

MAPPING CONSUMER BEHAVIOR IN 2022

MEDIA INPUT ON CONSUMER DEMAND IN 2022

June 2022



IRi

Growth delivered.

Activate Targeted Media and Then Measure Results

As CPG brands and retailers seek continued growth and profitability, along with deeper consumer engagement, effective media campaigns form a critical piece of the puzzle. But today's ever-diversifying array of new media formats and a fast-changing privacy landscape have only made successful media activation more difficult.

One of the biggest challenges brands and retailers face is identifying and connecting with the right consumers and then accurately measuring the effectiveness of that media spend. Accuracy depends on first-party data at scale, and data deprecation and new privacy regulations give consumers a choice before they share their information. This can reduce the volume of first-party data CPGs can collect and limit visibility into consumer engagement with a brand.

But the consumer product industry is lucky in that it is already less reliant on cookies and tracking than vertical markets like finance and travel. People aren't often going on websites to do background research when they're thirsty before they buy a refreshing beverage. Despite the continuing growth of e-commerce, 85% to 90% of CPG products are still bought offline, and a significant number of purchases can be tied to loyalty cards.

As a result, brands can focus on using 100% deterministic data obtained from the likes of loyalty cards. Or they can gather their own first-party data and supplement it with purchase data from sources like IRI's loyalty cards and panel data to gain a strong understanding of how people are engaging and purchasing. This combined data acquisition provides a good road map for how to reach shoppers well into the future. Brands can also take several additional steps to activate media successfully in 2022:

1. Make an impact with CTV – and measure it effectively.

According to eMarketer, about two-thirds of the U.S. population now uses connected TV (CTV), including more than 80% of those ages 25 to 54. The publication predicts that 73% of the U.S. population will use over-the-top (OTT) video streaming services to consume media by 2026. And over half of digital video viewers in the U.S. are watching ad-supported video-on-demand (AVOD). At the same time, traditional linear TV is becoming more addressable, creating growing opportunities to more effectively target consumers

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Advertiser spending on CTV grew by 60% from 2020 to 2021 alone, and it's reasonable to expect this growth to continue. But as CTV advertising demand grows and buys become more expensive, it's also critical to have the right data and assets to measure your results and ensure that increased CTV spending is efficient for your brand.

2. Explore influencer campaigns if you haven't already.

Micro-influencers – defined as those with 100,000 followers or fewer – can help brands drive authentic messages to (and sales among) those influencers' devoted fan bases. These individuals already make up 91% of the influencer market, and more and more brands and retailers are building relationships with them to target specific audiences more effectively. By choosing influencer partners strategically, you can reach your target markets with precision, and sometimes reach audiences that are difficult to reach through traditional advertising.

Gen Z consumers, for example, watch an average of 7.2 hours of video a day, nearly an hour more than Gen X consumers. But only 52% of the video they watch is professionally produced (versus 72% for Gen X). And Gen Z consumers of color are even more likely to prefer content by influencers and other creators. But as of 2021, only 42% of U.S. marketers said they were using TikTok for influencer marketing.

There remains tremendous unexplored potential for brands in this area. But as with CTV, measuring the sales impact of influencer campaigns on platforms like TikTok, Instagram and YouTube is critical. Resources such as IRI Marketing Mix™ that incorporate granular measurement of TikTok advertising effectiveness make evaluating sales impact possible.

3. Navigate retail media networks strategically.

Retail media networks are continuing to grow as more consumer purchases shift to digital platforms.

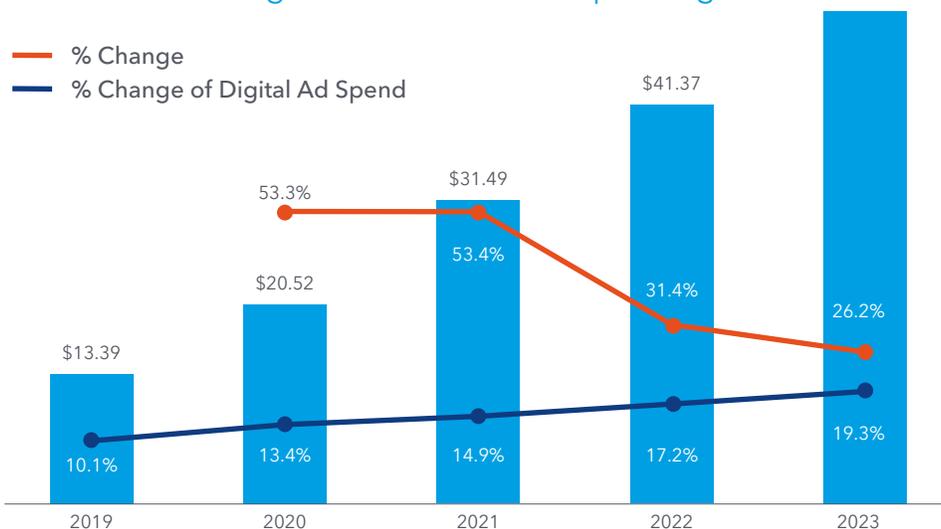
The U.S. E-Commerce Forecast Is On Track to Surpass 20% of Total Retail by 2024



Source: eMarketer

According to IRI eMarket Insights, the e-commerce share of multichannel sales is not only increasing but is also currently driving 46% of total retail growth across all channels. And as brands invest more in digital marketing activity to support this growth, they are also dedicating more of their advertising spend to retail media networks.

Digital Retail Media Ad Spending



Source: eMarketer

Retail media networks are growing in value for media activation – especially those featuring more open measurement systems.

