



**IRI
Growth
Insights**

C-SUITE
CONVERSATIONS



Strategies for Succeeding in the Age of Permissible Marketing

November 2020

IRI's Growth Insights' [C-Suite Conversations](#) feature industry leaders who share their boots-on-the-ground experiences and best practices to ensure our industry thrives. As critical as data and analytics are to the decisions we make every day, and as focused as we are on shopper behavior and changing demand for the products we make and sell, the insights we learn from executives navigating this COVID-19 environment are invaluable.

Available as a [videocast](#) and as a [podcast](#), here we feature an edited version of IRI's conversation with Scott Howe, CEO at IRI partner LiveRamp. LiveRamp is a behind-the-scenes company in CPG committed to building and nurturing the most trusted offline and digital identity resolution technologies. In 2014, Fast Company named Howe one of the world's most creative people.

In this episode of IRI Growth Insights' C-Suite Conversations, Howe talks with Nishat Mehta, chief product officer and president of media at IRI, about connecting with shoppers in an online world, new restrictions on how we collect and use data, the power of collaboration and more.



IRI: We've learned that you've got a pretty impressive home office situation that we would love to hear about given the current environment.

Scott Howe: You must have heard about where I've been working through most of the pandemic. When I was a younger guy – I grew up in Wisconsin – we always went on big family car vacations. So, from when I was really young, I always dreamed of having an Airstream. For 20 years, when I'd go on client visits, I'd always look for one. I was looking for a mid-1950s Airstream – this one particular year, made in California, it looked like a rocket ship. And so I'd go visit clients, and I'd check Craigslist and see if there was one in a field someplace. And all my clients knew about this; they'd say: *Oh yeah, should we go see Airstreams this time?* Well, when I left Microsoft 10 years ago, I finally found the perfect Airstream. I had a little bit of time, I rehabbed it, and it's now sitting in my driveway. It was where I got sent when I was a bad husband or bad father for a timeout. But in COVID, it's where I made my office, and it's phenomenal. Also, in the COVID world, I've been using it a little bit more and getting out and going camping. And so that's been really fun as well.

IRI: You mentioned you are from Wisconsin, beer or cheese?

SH: It's changed. It used to be beer when I was young. Now it's all cheese, all the time. And you haven't lived until you've had fried Wisconsin cheese curds or fried mozzarella sticks. I mean that's what we grow up with in Wisconsin.

IRI: I understand you're an Eagle Scout. What's the hardest badge you ever earned?

SH: I'm not an Eagle Scout, my boys are, and I was a Scoutmaster. One of the great pieces of advice I got when I became a new father was to get involved with your kids. And so I've been a basketball coach, a soccer coach, a Scoutmaster. I will tell you that there are limits to my Scoutmastering, and that includes the hiking merit badge, which my kids have not earned because that requires you to go on a weeklong trek covering 30 or 40 miles! I'm good for camping a couple of days – three might be the limit – but there is no way I'm sleeping on the ground for a week straight.

APPLYING DATA

IRI: LiveRamp is an extremely important part of the ecosystem but maybe not as well-known to the average consumer. Please tell us a little bit more about LiveRamp and the role you play in the ecosystem.

SH: The average consumer doesn't know who we are, but the average packaged goods company certainly does. LiveRamp is a SaaS platform that makes it safe and easy for companies to use their customer data. To unpack that a little bit, the hardest challenge in using data is every company knows that if they apply data to their decisions, they'll make better decisions. But doing that in practice can be really difficult. It's hard to go out and get your hands on the data that's useful both within your organization and outside your organization. So we've built integrations into all of those data sources to make it easier for those companies. It's hard to integrate the data together, and so

we provide a translation layer, **A ROSETTA STONE IF YOU WILL,** that allows disparate data streams to be combined.

It's hard – once you figure out what the data is telling you – to activate against and at the touch points that matter: at your cash register, online, and in television. So we built integrations on the activation side since the data can be utilized. And then, most importantly, it's really hard to maintain control of your data and establish the right permissions. So we built a whole configurability layer that gives our clients a lot of control over who can see their data and in what circumstances. That's what we do in a nutshell, and we work with a lot of packaged goods and retail companies.

