Feed In-flight Optimization with Sales Metrics for an Increased Lift
Executive Summary: Use Offline Sales Information to Drive Optimization Weekly

Today’s CPG brand and retail marketers are working in a crazy and hypercompetitive market. They must be spot-on with every element of their ad campaigns (message, creative, media, offer, targeting and more), or they risk annoying or losing shoppers and wasting budgets. Further, with digital campaigns consuming an increasing percentage of the ad budget, marketers must be able to continuously improve their return on ad spend (ROAS), and have the metrics to prove it, or they may risk losing their jobs.

One important and often overlooked capability in the CPG and retailer marketer’s arsenal today is in-flight optimization (IFO): the ability to adjust campaign elements while the campaign is in the field. When marketers can understand which specific campaign elements are performing well and not so well, they can make necessary adjustments, maximizing their impact. Typically it’s been challenging for retailers and brands to measure quickly, but with the breadth of offline data - sales data from loyalty cards - and the ability to make the connection between exposure and purchase, we now have the ability to determine the elements of an ad that influenced purchase, or quick attribution reads.

Prior to IFO, a campaign would be underway for approximately 12 weeks before marketers could receive performance data. By this point, significant media waste would have occurred if certain campaign elements weren’t performing well. With IFO, marketers can now get campaign reads in as little as two weeks and weekly thereafter, allowing them to course-correct the campaign, preserving precious budget and even shoppers.

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Purchase Data Key to Effective Targeting

A big gap when measuring performance of digital marketing campaigns for CPG marketers today is finding reliable offline in-store purchase data. Going straight to the source isn’t the answer either. When asked about what type of product they purchased, (e.g. organic vs. non-organic) consumers get it wrong as much as 40 percent of the time. When asked to identify a brand, the numbers are worse – consumers are incorrect two-thirds of the time.

The better solution is passively-collected deterministic data: actual purchase data. Advanced CPG marketers know that offline purchase data collected via a loyalty card is one of the keys to effectively targeting and resonating with high-value customers. Purchase data also provides critical insights that allow CPG marketers to overcome the three challenges of personalization.

Understanding the right level of personalization:
Focusing on a core consumer segment – but not going too narrow – is the best way to take advantage of personalization for CPG brands.

Finding the right point in the purchase cycle:
Granular purchase data refreshed frequently provides the ability to know when a consumer is about to be in market.

Nailing the context:
It’s not enough to know what a consumer prefers to buy; you must deliver advertising in the right context. Context is the hardest thing to capture with purchase data alone. It’s now possible to target a shopper who purchases Fruit by the Foot for her kids, but an ad won’t resonate if she sees the ad while she’s at the gym or not in a shopping mindset.

Filling the Gap with Pinpoint Timing

Offline data is the key to effective in-flight optimization for CPG brands since the majority of these sales are still in store. IRI has the unique ability to supply offline transaction data from the loyalty cards of some of the country’s leading retailers. IRI has amassed the industry’s largest loyalty card data set: 350 million loyalty cards across more than 107 million unique households; that equates to 85 percent of all the U.S. households. Coverage includes key brick-and-mortar channels such as grocery, drug, club and convenience.

This dataset is critical to optimizing all tactics of a campaign, since it allows for the creation of 100 percent deterministic audiences and therefore the connection of in-store behavior to consumer segments. Here, we focus on optimizing the right target audience and the right timing.

IRI has introduced a new solution that increases in-flight optimization for brands that are advertised online but sold offline.

IRI Campaign Conversion Feed (CCF) leverages 100 percent deterministic IRI Verified Audiences and an advertiser’s programmatic partner to help CPG brand marketers optimize campaign tactics by linking weekly purchases to ad exposures. In an ideal CCF scenario, demand-side platforms (DSPs) and agencies work together to optimize the campaign against offline sales conversion instead of awareness metrics. Each week the process finds new households that match the profile of people who were exposed and converted.

These type of analytics support a 360-degree view of consumer behavior, increasing personalization power and an understanding of how the platforms are driving engagement offline. With these insights, campaign teams can make performance-boosting decisions not possible with traditional CPG marketing campaign tactics.
Campaign Conversion Feed Process

The IRI process flow that allows for in-flight optimization assesses media performance by linking ad exposure to offline sales at the household level through use of IRI’s Verified Audiences data set from loyalty cards. This data is used to feed a weekly consumer conversion file for a campaign to the DSP where it can be broken out by tactic, which the media agency can then optimize against.

