

What's Possible for Targeting Based on Offline Purchase Data?

New developments for the CPG industry

INTERVIEW | **MARCH 2018**

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An interview with:

Nishat Mehta

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In-store purchase data is one of the last missing pieces of the digital puzzle for consumer packaged goods (CPG) brands. Nishat Mehta, president of IRI's Media Center of Excellence—the market research company's team that develops new targeting and measurement products for CPG, retail and media companies—spoke with eMarketer's Yory Wurmser about the rise of targeting based on in-store purchases and what's currently attainable for CPG marketers.

eMarketer:

Have you seen an increased interest in O2O [online-to-offline] solutions over the past year or so?

Nishat Mehta:

We have. The biggest challenge we face is educating the market that purchase-based solutions actually exist. For a hundred years, CPGs have been used to doing advertising on proxies and not on actual offline behavior.

We're seeing huge interest because the performance is significantly better. Purchase-based targeting is maybe twice as expensive, but has roughly four to five times the ROAS [return on ad spend] of targeting based on context or demographics.

eMarketer:

What's an example of a purchase-based targeting product?

Nishat Mehta:

We recently released "purchase cycle audiences." The general idea is that if you're a buyer of Tide laundry detergent in your household, your cycle is, for instance, 12 weeks. Once we understand that you've purchased the product, we remove you from the audience for the next nine weeks. And once you're through 75% of your purchase cycle, starting in week 10, we add you back into the audience for the next five weeks.



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At the end of 15 weeks, if you haven't purchased, we make an assumption that you're a lapsed buyer, at which point, starting again in week 21, which will be your next purchase cycle, we can add you back into the audience with different creative. It's likely to be focused on a win-back rather than on a purchase to a loyal household.

eMarketer:

How quickly do the marketers themselves get data that shows whether their ads actually drove a purchase?

Nishat Mehta:

We deliver measurement results starting in week five of a 12-week campaign, and then every week until the end of the campaign. Four weeks after the end of the campaign, we deliver a [full-campaign] assessment.

eMarketer:

Is it difficult to optimize advertising based on offline purchases before four or five weeks?

Nishat Mehta:

Yes. We get the data weekly, so we have the data in the first week, but realistically, you need two weeks for there to be enough impressions in market. Because the purchase takes place offline, you then need at least a week, maybe two, for the behavior to occur. I don't purchase groceries every single day. I go to the grocery store once a week, so even if I saw an ad on Tuesday, you might have to wait until the following Saturday until I actually purchase in that category. And then it takes a week or so for the data to flow through back to IRI and get reconciled. That's the reason for the five-week period.

eMarketer:

Are you exploring any ways of getting the data in real time from point-of-sale systems?

Nishat Mehta:

We've moved to a daily data feed with a few of our retailers, but not more frequent than that. About 30% of our data set is daily. The other 70% is weekly. A goal of ours is certainly to move everybody over to daily.

I don't know if we'll move faster than that, only because the use case becomes less critical. If we update an audience, for instance, we'll first push it to [an identity graph like] LiveRamp, which then pushes it to the endpoint. That whole process can sometimes take anywhere from five to 10 business days.



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eMarketer:

How are you getting around the challenge of optimization if you have a time lag of several weeks?

Nishat Mehta:

We're starting to look for things like online engagement with the ad that can actually be a proxy for a future purchase. And even if they're 60% correlated with a future purchase, if the proxy metric is available to us within minutes of the impression being served, maybe that's good enough for us to make some optimization decisions. We're trying a whole host of ideas here that might result in better proxies, especially for long purchase cycle products.

eMarketer:

How do you think all of the recent privacy concerns affect O2O?

Nishat Mehta:

Empathy matters. All too often in ad tech, we forget that the end goal isn't the next campaign, or the number of impressions we sold, but building the brand or actually driving sales. If we get this wrong and use data poorly, the consumer will ultimately force us to shut down [any abuse of data] through whatever mechanisms exist, either with ad blockers or through regulation.

It might be a winding path to get there, but 10 years from now, the advertising industry is going to be what the consumer asked it to be, and that's a good thing.

Interview conducted on March 30, 2018