Sheryl Sandberg, Chief Executive Officer, Facebook

In a far-ranging discussion, Facebook COO and Lean In author Sheryl Sandberg talked with Fortune editor Alan Murray about Facebook, technology, and the future of social media marketing.

**The highlights:**

**Facebook at age 10:**
Is Facebook a mature company? In short, no, said Sandberg. “Anyone who has ever been to Facebook knows that we’re not a mature company [laughter]. We just hit 10 years. Ten years in the life of so many of the amazing companies here feels not very long. And 10 years for us feels not very long. The world has changed incredibly on us. The real question is ‘How do we scale and grow from here?’ We’re actually small for what we do … We have 1.3 billion users and fewer than 8,000 employees. In many ways, we’re still playing catch-up. But the growth continues.”

**The end of “online”:**
Sandberg said the biggest change affecting Facebook today is the rapid shift to mobile platforms. “We started 10 years ago as a desktop company. As [Facebook CEO] Mark [Zuckerberg] has said, ‘If we had started a few years later, we would have been started as a mobile company.’” Sandberg went so far as to say that the term “online” may soon become extinct. “The word ‘online’ is about to be something only your parents say,” she noted.

**A rapid transformation:**
The shift to mobile is the fastest adoption of a communication technology ever seen, Sandberg said, with the average time spent on cellphones now at almost six hours per day per person. “We’ve had to think about our products differently—how we think about our consumers, how we interact with our consumers.”

**Sex and the cellphone:**
Sandberg discussed the pervasive presence of cellphones in the daily lives of Americans, jokingly citing a public comment by Huffington Post founder Arianna Huffington that 20% of Americans use their cellphones during sex. “I’m not sure if that’s true [laughter], but no matter how you look at it, an enormous amount of us have our cellphones on all the time. I saw data that said that 79% of Americans will only put down their cellphones for two hours a day.”

**Missing the mark:**
By Sandberg’s reckoning, marketing often is misdirected. “We think 40%, close to 40%, of targeting—that’s just age and gender, the most basic part of what anyone does online—is not hitting the right people.”

**Relevant marketing:**
Relevancy, and not privacy, is perhaps Facebook members’ biggest concern, said the CEO. “When you’re going specific, you want it to be relevant. The No. 1 thing we hear from people on Facebook, the No. 1 thing by far, when we ask about ads, is ‘Why aren’t they more relevant?’ When you see an ad on Facebook that’s relevant and that you like, it’s a great experience.”
Atlas plugged:
Facebook hopes to address the problem of marketing irrelevancy with Atlas, a new platform aimed at helping advertisers use Facebook data to improve their target marketing. Atlas will take data from Facebook profiles to help marketers target ads on multiple devices. It will not depend on cookies. “Cookie-based systems worked very well when everyone had a desktop computer and nothing else,” explained Sandberg. “But I’d venture to say that everyone in this room has a mobile phone or some version of an iPad and a computer. Atlas will enable marketers to be more successful.”

Privacy concerns:
Addressing questions about privacy on Facebook, Sandberg said, “If I see something and I say, ‘Oh, I love that,’ and if I believe it’s done without telling who I am to any marketer, that’s a great experience. If I believe it’s done by selling my data, that’s a bad experience. Neither Atlas nor Facebook tells anyone who you are [or sells your data].”

Personalized pitches:
The beauty of mobile platforms is that they allow for both mass advertising campaigns and personalized pitches, Sandberg said. She cited as one example Coca-Cola’s recent ad campaign entitled, “It’s Beautiful,” which features multilingual renditions of “America the Beautiful.” The ad appeared on the Super Bowl, but it was also customized to arrive on the social media pages of those who indicated an affiliation with a particular culture. Thus, a speaker of Tagalog was able to watch the Tagalog version of “America the Beautiful,” while a Chinese person could view the Mandarin one. “That’s a perfect example of something that’s mass and something that’s personal,” Sandberg said.

Competition from the garage:
What is Facebook’s biggest threat today? “Our own biggest risk is us,” said Sandberg. “[That] we’ll go too fast, we’ll go too slow, we’ll miss something like the mobile transition that we almost missed.” Still-to-be-identified startup companies pose another threat. “In terms of our biggest competitor, the Silicon Valley answer [to that question] is always the person in the garage you haven’t met yet who is building something new.”

A new rival?
Surprisingly, Sandberg seemed to dismiss the threat of competition from what appears to be one such startup company. When asked about Ello, a new, ad-free social network, she indicated that she had not visited the site. Commenting instead on Facebook’s advertising, she said: “What really matters is that people get the best product. They get that by a company being very focused. People will continue to use Facebook if they understand that we don’t sell their data to anyone, that they have control over what they share, and that we have a great product.”

