



POINT OF VIEW

Personalized Targeting: Increase ROAS and Enhance Lift with Purchase-Based Targeting

JUNE 2017



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Growth delivered.

A Call to Arms for the Advertising Industry

The media industry supply chain has evolved unevenly, with the strategy, execution and measurement elements of the industry changing and growing in ways that are somewhat out of sync. This is principally due to the introduction of new technologies that impact one part of the supply chain but not others.

The most dramatic technology disruption that has roiled the media supply chain is the recent rapid ascension of digital media through the proliferation of devices that allow consumers to engage anywhere and anytime. Digital media enables advertisers and their agencies to reach millions of consumers across multiple platforms with messages personalized for discrete target groups in a matter of minutes. The obvious benefit is the ability to connect with shoppers quickly and in a relatively inexpensive manner.

But personalized targeting—ensuring that the right message reaches the right consumer at the right time and in the right place—is a discipline that has lagged throughout the digital explosion. Digital media has proven to be a massive source of new, cheap inventory, yet the advertising industry is holding on to the traditional approach of reaching as many consumers as possible, as cheaply as possible. This now digitally enhanced “spray and pray” approach is wildly ineffective in today’s marketplace, where personalization has become a consumer-issued edict. Ineffective targeting is negatively impacting the consumer experience, potentially causing significant harm to the brand, and reducing return on advertising spend (ROAS).

Get the House in Order

“We have a media supply chain that is murky at best. We need to clean it up and invest the time and money we save into better advertising to drive growth.”

MARC PRITCHARD, CHIEF MARKETING OFFICER, PROCTER & GAMBLE

Purchase-Based Targeting Boosts ROAS Up to 20 Percent and Lift by 3X

Through advanced technology and analytic expertise, marketers now have access to new solutions that dramatically increase the effectiveness and efficiency of targeting capabilities, enabling advertisers and their agencies to optimize the potential of digital media. These solutions greatly enhance the relevancy, speed to market and precision at scale that achieves the

personalization necessary to significantly boost ROAS and generate sustained growth for CPG organizations. IRI and industry research has shown that purchase-based targeting boosts campaign ROAS by up to 20 percent and brings sales lift that is up to three times greater than other targeting methodologies, such as contextual and demographic targeting.

Avoiding the Four Targeting Pitfalls Is Essential

Gold-standard digital media targeting seeks to maximize product sales while minimizing advertising and marketing spend. Today's targeting strategies often fall short of this goal for one or more of the following reasons:

- Use of outdated data
- Sacrifice of precision for reach
- Reliance on inaccurate purchase-propensity signals
- Failure to optimize against today's omnichannel marketplace

These pitfalls warrant further exploration, because suboptimal strategy in any one of these is enough to negatively impact a campaign. Today, many campaigns are weak in most or all of these areas, leading to significant media waste.

Outdated Data: Knowledge-based targeting is only as good as the data inputs. To achieve outsized improvements in ROAS, data must be:

- Current, reflecting today's behaviors and attitudes
- Census-level, eliminating the potential for duplication
- Omnichannel, giving visibility across all channels and devices

The Mindset Has Shifted

“Targeting too narrow and targeting too wide are equally damaging to ROAS. Precision at scale is what the industry expects from media targeting today.”

JACKIE STEINBERG, SENIOR DIRECTOR OF GLOBAL MEDIA, COMBE INCORPORATED

Reach versus Precision: Quality trumps quantity when it comes to connecting with consumers. To be effective, it is better to reach a narrow subset of high-potential consumers with a targeted message that will resonate rather than to serve a generic message to broad swathes of shoppers who might be interested in the product or service in the name of ease or cost savings.

Inaccurate Purchase-Propensity Data: Estimations of purchase propensity are only as good as the data that feed into them. Advertisers and agencies today implement multiple targeting tactics, from demographic to contextual, but none of these delivers satisfactory precision. “As an industry, we currently settle for ‘good enough’ signals. In today's world, this is no longer sufficient,” said Chris Copeland, a 20-year digital marketing industry veteran and president of Yieldbot.

