SCALABLE PERSONALIZATION

OPTIMIZATION AND MEASUREMENT STRATEGIES FOR CPG CAMPAIGNS

MiQ BETTER CONNECTED MARKETING

CONTENTS

Over the course of the last two e-books, we discussed strategies that CPG marketers can use to identify and target the right audiences in order to drive higher sales. In this third edition, we'll look at some of the most important considerations CPG marketers need to keep in mind when looking to deliver personalization at scale, delivering the right message, on the right channel, in the right place, at the right time.

Even the most data-savvy campaign planning tools and pre-flight consultations can only provide a probabilistic view on how a campaign may fare as it goes live, and many of these predictions are based on the assumption that external factors affecting the campaign will remain consistent throughout the course of the campaign. But even slight changes in external factors pertaining to campaigns or consumer behaviors may have a drastic impact on these probabilistic models. Which is why constant monitoring and optimizations are essential parts of a successful campaign lifecycle.

Another common dilemma faced by CPG marketers is how to define success for a campaign. While most CPG marketers are clear on the business objectives desired from a campaign, they find it difficult to map these actual business goals to campaign metrics and often end up relying on associations and correlations rather than something more statistically significant. For marketers to be able to get the most out of the campaign, they need to think outside the box and have specific/custom measurement strategies in place across the different stages of the purchase funnel to boost performance and achieve set objectives.

By merging this intelligence with past campaign results and unique transactional datasets we came up with a list of possible optimization strategies that marketers could consider to offer personalization at scale.

A NOTE ON OUR METHODOLOGY

Using a mix of data from digital devices such as PCs and laptops, as well as viewing data from connected TVs and location data from mobile devices, we identified patterns in user activities over the course of the last year pertaining to CPG purchases and research. We further connected the online and offline purchase journey of consumers through our always-on location based services to map the purchase journey across the platforms. By merging this intelligence with past campaign results and unique transactional datasets we came up with a list of targeting capabilities that marketers could consider to reach the right audiences.

Framing the right message - Creative personalizations

While delivery based optimizations are more common, the media type and creative assets associated with a campaign play an equally significant role in determining the eventual performance of a campaign. With a plethora of channels available, it is imperative for marketers to pick the creative format most likely to have the highest impact on the right platforms. The emergence of interactive media formats like shoppale creatives and dynamic formats across CTV and OOH screens provide marketers a considerable amount of choices.
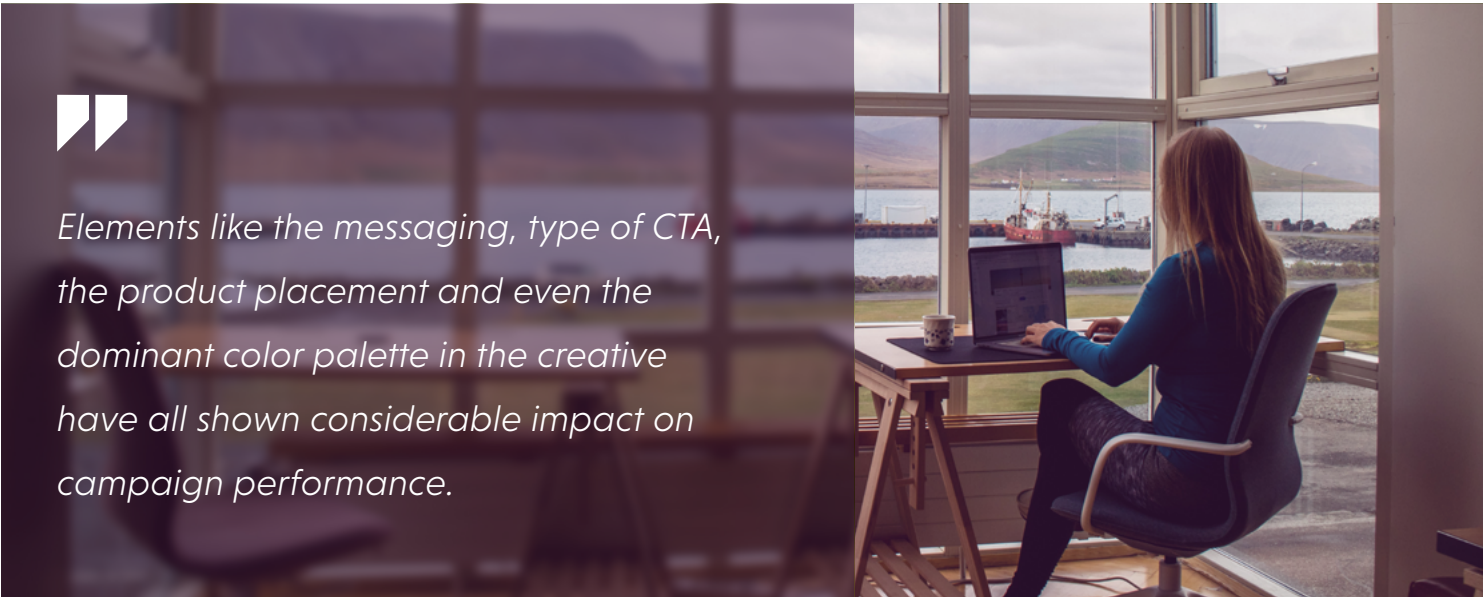
But creative personalizations aren't just limited to the selection of the right format for a particular platform. The different elements within the creative play a considerable role in garnering user attention too. Elements like the messaging, type of CTA, the product placement and even the dominant color palette in the creative have all shown considerable impact on campaign performance in the past.