Selfie Freedom:
As an example of one of her favorite Facebook pages, Sandberg cited one entitled The Selfie Freedoms of Iranian Women. The page shows women taking pictures of themselves without headscarves, a punishable offense in Iran. It has received more than 650,000 views. “My favorite one is a grandmother, a mother and a daughter. And the grandmother says, ‘I wanted my granddaughter to feel the wind on her hair before it turns gray.’”

Facebook’s future:
Sandberg said Facebook’s growth will depend on its continued ability to unite people. “We are about self-expression. We are about real identity. We are about the opportunity for people to share what matters to them. If you ask how we can grow and you ask what we can do ... it will be ... finding ways to speak directly to people. I’d like to think that what is personal and social and mobile brings us all a little bit closer. And maybe lets a granddaughter feel the wind on her hair a little bit more.”
In a lively panel discussion, the executives discussed ways they are reimagining marketing within their organizations.

**Reimagining banking:**

Banks were forced to completely revamp their marketing approach after the 2008 financial crisis, said Finucane, because most people would rather have “gone to the dentist than talk to a financial services company, even without Novocain.” At the same time, a major shift in the marketing world was occurring: “Facebook was hitting its stride; Twitter was in its nascent form.”

**A wake-up call:**

In order to adapt, BOA had to make changes in both its thinking and its marketing, Finucane said. “We had to become more authentic. We had to simplify our thinking. We had to be straightforward about what was valuable to people. If we said something that wasn’t authentic, we were going to get rejected. That was a wake-up call for any company [and] it was a wake-up call for [our] industry. We repositioned our company, we repositioned our products and we put them out to the public [with the attitude] that if we couldn’t prove it, we weren’t going to do it. We tried every social media there was …”

**Thoughts from a marketers’ marketer:**

How has Google, a marketing company, approached its own marketing program? “You’d think we would have it easy, given where I work,” said Twohill. But we’ve also had to work hard to make the most of the capabilities around us. The company’s goal is to increase its spending on programmatic marketing from 14% of its expenditures to 60%. I want my team always thinking digital first, because that’s where the audience is. You have to follow the audience; you have to follow the user.”

**More than advertising:**

The idea that marketing and advertising are synonymous is an idea that has been slow to die, Twohill said. “We’ve always done great digital advertising. But it was only when we did TV that anyone gave a damn. This drove me crazy. For years, we were doing great, smart relevant marketing, building great products, building great audiences… We made Chrome the number one browser in the world when everyone, including Steve Jobs, said it couldn’t be done. And yet every journalist would say Google doesn’t do marketing because we don’t do TV. We have to change the definitions.”
Reinventing skills:
Rencher shared the results of a study Adobe conducted among marketers about the transformation underway in their profession. Some 80% of those surveyed thought their jobs would morph dramatically over the next two to three years. About 40% said they believed they would need new skills to reinvent themselves, but fewer than 14% said they knew how to get those skills.

A return to storytelling:
What is really needed may be a focus on messages rather than on tools,” said Rencher. “We need to get back to the storytelling, get back to a brand representing a story, a brand standing for something and telling that story consistently. What’s happened, I think, is that in the technology ecosystem, we have done the industry a disservice. We have created tools that are used to do one thing. You have to become a specialist to use them, and specialists, by definition, exist in silos.” And, he added, “Rather than more specialization, I think we need smart generalists.”

Loving the brand:
Twohill disagreed that new marketing tools have sounded a death knoll for storytelling. “My team has done deals with 41 publishers so we can go in directly and take the inventory we want for the audience we want … And I can run a beautiful video, and I can tell a story through video. Video is sight, sound, and motion. It’s not just think and do, it’s also feel … The basic core job of a marketer has not changed since the last golden age of marketing, and that is epic storytelling. It’s about people feeling something and loving your brand.”

Caveman stage:
Caveman stage: Twohill conceded, however, that programmatic target marketing is still in what she called “the caveman stage.” One example: Several days after she used her husband’s computer to order “Dora the Explorer” underpants for their 3-year-old daughter—he was bombarded with misdirected ads for the products. Digital marketing “can be a blunt instrument,” she said. “Some of my most favorite brands—I see them kind of stalking me now.”

The Millennial generation:
The next frontier in digital marketing is the Millennial Generation, individuals now in their teens and early adulthood. Millennials are already necessitating a new approach to the banking business, Finucane said. “For Millennials, the world is mobile; you need to have the technology so that you can do all your online banking on mobile … Your technology has to be great; it has to be easy. You cannot overwhelm because they’ll reject. And you have to be good at all these other things—social responsibility, your product, your level of engagement.”

Co-creators:
In the end, targeting Millennials will demand a new approach, one that involves allowing them to share in the product creation process, said Rencher. “The Millennials have forced us to recognize that we’re no longer owners of our brand, we’re stewards.”