IRI: Over the last few months, what have you learned in terms of handling a situation like the one that we're going through right now?

SH: It's really interesting – it's like a movie that I've seen before and I kind of know the ending, but I don't necessarily know all the plot lines. Although the pandemic itself is terrible, what our clients experience in many respects is a massive recession. It's amazing that March and April represented the biggest swing in unemployment in U.S. history, the biggest decrease in consumer spending in U.S. history. And then, literally a month later when the first stimulus bill was passed, we saw the biggest increase in household income in U.S. history. It's just been this roller-coaster ride. But it parallels these past recessions. Namely, the 2001 dot-com recession and then the financial crisis of 10-11 years ago. In both instances, what we saw in the marketing world was a real flight to this concept of addressability.

When money is tight, the money that you spend has to be accountable. It has to result in bottom-line improvement. In both of the prior recessions, we saw really interesting trends in terms of advertising going from above-the-line brand advertising to very accountable. In 2001, on the heels of that, you saw companies like Google emerge with search. And then 11 years ago, it was Facebook and the rise of programmatic display and behavioral targeting really exploding. We're seeing the same thing right now. Clients are saying: *Hey, I'm still going to spend. I'm probably going to cut my linear television. The money I have has to be accountable, has to be measurable.* I don't know who the winners and losers will be this time, but I know one of the winning segments is data. Because all of our clients, and I'm sure all of your clients at IRI, are asking: *How can data help me make better decisions and hold that spend accountable?*



IRI: How do we strike the right balance between the need to show short-term results, drive actual targeting of the individuals you need to target today, while also making sure that you're not losing sight of the fact that you want to be an ongoing concern years from now?

SH: It's three things. The first two are things I know well, the third is something that I experience as a consumer along with everyone else.

THE FIRST PIECE IS this concept of addressability — **FINDING THE RIGHT AUDIENCE.**

I understand the concept that a lot of packaged goods reach a broad market, but there are power users. And so if I'm advertising, for example Lay's potato chips, Scott Howe is the ideal market for that because I love sour cream and onion potato chips. I'm going to really respond to that ad. So, if you only have a limited amount of dollars to spend, aim it at your most loyal, most valuable customers.

THE SECOND PIECE IS that it's not just about finding the right customer; **IT'S ABOUT SERVING THEM A PERSONALIZED, RELEVANT MESSAGE.**

There are packaged goods products that you and I probably love. And then there are packaged goods products that are probably no longer relevant to us. So, as an example, 10 years ago Pampers would have been really valuable for me. Well, my kids are older now, and it's not something that I think about or want to think about anymore. If you're a packaged goods company or a retailer where you might know the customer, serving the right message to them is so important.

AND THE FINAL PIECE, and this is where I feel that some companies have really gotten it wrong, **IS TO BE AUTHENTIC.**