Data-driven consultations based on the historic performance of CPG creative features can play a crucial role in marketers selecting the right high impact creatives. These pre-flight consultations can provide insights into the type of messaging and other visual elements that can guide marketers to almost the perfect data-driven creative.

While experimenting with over 700 creative variations across 30 advertisers across the auto vertical, we observed creatives that included product placements drove a conversion rate 1.2x higher than ones without. Similarly, creatives with pricing details indicated a 1.6x lift in CTR. While these learnings may vary by verticals or even by campaigns, the process to draw intelligence remains the same and can be transferred and optimized to different use cases.

Elements like the messaging, type of CTA, the product placement and even the dominant color palette in the creative have all shown considerable impact on campaign performance.

CREATIVE PERSONALIZATION - TEMPLATE THAT MARKETERS MUST KEEP IN MIND

CREATIVE TEMPLATING

TITLE

MACRO FACTOR EXAMPLE
SPORTS SYNC

MESSAGE

MACRO FACTOR EXAMPLE
SPORTS SYNC

MACRO FACTOR EXAMPLE
SPORTS SYNC

IMAGE

CTA

MACRO FACTOR EXAMPLE
SPORTS SYNC
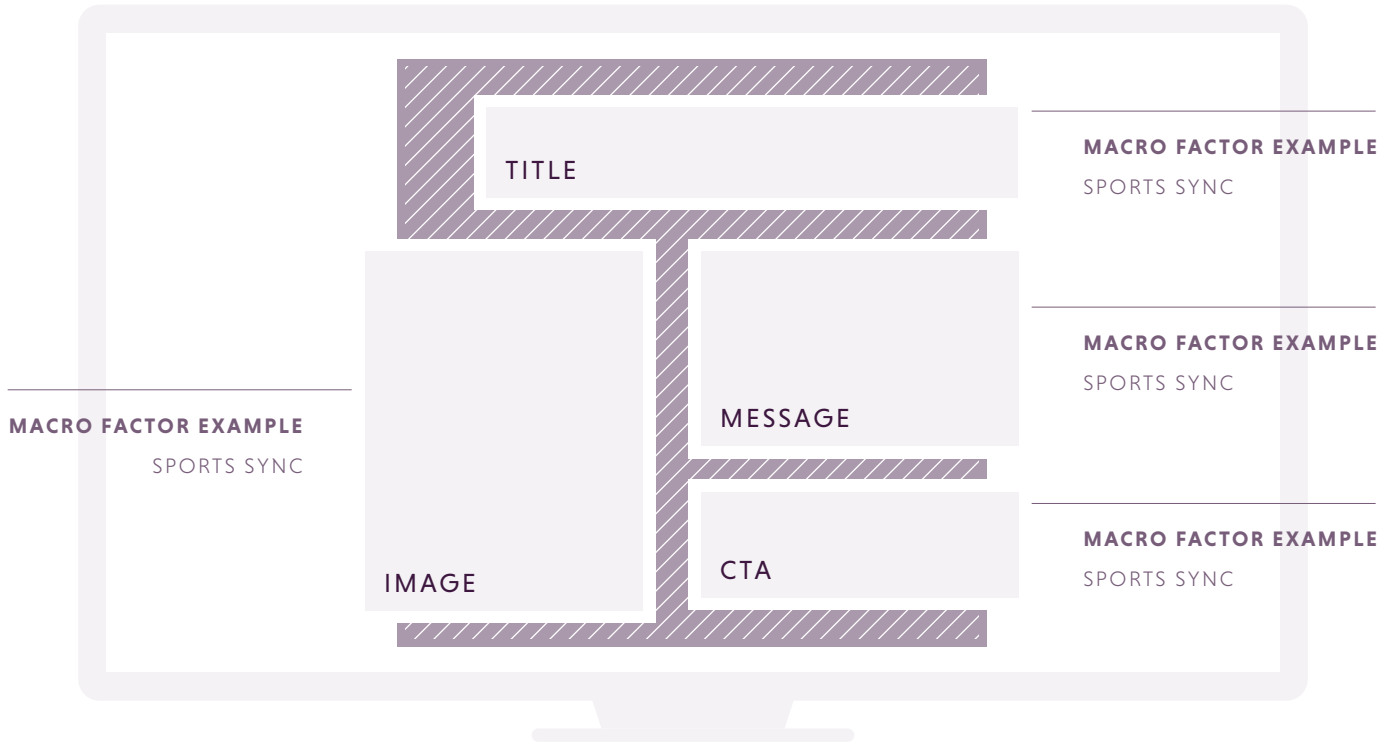
Creative personalization isn't just restricted to pre-flight optimization. Dynamic creative optimization (DCO) is an excellent way of enhancing the relevance of creative messaging during the course of the campaign. Identifying the purchase propensity for certain products within certain audience segments or drawing on contextual relevance (eg reaching fitness audiences on health and fitness domains with a creative variant of a cereal that highlights the nutritional attributes in the messaging) can be a good way of optimizing creatives in real-time. Similarly, DCO algorithms can be based on product specific retargeting among cart abandoners by using the general browsing interest of the consumer.

