

SUMMARY

FRENEMIES

KEN AULETTA



Summary of “Frenemies” by Ken Auletta

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Frenemies (2018) examines the tumultuous, love-hate relationship between the marketing and advertising industries.

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Introduction

It doesn't matter where we go-- advertisements are always trying to sell us something and they're impossible to escape. Whether we're glancing at a pop-up on our phones or the billboards that compete for our attention on our daily commutes, someone is ceaselessly attempting to convince us that they've created the next big thing and we need it in our lives. And you'd be forgiven for assuming that there's nothing remarkable about that; advertisers have been pushing their products on us since our grandparents' day. But what's interesting is the fact that, in recent years, advertising has evolved from the casual in-your-face sales pitch to something that resembles a science.

In fact, every aspect of the advertising industry has been revolutionized, ranging from the way advertisers make money to how people perceive ads to the metrics we employ when measuring the success of an advertising campaign. And if you're wondering what's brought about the change, the answer, quite simply, is technology. So, through the course of this summary, we'll explore the evolution of technology in relation to the advertising industry and its revolutionary impact. You can also learn more about why advertising giants want your personal data now more than ever and how the intersection of big data and advertising has shaped the course of American politics. And in addition to all that, you can explore:

- Why advertising has shifted from being a creative industry to a scientific one
- How the internet enables advertisers to violate your privacy, and:
- What Donald Trump understood about advertising and what Hillary Clinton should have learned too

The Value of the Smartphone

Never in the history of the world has someone been confronted with a pop-up ad and thought, “Oh, I’m so glad that interrupted what I was doing! I’d much rather see an ad for a thing I don’t need than to continue enjoying my content!” But unfortunately, as long as competitive economies exist, pop-ups (and every other form of annoying ads) are always going to be a thing because they connect buyers and sellers. In fact, you might not realize that pop-ups have been around longer than you’d think! For example, in ancient Greece and Rome, travellers’ journeys were interrupted by ads which consisted of paintings and announcements on walls that announced the services of nearby tradesmen or shops, much like the billboards that line the roads today.

But as relatable as those old-school advertisements sound, they’re actually quite simplistic compared to the broad spectrum covered by the marketing services of today. Because modern marketing covers everything from in-store promotions to the coupons you get in the mail to the damage control carried out by public relations firms when a company suffers from a scandal. It even covers companies’ efforts at rebranding or redesigning their corporate logos. Influencers like the Kardashians or the advice provided by strategy-consultant groups are also examples of marketing because both can be used to shape the future direction of a product or company. Even though all of that might seem normal now, it actually denotes a significant change because it’s only very recently that newer platforms like social media have risen to replace more traditional mediums like print newspapers and magazines or commercials on television and radio. Auletta theorizes that smartphones are responsible for launching the revolution.

Why? Well, for starters, smartphones are awesome for advertisers because they’re used by six billion people across the world and they’re also almost constantly in use. Plus, their capabilities are increasing all the time, as a recent study observed, remarking that a single iPhone 8 now possesses

more computing power than the world's very first space shuttle. So, in short, smartphones are extremely powerful and they offer advertisers the opportunity to track and engage with potential customers in real time. For example, the massive Chinese corporation Tencent offers a platform for its users to buy things and connect with friends and strangers alike.

So, not only do 80% of its over 800 million users spend over an hour on the Tencent platform every day, they also participate in more than 500 million interactions every day and use 300 million credit cards to shop at 300,000 stores online-- all on the same platform! And because the app is such a hub of activity, this means that each user can be advertised to and their activities can be discreetly monitored. This in turn enables advertisers to stay on top of user trends and preferences.

The Ad Industry's Landscape is Changing

You might be familiar with the popular TV program *Mad Men* which documents the story of some leading advertising companies and the executives who ran them in 1960s New York. But what you might not know is that the show's protagonist, Don Draper, isn't actually based on one singular executive, but rather is an amalgamation of three tycoons of advertising: David Ogilvy, George Lois, and Bill Bernbach. And if you've ever watched *Mad Men*, you know that the Don Drapers of the world dominated the advertising industry, building empires as profitable as any of those founded on oil or steel. But as you also might have noticed, the world has changed drastically since the 1960s and the strategies which enabled advertising tycoons to build a secure and steady stream of revenue are no longer relevant in today's climate.