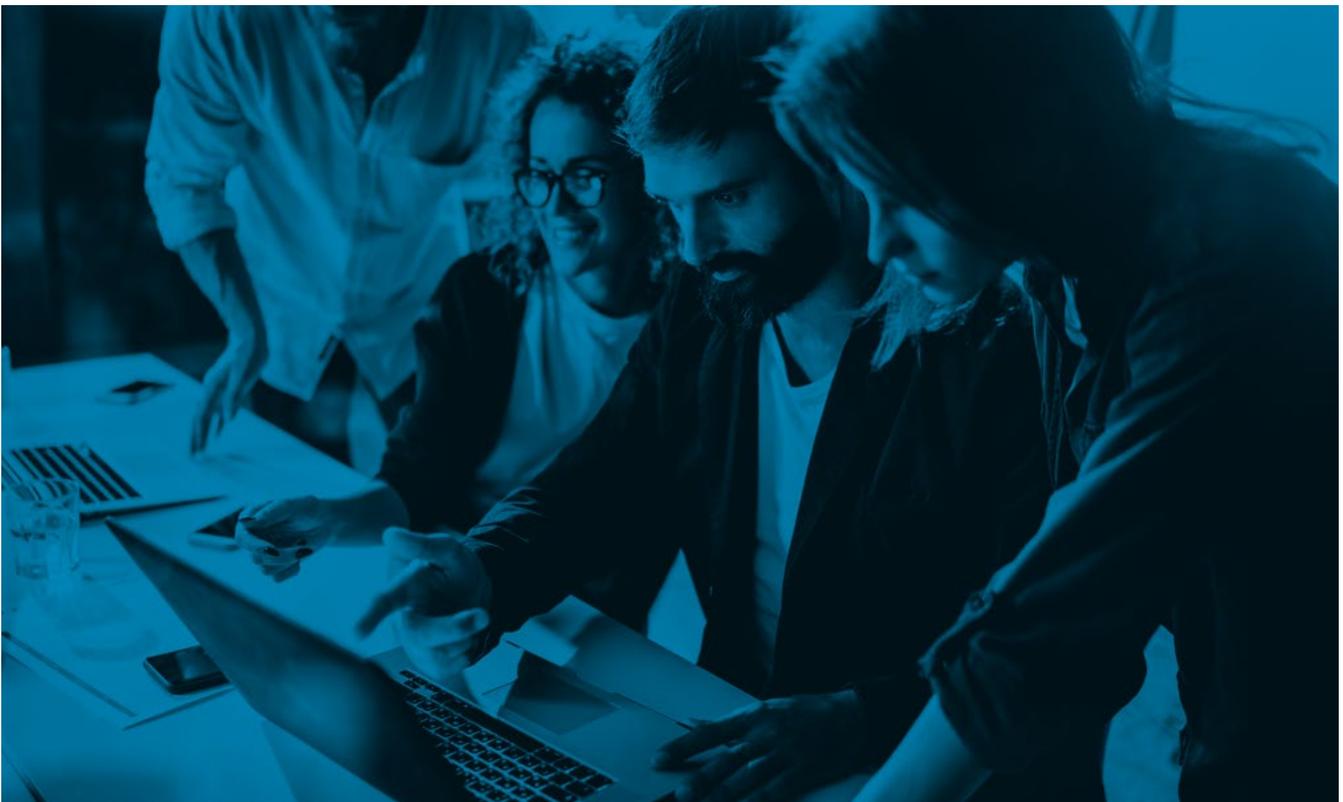
Because how often have we seen, particularly in connected television, the same ad, the same message, and you can just kind of plug and play and switch advertisers. They're all saying the same thing, and after a while, we, as consumers, start to tune that out. In times of crisis, it's more important than ever to be really authentic. I feel like companies get the first and second right more often today than they get the third right.

IRI: What do you anticipate going forward either from a macroeconomic standpoint or, more specifically, how should we be thinking about targeting strategies? How should we be thinking about relevance as we look out to the next six, nine, 12 months?

SH: What I would point to is: Where has the greatest innovation come from in business history? It has almost always arisen from industries that are super competitive or startups that are cash-constrained and need to make the pivot.

HARDSHIP INSPIRES INNOVATION. Oftentimes, recession, as a result, seeds a zillion innovations and new entrepreneurial companies.

I think we're going to see the same thing here. I'm seeing that already in the retail space, and more specifically, what we're seeing is companies that have long realized they were collecting really interesting data on their consumers – permission data on their consumers – are saying that's my most valuable data. But, if that's the case, isn't this other company over here that isn't a competitor also collecting really interesting information? And what if, all of a sudden, we started to collaborate a little bit. The connected car manufacturer who suddenly is connecting with destinations you could drive the car to, in order to inform your navigation system on the dashboard. The retailer who is collaborating with their packaged goods partners in new and interesting ways. It's not just about what is the next FSI to drop on a Sunday, but instead about how you're spending co-op advertising dollars on connected television. What if I allowed you some insight into my store scanner information such that you made better use with that co-op television and drove better store sales for me? We both win because you make better use of your marketing budget, I sell more stuff in stores, and oh by the way, our customers win because they get better offers, more relevant information when they're planning their store visits. So we're starting to see that kind of innovation. It's still in its early stages, but I think over the next decade, we're going to see this take flight.