Omnichannel Data: The path to purchase has evolved significantly during the past decade. Consumers have more choices in where they shop and where they get their information. Still, advertisers tend to create targeting strategy by addressing individual facets of targeting without integrating each facet into a single, holistic targeting strategy.

Imprecise targeting is a lose-lose proposition. Advertisers are spending time and budget on campaigns that fail to deliver desired results. Shoppers are receiving “noise” in the form of ads that aren't relevant or personalized to their needs. To avoid these targeting pitfalls and enhance impact and lift, advertisers must begin targeting efforts with a deep understanding of the media consumption patterns of their high-gain target audiences.

IRI Raises the Targeting Bar and Enhances the Craft

IRI introduced CPG purchase-based targeting in early 2013, with the launch of IRI ProScores®. With the recent addition of IRI Verified Audiences, IRI now offers two solutions that are built from household-level purchase data and based on the largest, most diverse and highest-quality data sets available.

IRI ProScores is a breakthrough targeting methodology—the CPG industry's first and most advanced purchase-based, predictive shopper insights solution. Built using multi-outlet purchase data and expanded to represent the entire U.S. population, ProScores enables CPG manufacturers and retailers to identify shoppers with the highest-dollar opportunity at the greatest scale of any purchase-based targeting solution.

The IRI team recently worked with a toothpaste brand manufacturer that wanted to run a digital shopper marketing campaign targeted to brand buyers shopping at a national drug retail chain. Opportunity analysis pinpointed a select group of households that drove the most sales uplift, enabling a more efficient media buy for the brand's shopper marketing team. These households were 2.5 times more valuable to the retailer than geo-targeted households. The analysis also provided support for the IRI team's recommendation that the manufacturer partner with the retailer to garner more investment for future mutually beneficial shopper marketing campaigns targeted to this group.

IRI again broke new ground with the introduction of IRI Verified Audiences. This solution uses data from 250+ million loyalty cards, the industry's most robust set of frequent shopper loyalty data. IRI has brought purchase-based targeting capabilities to a scale not previously possible. By integrating other high-quality data sources, such as credit card purchase data and geo-location data, IRI Verified Audiences brings increased granularity to

a 360-degree view of consumers' shopping behavior, allowing for the derivation and inference of even more complex consumer behaviors. IRI Verified Audiences can narrow in on very discrete targets, such as loyal brand buyers or gluten-free households. Because of this precision, IRI Verified Audiences achieves campaign results that create three times the uplift versus other targeting methods.

This solution provides benefits to both small and large companies. Recently, the IRI team was approached by a beverage alcohol manufacturer that had launched a flavor extension to an existing beer product. The brand wanted to understand if purchase-based targets performed better than demographic targets in digital media. The team created and analyzed two purchase-based audiences—lapsed buyers of light beer and buyers of products in the existing brand line. The analysis revealed that these audiences generated more than 9 percent incremental lift versus demographically targeted audiences, leading the IRI team to recommend that the manufacturer shift a greater share of media spending to purchase-based targets to increase efficiency of the media buy.

Targeting appropriately and efficiently also allows brands, even smaller brands, to increase penetration. A mid-market granola bar manufacturer was looking to grow share in specific DMAs where its product had received increased shelf space and distribution. The IRI team worked with the manufacturer to verify current brand buyers as well as medium and heavy granola bar buyers. By directing marketing efforts to these buyers, IRI Verified Audiences drove 3.2 percent incremental penetration to the brand. To drive penetration even higher, IRI recommended that the manufacturer also allocate spending to communicate with lapsed buyers of the brand with high-incentive coupons.

Make the Commitment Now!

Raising the bar on targeting to create more personalized, relevant, efficient and cost-effective omnichannel campaigns isn't an option. It is a responsibility to preserve and enhance the advertising craft, and it is essential to the future success of the brand. Consumers will not engage with messages that aren't timely and relevant. Marketers must make the commitment to engage and influence. Thankfully, the solutions that make this possible are available and accessible.

Quoting Pritchard one more time:
"Don't be fooled by the myths,
don't accept excuses, don't wait for
someone else to move, don't be daunted
by the task, take one step at a time...
Make the commitment now."