Why? Well, for starters, one major difference is the fact that, in the twentieth century, advertising executives could collect commissions from both the buyers and sellers of advertising space. That worked out pretty well for men like Ogilvy, Lois, and Bernbach because they were already well paid by every available media outlet, including newspapers, magazines, radio stations and television programs. And whenever their agency placed an ad on behalf of a client, they would receive a guaranteed 15% commission from the media platform who ran the ad. And in addition to their fixed commission, agencies could count on an additional 17% commission for creating new ads. Plus, on top of all that, clients also reimbursed agencies for all ad-production costs! But while this system strongly favored the interests of advertising executives, it wasn't always above reproach. In fact, many publishers often conspired with advertising agencies to keep the price of ad space high so that they were guaranteed to benefit, even at the risk of both companies' integrity.

But eventually, their comfortable system collapsed as the rise of the twenty-first century prompted clients to wonder if their relationship with advertisers was actually fair. This increased awareness generated a new

sense of intensive scrutiny when it came to company accounts and advertising executives soon realized that clients were much more savvy with their finances. This, of course, made it much harder to extort them and without the ability to charge exorbitant fees, ad agencies and marketing departments saw a decrease in funding that effectively toppled their empire.

Big Data is a Game Changer

In a recent episode of the television series *Superstore*, Jonah-- the store's lone socially conscious employee-- attempted to draw his co-workers' attention to the concerns posed by Big Data, warning them that, "They track what you like, what you search, and then scan your search history to give you targeted ads based off stuff you were just talking about!" Unfortunately, however, his efforts backfired when his co-workers determined that this just sounded "like free, thoughtful help!" and grew more comfortable than ever with sacrificing their digital privacy. And whether this issue finds you feeling more like Jonah or his co-workers, one thing is for certain: Big Data is the ultimate game-changer when it comes to revolutionizing the world of marketing and ads.

That's because cookies (sadly, not those of the chocolate chip variety) have made it possible to do exactly what Jonah said. And in addition to making their ads more relevant and increasing the accuracy of their target market, advertisers are now also able to track our engagement with their content in real time. In fact, micro-decisions that are barely blips on our radar-- liking a sponsored ad on Instagram or telling Facebook to stop showing us a certain ad-- are hugely significant to advertisers because, without realizing it, we're contributing to their metrics and demonstrating the effectiveness (or lack thereof) of their ad campaigns.

But Big Data has also revolutionized advertising in another unexpected way: by shifting the balance of creativity among the industries. In fact, one reason advertising tycoons were able to build their empires so effectively was the disparity in creative talent between media agencies and advertisers. Because media agencies typically focused on the promotion of an ad, they were better at generating awareness than coming up with compelling content in the first place. This gave advertisers an advantage and guaranteed that media agencies would need them. But in the twenty-first century, the role of media agencies is changing because of their partnerships with Big Data organizations. Now, media agencies are the only

ones large enough to engage with formidable resources like data scientists and use their services to comb through mass user data.

This game-changer then enables them to learn more about the metrics of their target market and separate their audience into unique sub-categories that enable the media agencies themselves to tailor a personalized, targeted approach for each sub-set of consumers. And if media agencies are able to do this internally, then it doesn't take a lot of reading between the lines to determine that the demand for advertising agencies who specialize in creative campaigns is waning.

How is Valuable Data Acquired?

Now that we know what a game-changer customer data is, you might be wondering how that data is acquired and what makes it so valuable. And that's exactly what we're going to examine in this chapter, starting with the issue of data mining. We hear a lot about data mining in the news and most of us probably know that it's tied to some concerns about how we can protect our data, but how much do we really know about the way data mining functions? Well, for starters, you might not know that there are three different types of data mining and they're impacted by customer engagement. For example, "first-party data" is collected when a company engages directly with its customers and it includes information like your name, address, credit card information, and what you bought from that company. (If you want a good scare, just think about all the first-party data Amazon has on you!)

First-party data is also the most valuable type of information because it's the most accurate and identifiable. Since it was gleaned directly from a customer, it's vital to a business from a marketing perspective because it enables them to learn more about who you are, what you like, and how they can effectively sell to you. And as you might imagine, there are a lot of companies who want this data and they're willing to pay an arm and a leg to get it. But because it contains so much identifiable information, first-party data is legally protected. This situation can be (somewhat) mutually beneficial for you as the consumer and for businesses because it means that they can learn that a twenty-three-year-old woman in their area is interested in purchasing mint green jumpsuits, iced coffee, and makeup, but they won't know your name or where you live.

And once those specific identifying factors have been sanitized from a data collection, it becomes what is known as "second-party data" because it wasn't gathered first-hand and it lacks some key details. Your second-party data can then be bought and sold or even shared between a variety of companies, which means that your spring wardrobe purchases from

Victoria's Secret might somehow lead you to receiving ads from a cat food company down the line. And lastly, there's third-party data, which is even more anonymous. You can think of third-party data as your third cousin twice removed in that it's kind of related to the original source data, but it's pretty hard to figure out how. This kind of data is usually purchased from stores and used by third-party media companies who are trying to find prospective customers by matching their clients' products with people who've purchased similar items from another store.