Combining domain expertise with appropriate data intelligence can help CPG marketers personalize their campaigns and boost the chances of driving actions (boosting familiarity/ consideration and even usage).

TIPS FOR MARKETERS

Creative personalization offers marketers the ability to reach the audience with the right message and in an era of personalization this could make a considerable difference in acquiring user attention. Data-driven creative consultations can help marketers understand how different elements in a creative impact the likelihood of certain target groups to respond to the ad impression across different channels, thereby helping them make more informed decisions around creative design.

Optimizing reach across the right channels - Dynamic channel optimization

Programmatic traders when setting up campaigns are, in most cases, reliant on briefs from advertisers/media planners with some suggesting optimizations based on their expertise around similar campaigns. This does induce an element of human bias/intelligence when looking to identify the feature sets that a campaign can be built upon.

The more data savvy organizations offer brands the opportunity to use data intelligence signals like proposed reach across different domains, expected performance, temporal trends, cross screen reach, optimal frequencies and even historical sales trends at different aggregation levels to inform the initial parameters.

While campaign settings based on pre-flight optimizations can offer a great start, mid-campaign optimizations are essential to eliminate the initial data bias and optimize campaigns towards specific objectives. Performance monitoring using delivery and opportunity level data can be used to suggest the selection or blacklisting of a set of site domains from within the original set, or increasing or decreasing frequency caps.