THINK "OUTSIDE IN"

IRI: What can you share about some of the efforts that LiveRamp is doing to help companies in terms of their collaboration with others around data?

SH: I get questions a lot from clients around what's the most valuable data I could have, and the answer, the analysis, always looks the same. If you have one piece of data, that's better than the absence of data. If you have five pieces of data, that's better than a single piece of data. But the best results are always obtained when you have access to all of the relevant data. You need to temper that with the operational reality of what is the most relevant data, and you eventually hit an asymptote and you start to flatten out your ROI curve. However, it's really important that

marketers realize **THEY HAVE BEEN THINKING INSIDE OUT** — meaning what do we have? — **WHEN THEY SHOULD BE THINKING OUTSIDE IN.**

More specifically, the very best marketers and very best companies are doing something that is so simple, so intuitive, but it's so powerful.

I'll give you an example. One of the big theme park operators in the world built a mini theme park inside one of its studios four years ago. And instead of the rollercoaster, they had a children's carousel. Instead of the magnificent front gate and gardens, they just had a single turnstile. But they re-created the process and then they went through it at every stage in that process and said: *What is the experience like at the theme park today? If we had data at this point of interaction with the customer, how would we change the process?* Armed with how we would like to change the process, then it kicks to where do we go find that data and how do we activate it?

It's not about having a whole bunch of data, and what does it mean? **IT'S ABOUT WHAT AM I TRYING TO ACCOMPLISH? AND SO, WHAT DATA DO I WANT TO GO COLLECT?** Who could I partner with? Where can I find it within my organization? And then how do I activate it in a way that's meaningful to the customer?

And that sounds so obvious, but most companies do the exact opposite. They say: *We have all this data, so we're going to hire scientists and crunch through it and we'll figure out what it means*, as opposed to saying: *What is it we're trying to do every day? And how does data inform us and allow us to do it better?*

IRI: You guys have the benefit of working across every industry. Are there some industries that you think are doing this better in the area of collaboration? Are there others where you think that there's a lot more opportunity?

SH: I will go back to retail. Travel, I think is another great example. It's the industries that are most competitive. If you remember, in the '90s, we all started to get an Amex card with loyalty points and started to track our frequent flyer miles. That was the start of a decade of collaboration. And that collaboration in the '90s was around a currency that mattered to us as consumers. Collect points, exchange for travel. Then, eventually, they became shopping miles that we could exchange for goods. And that forced us to link together all these different travel partners. Very quickly it became the One World Consortium and the Star Alliance.

We're seeing the same thing happen again. It is the same movie script.

It will have the same ending, but instead of talking about loyalty points, we're talking about data and **HOW YOU USE DATA TO CREATE A BETTER CUSTOMER EXPERIENCE.**

In really competitive industries, where every single little advantage can be the difference between a successful year and an unsuccessful year, they've been more eager to innovate. We're seeing it in retail. Target is doing some amazing stuff with its packaged goods manufacturers to collaborate around data. We've worked with Carrefour in France for several years now, and it's doing some unbelievable stuff. Importantly, it's not about them just driving better P&L outcomes. They both start with: *How is this going to improve the customer experience?*





CONSUMER FIRST

IRI: How are you thinking about the future of identity and what it means for our industry?

SH: I am so excited about where this is going. And I'm not just excited as a business person who thinks about this at work all of the time, but quite frankly,

MORE EXCITED ABOUT WHAT THIS MEANS FOR ME AS A CONSUMER and what this means for my kids as they grow up and the amount of power and visibility that they'll have.