MARC PRITCHARD, CHIEF MARKETING OFFICER,
PROCTER & GAMBLE

Every Campaign Benefits from Personalized Targeting

An effective targeting strategy improves the speed, efficiency and relevancy of a campaign, directly resulting in a higher ROAS. To illustrate this point, below are several campaign scenarios and the demonstrated benefit advanced targeting can provide, based on IRI research.

- Short-term campaign to boost sales - For an in-season or event-based campaign, targeting over the limited time available helps to create and convert consumer traffic in the store. Advanced targeting can provide a 20-30 percent ROAS improvement.
- New product launch campaign - For any type of launch, whether line extension or disruptive new product, targeting facilitates critical initial success that speeds widespread adoption by high-propensity triers. Personalized targeting dramatically improves the 10 percent success rate of new product launches. Purchase-based targeting is the only way to identify consumers with a new brand affinity, flavor affinity or adventurous palate.
- Competitive share campaign - When it comes to winning share from competitors, advanced targeting ensures advertisers identify customers most likely to switch based on prior behavior and ensures messages, offers and value propositions are on target. Targeting can increase switching by as much as 25 percent.
- Increased penetration campaign - For campaigns to capture new brand and category buyers or re-engage lapsed buyers, advanced targeting can reveal specific buy signals and uncover personalized messaging likely to spur trial or retrial. Advanced targeting can increase growth a minimum of 10-20 percent.

Resources

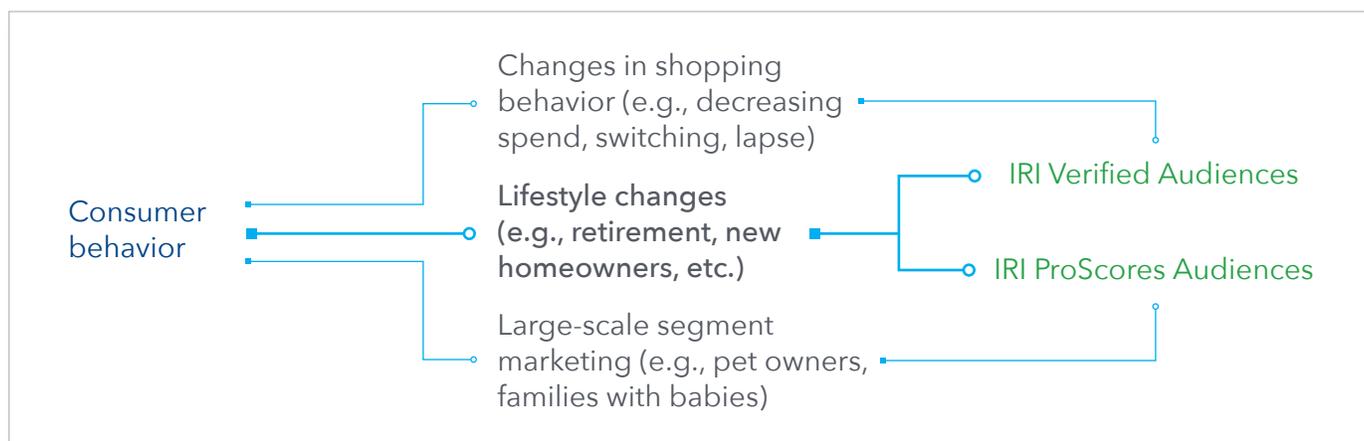
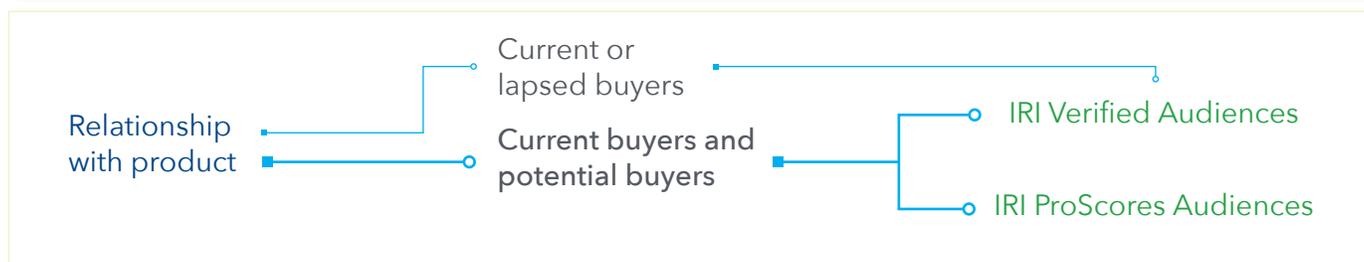
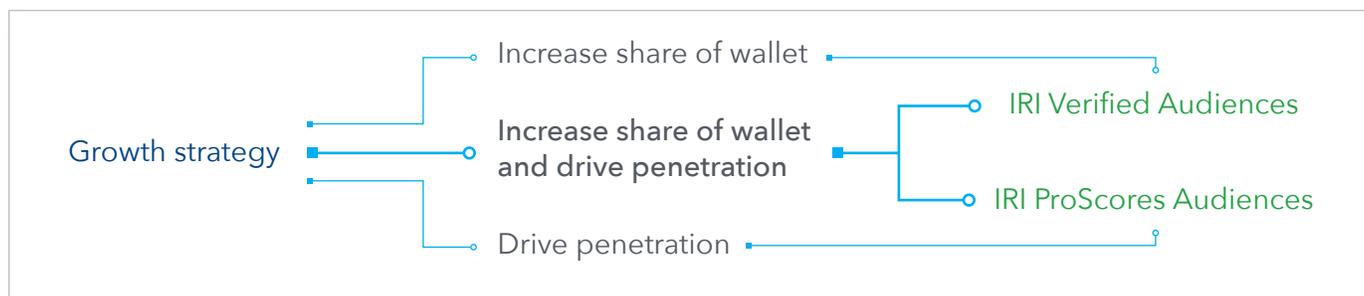
IRI offers two highly relevant audience targeting solutions to meet advertisers' and agencies' specific campaign needs. IRI Verified Audiences connects brands and retailers to consumers and shoppers based on verified spending for a particular category, subcategory, brand or product. These are exclusive verified purchase-based audiences at scale, with data from more than 250 million frequent shoppers from various partners and retailers.