Now, that might sound easy enough, but it's actually a lot harder to collect data than you might expect, especially since the companies we interact with most (and freely give most of our data to) aren't always happy to share it. That's right-- for all we hear about Facebook and Google selling our data to third parties, what sounds like too much to us, the consumers, is often considered too little for the businesses who are hungry for our data! Luckily for us, it's hard for them to get around that because Facebook and Google know they'll lose customers if they give away too much of our information.

But businesses also have a few other obstacles to get through when it comes to data collection and one of those is smartphones. Although our phones are valuable marketing tools in many ways-- especially by virtue of the fact that we take them with us everywhere and they enable businesses to collect a significant amount of data in real time-- their software sometimes presents with drawbacks. For example, a number of interactive ads require the plugin Adobe Flash in order to run effectively. Most phones aren't equipped with this software, so that makes it pretty tough to trial certain ads with mobile users.

Our Right to Privacy

If all this talk about Big Data and the hunt for your online activity has you feeling a little squirmy, you're not alone! Data collection is one of the biggest concerns facing our country at this time and it's generated some new privacy concerns that previous generations have never needed to worry about. And as we discussed in the previous chapter, Facebook and Google-- the world's leading data giants-- are engaging in some questionable data practices that are enough to give anybody anxiety. For example, even if they don't share much of your data with other corporations, the sheer amount of information they collect is scary.

In fact, recent studies have revealed that Facebook actually knows so much about you, it has access to your pharmacy records. It knows which stores you have loyalty cards for and how many points you've collected at each of them. It knows your political affiliation, your voter registration status, and whether or not you voted in the most recent election. And to take the dystopia just one step further, Facebook knows every time you open WhatsApp or Instagram. And even if you have nothing to hide, if you allow yourself to think about what it really means to be watched at all times, it gets really creepy really fast! But it doesn't stop there! Because if Facebook is bad, Google is its even more evil twin and it's already gone to great lengths to demonstrate that it doesn't mind pushing our boundaries when it comes to data collection.

As if it's not enough that Google combs through its users 3.5 billion searches every day (yes, you read that number right!) every single person who uses Google also has a page called Google About Me. Most people don't even realize this page exists, much less the fact that it contains such information as your phone number and email address along with where you work, where you went to school, and your mailing address! In some cases, it even features information like the nicknames you go by online and in real life! This information is predominantly public, but fortunately, you can alter your privacy settings to control how much information is available and

who can see it. However. Google continues to be sneaky about the fact that this page exists and your options for controlling it.

But if you already feel like you've plunged into the Twilight Zone, buckle your seatbelts because it's about to get scarier-- especially if you have an Amazon Alexa! Many people-- especially those who are proud early adopters of new technology-- were quick to add an Alexa to their homes and even more people think it's cool to make your house a "SmartHome." But have you ever considered just how scary it is to have a robot in your house who monitors when you get up, when you go to bed, what you watch, what you purchase, and what you say? Not to mention the fact that-- because it's connected to your Amazon account-- it's privy to an additional wealth of personal information like your credit card numbers, your address, and your literature, movie, and music preferences, all of which it's relaying back to Amazon.

So, when you evaluate all this information, it's not hard to discover the similarities between your relationship with technology and your relationships with those toxic pals who fluctuate between being your best friend and your worst enemy. These are the ties that confuse us most because we know true friendships shouldn't be fraught with hatred and confusion, yet we often choose to keep these "frenemies" in our lives, even if it's simply because we love to hate them. But the truth is that whether it's your BFF or your smartphone, toxic relationships aren't just unhealthy, they can often be scary. And they always pose a genuine threat to your well-being.

Final Summary

When it comes to “frenemies,” that “love to hate you” relationship isn’t limited to the tense ties between the marketing and advertising industries. Because although the rise of the internet and Big Data has transformed these industries forever and upturned the comfortable empires of 1960s advertising executives, it’s also revolutionized the relationship between technology, marketing, and the average consumer.

As media clients are demanding a more personalized, customizable marketing approach that enables them to target prospective customers more directly, they’re also demanding more and more of our personal data and generating new concerns about how we can keep ourselves safe in these ever-changing times. As such, it’s important to be aware that our private information has been commoditized and that every corporation out there is hungry for our data. Although this can sometimes be helpful and lead to personalized ads that improve our quality of life, it’s mostly just concerning and we should prioritize awareness and privacy as a result.



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