More specifically, I think we've been on a journey around data. Think back to pre-1970, I would say all of business was dumb. Marketing was the equivalent of standing at the street corner with the mattress sign. Stop here! Buy now! And it was like screaming at consumers to look at me, pay attention to me, care about me, and come into my store and buy. Over the last couple decades, we've shifted from the era of dumb business to smart business. Businesses are so much more sophisticated. They're collecting permission-based CRM data. They're mining that for insights. They're reaching back out

to their most loyal customers with targeted offers. They're upselling them; they're increasing the lifetime value of their customers. That's exciting. But what is more exciting is where we're going. And that is transitioning from the era of what I would say is smart business today to the smart, empowered consumer of tomorrow.

Instead of the business knowing about you and constantly giving you the next great upsell offer, **YOU ALSO ARE EMPOWERED TO KNOW ABOUT THE BRANDS YOU LOVE** and tell them things.

A few years ago, when I was the CEO of Acxiom, we launched this website called "About the Data." It was a place where consumers could go and see all the data that data brokers had collected on them, and it demystified the process and made it a lot less scary. For those who didn't like it, they could opt out. But what was interesting is that the most popular feedback we got from visitors to the site in areas where they could give us their written feedback, they said: *Where can I tell you more about me, such that I can get better offers and have better relationships with the companies I love – Apple, Sony, Best Buy, and Nike? We're moving to this world where consumers control their data. They will control their permissions, and great companies will understand that. They'll have a conversation with consumers and say: Hey, if you give me permission, I'll give you access to free songs. I'll give you access to this content behind the firewall. I'll give you 10% off the next time you come into the store.*

It becomes an explicit value exchange. And as soon as you make it explicit, companies start to innovate on their value propositions and consumers start to get smarter about what companies they want to work with and why. It shouldn't be opaque; it shouldn't be behind the curtain. Apple and Google should not be the intermediary between every consumer and every business on the planet.

As a consumer, **I WANT TO TALK DIRECTLY TO THE BRANDS I LOVE**, and that's where we're moving in the world.

I think it is such a great fit.

IRI: What do you think the end game looks like? Whether it's three years out or 10 years out, what should be the North Star that a marketer looks toward in terms of how privacy and how consumer data end up getting shared in the future?

SH: Well, I think it starts with one simple thing, which is the starting point needs to be that

consumers need **CONTROL AND VISIBILITY** around their data.

I think when data is the North Star, then companies start to behave differently and in a really noble way that benefits consumers. We're seeing this with content publishers already. For a long time, historically, the big content digital publishers have relied on this concept called a third-party cookie to deliver personalized ads to consumers. More recently, that third-party cookie has come under attack, both from a regulation perspective and even before that, Google, for instance, announced it's just going to discontinue that technology. As a result, these big publishers have been forced to ask, instead of relying on someone else to get permission. When a consumer visits their website, they have to say: *We're going to give you access to content, but you're going to see advertising. Is that OK? Yes or no?* Someone clicks yes, and they can deliver more personalized content. What's really interesting is there are entire categories that are commoditized. For example, there is nothing more commoditized than weather. You can get it anywhere. There are multiple sources. Why do you need a specialized weather company? Why would you ever give them your email address and authenticate with them and give them permission? Well, here's why. Because all of a sudden the weather company starts to innovate and, instead of just giving you the daily forecast, pushes it to you at 6:00 a.m. when you wake up every morning and gives you the allergy forecast. I live on the West Coast, so I want to see the air pollution index because we've got all of these forest fires every day. And now, all of a sudden, what has been an incredible commodity becomes something incredibly useful for me, for which I am absolutely going to give them permission to get that valuable, personalized content that was designed for me. Would that innovation ever have happened if those companies weren't taking a consumer-first approach? I don't think it would have.

So the end game is that **BUSINESSES ARE GOING TO HAVE MUCH BETTER RELATIONSHIPS WITH THEIR CONSUMERS**, and consumers are going to be able to extract far more value, far greater utility from the businesses with which they choose to align.

IRI: Looking three months from now, six months from now, and understanding how many people have actually opted in to their state's COVID-19 contact-tracing apps is going to be a really good signal of whether consumers are truly appreciating the value that data collection provides.

