this than I do, but it's more the discipline and practice around it. So ironically, what we may call precision, might be anything but. And it gets down to gauge R&R, and that notion of how you really do to ensure the accuracy of the data that then you deploy in these algorithms, that do all the marketing.

JUDY WOODRUFF: Sobering. Julie.

JULIE BRILL: So what I worry about, and what I'm thinking a lot about going forward, there's a lot of incredible potential with respect to big data, the internet of things, sensing devices, and they can be hugely beneficial to, not just individuals, but to society at large. And I want to promote that, I think that that's deeply important. But I'm also deeply worried about how data can be used in a discriminatory way. And I'm not talking about Nielsen, and I'm not talking about Nielsen's clients out here. I mean you all are here, Nielsen convened this panel, and this event because everybody here cares deeply about it.

But there's so much data flowing around that what we see it our end, when we're doing our consumer protection work, our payday lenders, scam artists, and others, who are targeting vulnerable populations based on data that they get, not from you all, but from people that you send it to, and then they send it to others, and after the stream winds up in their hands. So I'm deeply worried about how data can harm vulnerable populations, the poor, the ethnic minorities, whatever, in ways that they don't understand, and that we need to address. I agree with you that there are some financial firms that are really focusing on this. But there's a lot of others out there that are actually targeting these folks, because they've been identified as vulnerable.



And I also worry about the use of sensitive information, particularly health information. We talked a little bit about [INAUDIBLE]. But I think in this society we have come to an agreement that not everybody's going to know whether you have diabetes, and that there are reasons for that, because you don't want your employer, or your neighbors, or others to know. So I worry about that ubiquitous availability of health information.

MALCOLM GLADWELL: Malcolm Gladwell, you get the last words. I worry about backlash. This is something we don't talk about much, but if you look at social history, the thing that's most striking is the ability of individuals to resist change when it conflicts with their own prejudices, beliefs, what have you. Brown versus Board of Education was 50 years ago, we still do not have an integrated school system in this country. The change was supposed to come, and there was backlash.

Well think about this in the context of what we've been talking about, data and privacy, or violations. What if there was a real epic data violation, a massive hack. What if somebody-- and I'm making something up-- got all the archived Gmails, and put them on a searchable database. Right now you can go to WikiLeaks, and you can look through the Sony emails. They're all there on a searchable database. What if someone did that for \$3 million Americans? What would happen? Right now the problem with all these violations is that it has been possible for us to dismiss them, because they've been to localized, or to specific, or trivial. They're not always going to be that way. And when they're not, I think we're going to deal with the consequences.

JUDY WOODRUFF: So we have four worriers, and one optimist. That's way over-simplified. But let's give this extraordinary panel of a hand. Thank you very much. Dave, Julie, Ravi, Malcolm and Jeff, thank you.

[APPLAUSE]

DAVID CALHOUN: So you have to get up and go.

JULIE BRILL: I know. Looks like they're going that way.

SPEAKER 1: Ladies and gentlemen, please welcome back to the stage Lynda Clarizio and Karen Fichuk.

LYNDA CLARIZIO: Wow, I can listen to Dave, and Julie, and Malcolm, and Ravi, and Jeff debate all day. That was really wonderful. I think this could be top-rated Nielsen program in the future. OK we're wrapping up, we're wrapping up. So first we want to thank you. We want to thank you for attending this conference. We really, really enjoyed having you for the past few days. There are few additional things we want to talk about just for a few minutes.

First lunch, lunch is right outside there, just like it was yesterday. So you can bring your lunches, get them outside, bring them back in. And then at 1:30, we're going to have two concurrent sessions that we're calling Nielsen Next, so that we can give you a preview of what you can expect to see from us over the next six months, between now and the end of the year. So I'm

going to be hosting one of the sessions really to talk about what you can see for the media business, and the innovations we're going to be bringing out there.

KAREN FICHUK: And I will be hosting the session focused on the innovations and our CPG and business during the back half. These sessions will be held in the independence room, sections E through H are for the CPG by session, and independent sections A through D are for Lynda's in the media session. All of the rooms are located on the bottom floor, M4.

And just one note about the sessions, and why we're doing what's next, we really designed them so that you can take the information from those sessions, bring them back to your colleagues, and really share what you can expect from Nielsen in the last half of the year. And we really hope that you can join us.

LYNDA CLARIZIO: So the two pieces of housekeeping, first the survey. We're sending you a C360 in 60 email with a link to a survey that we'd like you to fill out about this conference. So please take a moment to fill it out, we want your feedback, we want to know what we can do to make these conferences even more impactful in the future. You can also find the survey in the C360 app. And next year we're going to west again, and we'll be in Las Vegas at the Bellagio hotel from June 27 to June 29. So please mark in your calendars

So lastly, before we leave, we just want to thank everyone that has been involved in putting this conference together. We've had a Consumer 360 committee that has worked really, really tirelessly to make this the best experience we could bring to you. We've been a cross-functional team that's come together to make this happen. So we'd like to give a big thank you to the entire Consumers 360 committee, the co-chairs, [INAUDIBLE], Judy Anderson.

[APPLAUSE]

There are the names of all of them. And this conference wouldn't be what it is without all of the presenters, the presenters from Nielsen, the presenters from our clients, and everyone else who joined us on stage. So please let's give them a round of applause. You're all the reason that we are able to bring this 360 conference to life. And I just want to thank you, it's been a privilege to be one of your hosts. So Karen.

KAREN FICHUK: And to everybody in the audience, we really appreciate you spending the last three days with us. We value your partnership so much. And we look forward to continuing to work with you, to transform the retail marketing and media industries. Thank you again. And we hope to see you next year in Las Vegas.

LYNDA CLARIZIO: Thank you.

[APPLAUSE]