While modeling the performance for a CPG branding campaign using CPC as our target metric (towards what we were looking to optimize), we saw that the contextual parameters of supply type and site domain displayed heavy correlation with the campaign performance. This meant that a mid-campaign optimization based on the site domains and supply types could result in a more targeted campaign and reduced CPC, keeping all other settings constant. Testing the learning from the model on two days of opportunity level data, we saw that if the CPM caps were kept constant, despite a 4% decline in delivery volume, we observed a 5.2% improvement in ROI.

Similarly, if reach was the goal, projections using expected CPM and CPA could be used to identify and rank opportunities across different contextual parameters. While testing the hypothesis for a major CPG campaign in the US, our model projected a 6% increase in reach and 1.3% lower CPA using the same campaign budget as an unoptimized line.

With the growing number of channels and connected devices, display is only one of the many ways in which CPG consumers can be influenced. Most marketers realize this and have extensive cross-channel marketing plans in place. Apart from achieving incremental reach, cross-channel learning can also be used to inform optimizations and media buying processes, helping in enhancing the ROAS across campaigns.

OVERLAP BETWEEN DIGITAL AND TV AUDIENCE

TV REPRESENTS THE HOUSEHOLDS THAT HAVE BEEN EXPOSED TO A TV COMMERCIAL FOR BRAND X, DIGITAL/ DISPLAY ARE HOUSEHOLDS WE REACHED THROUGH AN ONLINE AD FOR BRAND X AND THE INTERSECTION REPRESENTS PEOPLE WHO HAVE BEEN EXPOSED TO BOTH A DIGITAL AD FOR THE BRAND AND HAVE SEEN THEIR COMMERCIAL ON TV.

DISTINCT IP'S CAPTURED

Source: MiQ Advanced TV, March -May, 2021

TV (LINEAR + OTT)

DIGITAL DISPLAY
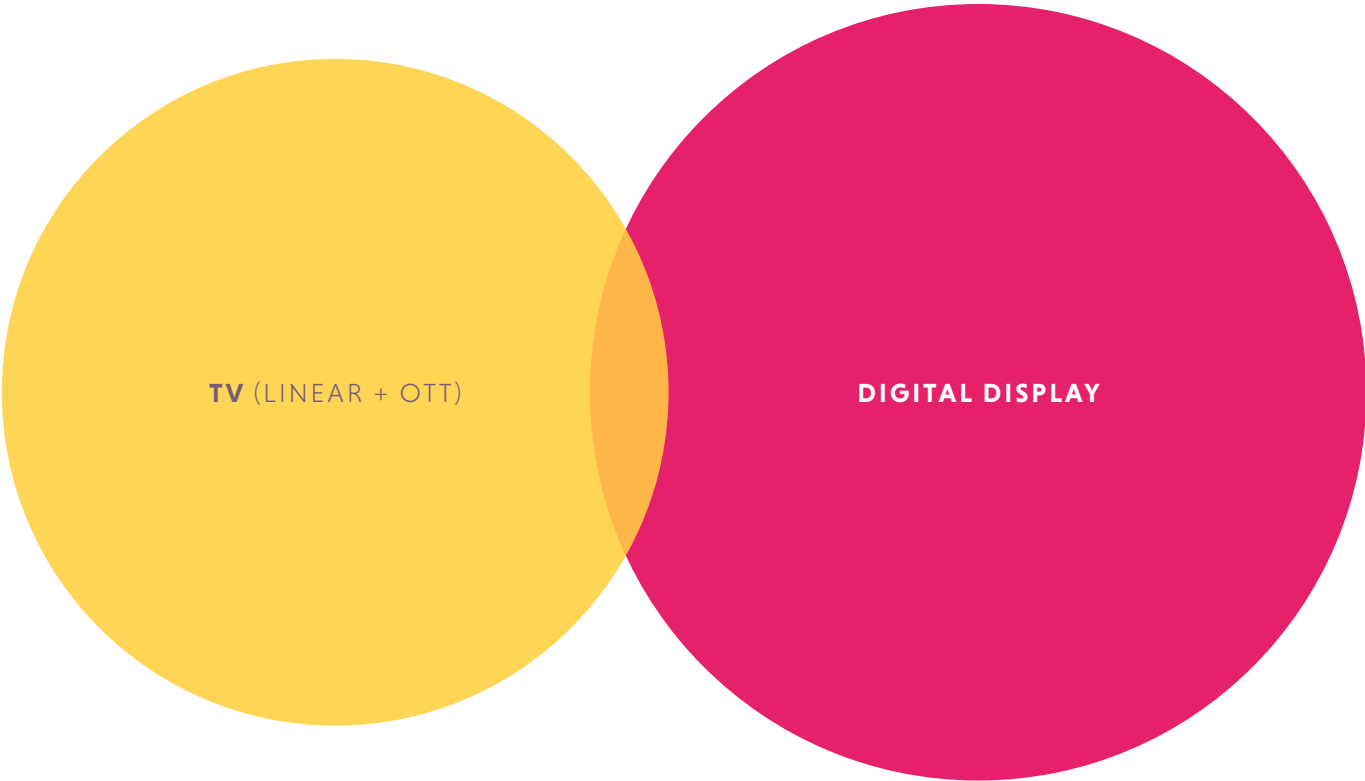
When analyzing the impact of cross-channel exposure for a popular CPG brand we saw that while there was only a 8% overlap between households that were reached through TV and those that were reached digitally, these consumers were almost three times as likely to react to the digital ad compared to the un-exposed audiences. When looking at the optimal frequency, those having been exposed to 5-15 TV commercials per month and 12-15 digital impressions a month were most likely to click on a digital ad for the brand.