Many of these networks are now functioning as full-service media houses capable of providing services that include audience segmentation, media activation and tracking, and measurement and optimization.

But for brands, retail media networks can sometimes pose a challenge because brands cannot just move some of their trade or promotional budget over to participate in these retailer media programs. Instead, they often require additional brand dollars that would otherwise go to other national ad or social campaigns – with the national programs sometimes available at a lower CPM and offering the additional benefit of more control over the ad spend.

As we head into a cookie-less world and brands collect more of their own data, they are also taking stronger stances with retailers to influence them away from a walled-garden approach and toward open measurement. Retail media networks are growing in value for media activation – especially those featuring more open measurement systems. These enable brands to compare the effectiveness of their media against other tactics and facilitate a more effective holistic media campaign.

Ultimately, the aim for advertisers is to understand every touchpoint where they reach consumers and to control the frequency of those interactions so that they aren't targeting shoppers with too many or too few impressions.



4. Rely on purchase-based targeting as the foundation of any quality media buy for CPG products.

Past purchase behavior has continuously proven to be the strongest predictor of future purchases and business growth. It is an effective way to confidently upsell current shoppers, steal competitive share and regain lapsed buyers.

Other demographic and lifestyle insights can also help inform the creative aspects of campaigns, but some can lead brands astray from the main focus of media activation. For example, I love dogs – they make me happy, and I follow puppy-focused websites and donate to animal shelters. But I'm also highly allergic to dogs and can't ever own one. Targeting me based on my contextual choices, clicks, lifestyle and demographics would lead to a dog food brand wasting impressions on me. But purchase-based data based on loyalty cards immediately removes people like me from the consideration set and results in better targeting and return on advertising spend (ROAS).

5. Advertise early and often – and measure each trial run on new platforms.

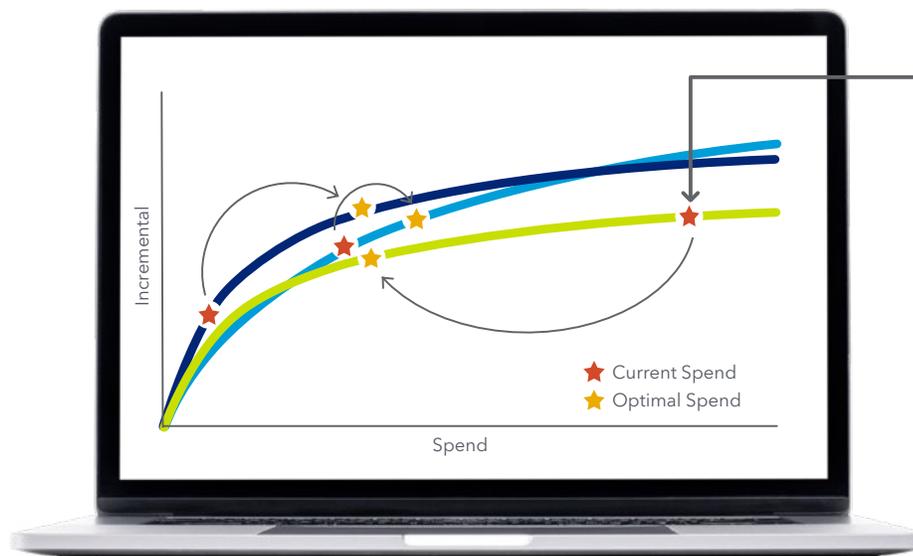
Whether it's CTV, TikTok, influencer programs or even gaming platforms for some brands, recent history makes it clear that embracing new platforms – if they are ones where your target customers can be found – is a sound strategy. Making an initial investment as a test-and-learn opportunity can help you learn earlier and cheaper than if you wait until the platform takes off and becomes more expensive. Using measurement tools driven by artificial intelligence and machine learning, it is easy to learn quickly and become an early leader in driving performance on new platforms, thereby achieving a critical first-mover advantage.

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6. Bring all the pieces together for an omnichannel view of the consumer.

Using a unified decision-making system like IRI Fusion™ that blends data, analytics and technology, you can connect and compare your program results to make sure that you are achieving the best ROAS. With a comprehensive omnichannel view of your media performance, you can see what's working and what's not, so you know where to invest more and less.

Optimization Scenarios Allow for Calibration Towards Efficient Growth



This break has passed the saturation point; we should move spend from this to the other breaks to maximize profit.

By effectively measuring your media activations, you can realize when you have reached the optimal spend in each channel and reallocate spending to maximize ROAS.

Through this approach, you can also more effectively reach individual consumers at the right levels. Instead of hitting someone 20 times with national and retailer campaigns between their first and second purchases, you can spend more efficiently, hitting them only five times in the same period while still having an equivalent or better impact.

As the media landscape continues to diversify and fragment, keen measurement across all channels is becoming increasingly important. Your brand can't – and shouldn't – be everywhere all at once. Continual testing, learning and precise reallocation to the channels that work for your target consumers, at the right levels, is the key to maximizing your ROAS in 2022 and beyond.

About the Author

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ABOUT IRI

IRI is a fast-growing, leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care organizations, retailers, and financial services and media companies grow their businesses. With the largest repository of purchase, media, social, causal and loyalty data, all integrated into an on-demand, cloud-based technology platform, IRI is empowering the personalization revolution, helping to guide its more than 5,000 clients around the world in their quests to remain relentlessly relevant, capture market share, connect with consumers, collaborate with key constituents and deliver market-leading growth. For more information, visit www.iriworldwide.com.

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