An initial set of purchase-based audiences are delivered to the DSP before the campaign starts. This provides the basis for targeting the start of the campaign through the first few weeks. Each week, starting on week two, a file of last week’s buyers is delivered to the DSP, where it is then merged against the exposure log files to create conversion metrics by tactic. The DSP and agency then work together to optimize the campaign against offline sales conversion instead of awareness metrics. By understanding which tactics are producing the highest conversion rates, the media spend can be reallocated to the better-performing tactics in-flight and improve results. By doing this repeatedly, week after week throughout the campaign, the agency has the ability to continuously monitor and optimize against offline sales, the ultimate performance metric that matters to the advertiser.

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Campaign Conversion Feed Optimizes Tactics by Linking Weekly Purchases to Ad Exposures

Pre-Campaign

Week 1

Week 2

Etc...

Buy Rate Messaging / Low Frequency

Penetration Messaging / High Frequency

Buyers of Brand X in the past 52 weeks

Buyers of Brand X in the past week

Buyers of Brand X in the past week
Advantages of the CCF Approach

Sophisticated targeting techniques can help brands reach and convert potential buyers more effectively. CCF offers the data insights CPG marketers need to execute advanced targeting during a campaign.

Some of the key advantages of CCF include:

- Ability to optimize a digital campaign in near-real-time, faster than ever before
- Proven performance improvements in sales lift, ROAS, and other campaign metrics
- Unique reach and steady conversion rate increases
- An appeal to both new and existing buyers
- Quick insights and adjustments from audience testing for current and future campaigns
- Avoidance of non-relevant (wasteful, annoying) consumer advertising

Among these advantages, continually reaching new households throughout a campaign is extremely important and often underestimated in its value. Campaigns improve in overall performance as new households are reached (see Exhibit 1).

Reaching new households means that the advertisements are not churning through the same target households week after week. A continuous feed of converters that informs the media tactics, and ultimately the targeted universe, will help the DSP identify new target households that are similar to the converting households. This replenishes the targeted pool on a weekly basis and allows the DSP to continue to reach new households and not waste media dollars on households that have already been exposed to ads a sufficient number of times. For products with a long purchase cycle, this approach even allows the DSP to suppress any recent buyers of a product so they do not continue to target them after they have made a purchase.

Bottom line, optimizing sales with CCF is a robust strategy that allows marketers to maximize unique reach and control for purchase cycles.

EXHIBIT 1
Cumulative Household Reach by Campaign Week – Among Exposed HHs

![Cumulative Household Reach by Campaign Week](chart.png)

IRI Multi-outlet Retailer Loyalty Card Panel | 11/8/2017 - 1/31/2018
A well-known consumer brand and innovative retailer wanted to initiate a digital campaign focused on driving sales. They were eager to understand the specific buyer segments that performed best for the retailer.

The campaign integrated CCF capabilities, not only for reallocating impressions during the campaign but also for adjusting their buyer targets weekly. The impressions – creative, publisher and placement – were optimized so that the campaign drove more sales overall. Strategizing and executing the campaign required close collaboration among three main entities: the ad agency, the DSP and IRI (experts and frequent shopper program data).

The results were immediate and dramatic:

- The two-month campaign drove a 23 percent increase in sales lift; 4x the average lift of 200 previous CPG food and beverage digital campaigns.
- The 100 percent deterministic-verified audiences drove sales lift of 18.7 percent compared with the control group, versus a 10 percent lift with contextual or demographic targeting techniques.
- The verified audience also achieved a 17 percent increase in penetration and a 5.3 percent boost in occasions.
- The CCF campaign segment outperformed non-CCF, with a 27 percent versus 19 percent sales lift, respectively. The strong sales lift was driven primarily by increased penetration.

Also, the campaign delivered impressions evenly throughout its two-month lifespan, with a steady increase in unique reach. As demonstrated, campaigns perform best when they continue to reach new households, with a rate of more than 10 percent per week as optimal.

4x the average lift
Compared against 200 previous CPG food and beverage digital campaigns.
Conclusion

CPG brands and retail marketers today face a daunting, complex and hypercompetitive consumer marketplace. Today’s consumer has little patience for irrelevant or poorly-timed advertising. Every element of a campaign – message, creative, media, offer, targeting – must be spot-on. Relevancy and timing must also be right. Without all these factors falling into place, consumer interest will drop off, and ROAS will plummet, too.

This vital need for optimized timing and relevancy in advertising execution makes course correction during a campaign essential to success. Campaign Conversion Feed is a capability that many CPG marketers often overlook, yet the advantages are tremendous for those that tap into this approach and maximize its potential. With real-time and actionable insights gathered from a proven CCF methodology that fills the typical offline purchase gap, marketers can increase their ROAS – with the metrics to prove it.
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