CTR VARIATIONS BY TV AND DIGITAL EXPOSURE QUINTILES

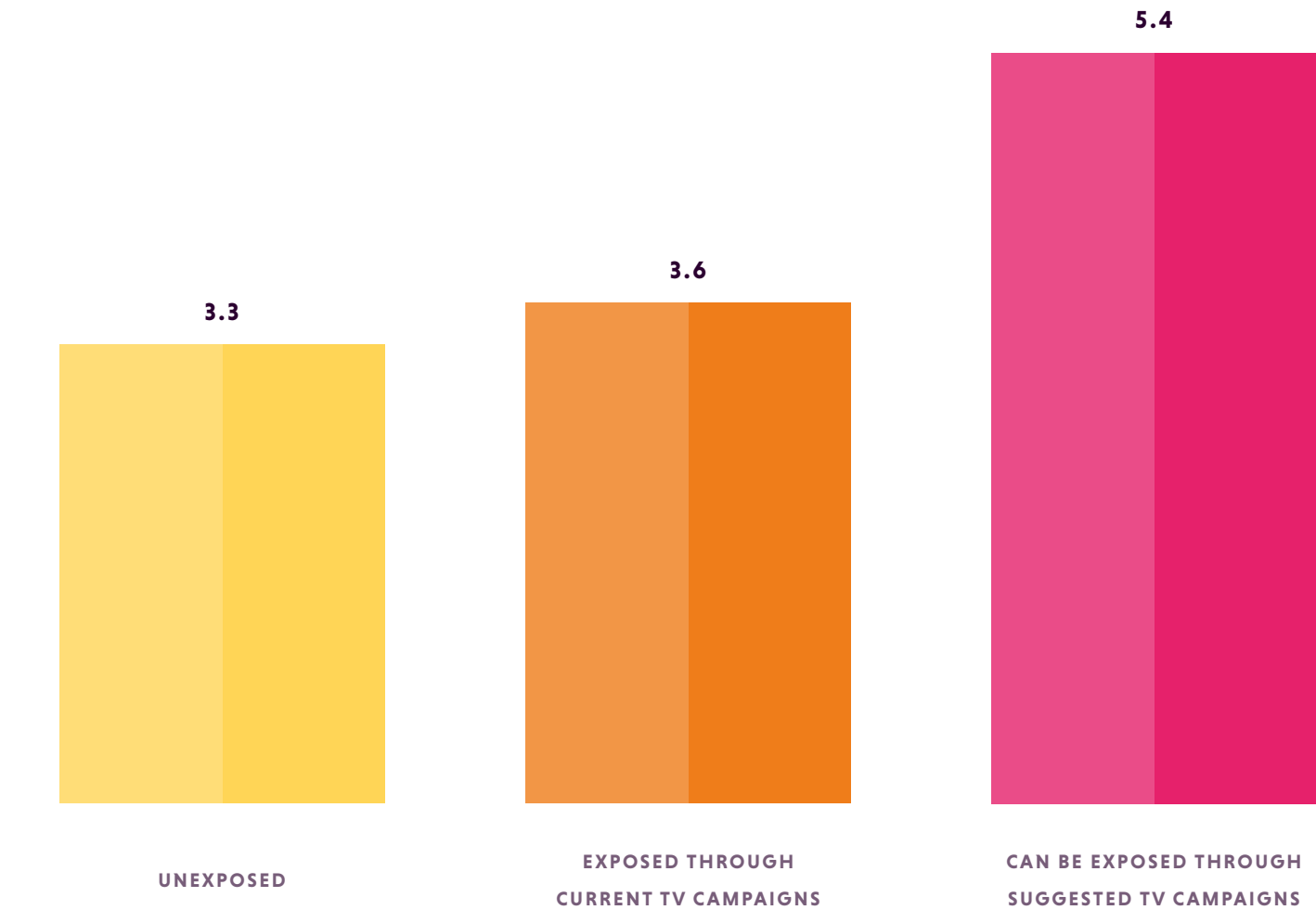| TV COMMERICAL EXPOSURE QUINTILE	DIGITAL EXPOSURE QUINTILE			
	1	2	3	4
QUINTILE 1	0.030%	0.021%	0.028%	0.023%
QUINTILE 2	0.027%	0.048%	0.058%	0.028%
QUINTILE 3	0.041%	0.037%	0.059%	0.014%
QUINTILE 4	0.026%	0.029%	0.046%	0.019%
QUINTILE 5	0.006%	0.012%	0.008%	0.011%