SH: COVID-19 is one thing, and that might be a little bit more personal. But, if you look at some of the big publishers, the data is now starting to emerge, and there are quite a few publishers that have well over a 90% consent rate. The reason being is if you want to use their services and extract the real value of the offering, that's a trade you'll make all day long. I'm super optimistic. The net-net is that it's going to squeeze the bad players out of the industry and what's going to remain are companies that are doing right by their customers.



IRI: How are you helping companies bring more data in-house, whether it's their own first-party data or giving them access to third-party data as though it were their own first-party data?

SH: The right place to start is always around what information, if you knew it, would cause you to deliver a better outcome to your consumer. That's where we'll always start. Then, once you have that kind of wish list, it's a matter of asking where that information lives. And I would say the vast majority of the time, it already lives within a company. Let's take an example, like Walt Disney. Disney has all of these different businesses, each of which is comprised of multiple silos. And at each one of those silos, at each one of those businesses, they're collecting data. But if they're like most companies in the world, they probably haven't been real sophisticated about bringing that all together. I heard someone at Disney talk about this years ago, and they said the problem at Disney is that

SOMEONE ALWAYS OWNS THE MOMENT, but no one owns the customer

– meaning the end-to-end journey of connecting all those moments together. It all sits there; they just have to connect it internally. Oftentimes, that information isn't available internally, so then you take the wish list and ask: *Where can we find this kind of information?* Because we work with so many clients, it's really easy for us to aggregate their wish list. Everybody wants IRI data – they just do. So, what do we do? We reach out to you and say how do we make this easier to get it into their hands? Can we do a turnkey integration with you so that they can ingest it without necessarily all the operational complexity of the past? I have a pretty simple view: If you listen to your customers, they'll tell you what to do, and then we just do it. So they're telling us this is the data that matters to us, and here's why. We're trying to go make those connections and bring that data to them safely.



IRI: What do you think are some of the tools, the technologies, the processes, the changes that marketers will find critical going forward? And what does success look like in 2021?

SH: For most companies, the answer is pretty simple.

The word I would use is **WE ARE ENTERING THE AGE OF COLLABORATION.**

We've talked about collaboration around data, but it's also collaboration and technology. It's collaboration and marketing. There is just so much value that can be unlocked as soon as you realize you don't have to do it all yourself.

I don't need to be the world's best at data collection, at building a product, at interpreting my customers' wishes, at deploying my own cloud, whatever it is. Customers need to think about how do I find the right partners? But then also, how do I future-proof it, meaning how do I find things that are persistent? In the data world, we talk about persistency all the time – that it will be enduring, and I don't need to redesign it for this experience versus that experience. The concept of persistency, the concept of interoperability.

From a marketing perspective, making sure that your partners are working through APIs. That you have flexibility, meaning that if you change your mind in six months and want to swap out this decision for another one, you can do that. And thus, it's future-proof. In designing this future, companies should be willing to outsource or partner for almost everything except control. That control is the one piece that they need to maintain. And it's so important that they build configurability into their systems, into their architecture, into their processes, such that they can change their mind, make decisions, and they're never trapped at the mercy of a monolithic partner. But, as we move to that, boy, the future is glorious.

I was having this conversation with my kids, and I'm going to go way afield here. One of my kids was asked for a college essay about what moment in time, if you could you go back, would you want to be part of? My daughter talked about how she would love to be there for the Apollo 11 moon launch because it was a time of such incredible optimism in the world. And it was no single person who achieved that, but rather it was an army of people working together. Her takeaway and what I would leave everyone with – not just in business, but in America – is that when you work together, anything is possible. And that should give us all such amazing optimism because amazing people – when they come together – achieve amazing things. 📍



Let's continue the conversation. We invite C-Suite leaders to share their perspectives on the changing CPG retail demand curve in an upcoming episode of Growth Insights. Please contact your IRI representative or [email us](#).

About IRI

IRI is a leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care, retailers and media companies to grow. With the largest repository of purchase, media, social, causal and loyalty data, all integrated on an on-demand cloud-based technology platform, IRI guides over 5,000 clients globally in their quests to remain relentlessly relevant, capture market share, connect with consumers and deliver growth. IRIworldwide.com

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