IRI ProScores® Audiences offers modeled targetable audiences for the total United States. IRI's and Kantar Shopcom's high-quality data and IRI's proven modeling methodology provide better look-alike households.

Campaign objectives help determine which IRI audience product is the best fit. There are three parameters that typically drive the decision on which targeting method to employ:

- Preferred growth strategy for a product
- Desired target's current relationship with a product
- Type of consumer that the advertiser would like to reach

Based on these parameters, advertisers should choose the IRI solution that will deliver the best results.



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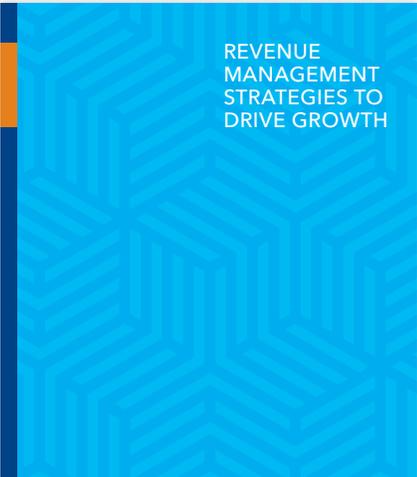
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NOVEMBER 2016



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ABOUT THE PRACTICE

The IRI Media Center of Excellence helps CPG advertisers and their agencies better plan, target, activate, measure and optimize their media investments. Its market-leading solution portfolio is built on a robust enterprise technology platform; the largest CPG shopper, sales, causal and media viewing data pool; and cutting-edge predictive analytics.



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Growth delivered.

About IRI

IRI is a leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care organizations, retailers and media companies to grow their businesses. With the largest repository of purchase, media, social, causal and loyalty data, all integrated on an on-demand cloud-based technology platform, IRI helps to guide its more than 5,000 clients around the world in their quests

to remain relentlessly relevant, capture market share, connect with consumers and deliver market-leading growth. A confluence of major external events—a revolution in consumer buying, big data coming into its own, advanced analytics and automated consumer activation—is leading to a seismic shift in drivers of success in all industries. Ensure your business can leverage data at www.iriworldwide.com.

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