Source: MiQ Advanced TV, March -May 2021

AVERAGE ANNUAL PURCHASES FOR A POPULAR CPG BRAND, BY TV COMMERCIAL EXPOSURE

AVERAGE PURCHASES PER HOUSEHOLD (LAST 12 MONTHS)

Source: MiQ Advanced TV / CPG transactions dataset , April, 2020 -April 2021

3.3

3.6

5.4

UNEXPOSED

EXPOSED THROUGH CURRENT TV CAMPAIGNS

CAN BE EXPOSED THROUGH SUGGESTED TV CAMPAIGNS

Similarly, offline store purchases can be added to the mix when looking to optimize towards sales lift instead of a change in consideration or familiarity. In our example, while there wasn't any significant difference in terms of purchase patterns among the exposed and unexposed segments, we saw that the consumers buying products for the particular brand were extremely active across certain OTT apps and TV networks which weren't the brands original TV plans. Hence by bridging the gap between offline sales and TV commercials we could recommend changes in TV plans to reach the brand loyals for the brand, keeping those consumers informed about new product launches and offers to drive higher offline sales.

TIPS FOR MARKETERS

Consumer journeys now are more complex than ever before. Growing number of platforms and connected screens offer marketers the opportunity to dynamically switch between channels and employ strategies to boost reach and effectiveness of campaigns. Working with partners that have the experience in planning and activating omnichannel campaigns at scale can help brands make the most of these opportunities.

Connecting and optimizing actions based on offline learnings

Zip code clustering into different opportunity levels	**17**	Store priorities levels based on historic performance and inventory	**20**
Distance traveled to store for CPG supplies	**18**		

While ecommerce for CPG products did make considerable gains last year, two thirds of consumers surveyed in our recent study were likely to head offline to buy CPG products in the post-pandemic world. So, it's imperative for marketers to be able to tie offline CPG learnings to their online campaigns, not only for measurement but also for continuous mid-campaign optimizations. This is even more relevant for campaigns with performance-based goals like driving in-store sales.

Just as with online datasets, marketers can look to use data from a variety of different offline data sources (at different levels of granularity) to inform their online campaigns at the different stages of flight. Some data sources allow you to capture footfalls at a variety of different stores and other relevant POIs, (point of interest) that can help marketers get crucial intelligence around the cross visitation trends, competitor density, frequency of visits, campaign exposure levels among the in-store audiences, etc. all of which can be used to select stores with high potential opportunity and locations that may struggle.

During our research, we segmented over 10,000 relevant zip codes into opportunity levels based on historic brand and general CPG in-store sales across stores in the zipcode,

ZIP CODE CLUSTERING INTO DIFFERENT OPPORTUNITY LEVELS

▬ CLUSTER 1: LOW OPPORTUNITY ZIP CODES   ▬ CLUSTER 2: MID OPPORTUNITY ZIP CODES
▬ CLUSTER 3: HIGH OPPORTUNITY ZIP CODES

UNIQUE PURCHASES RECORDED OVER A MONTH

AVERAGE BASKET SIZE
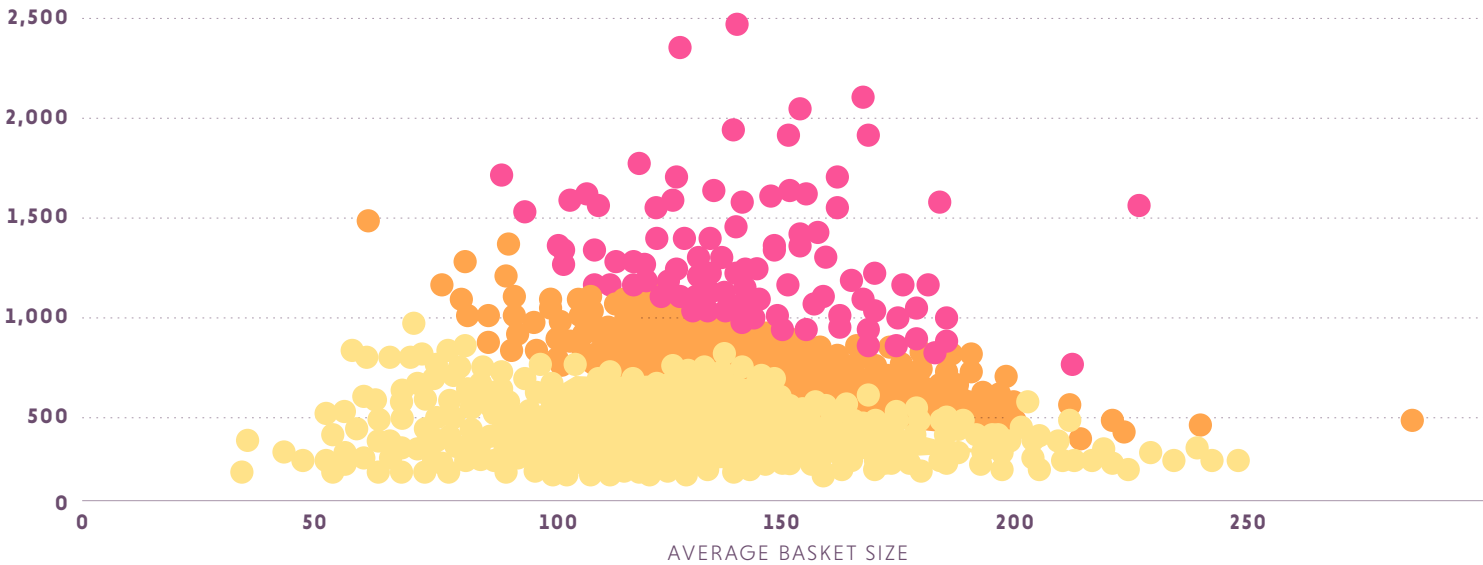
MiQ UNACAST integration, March -May 2021

average offline store footfalls, average in store dwell times, frequency of visits, average basket sizes, competitor density within the zip code along with average demographic lookups in zip codes.
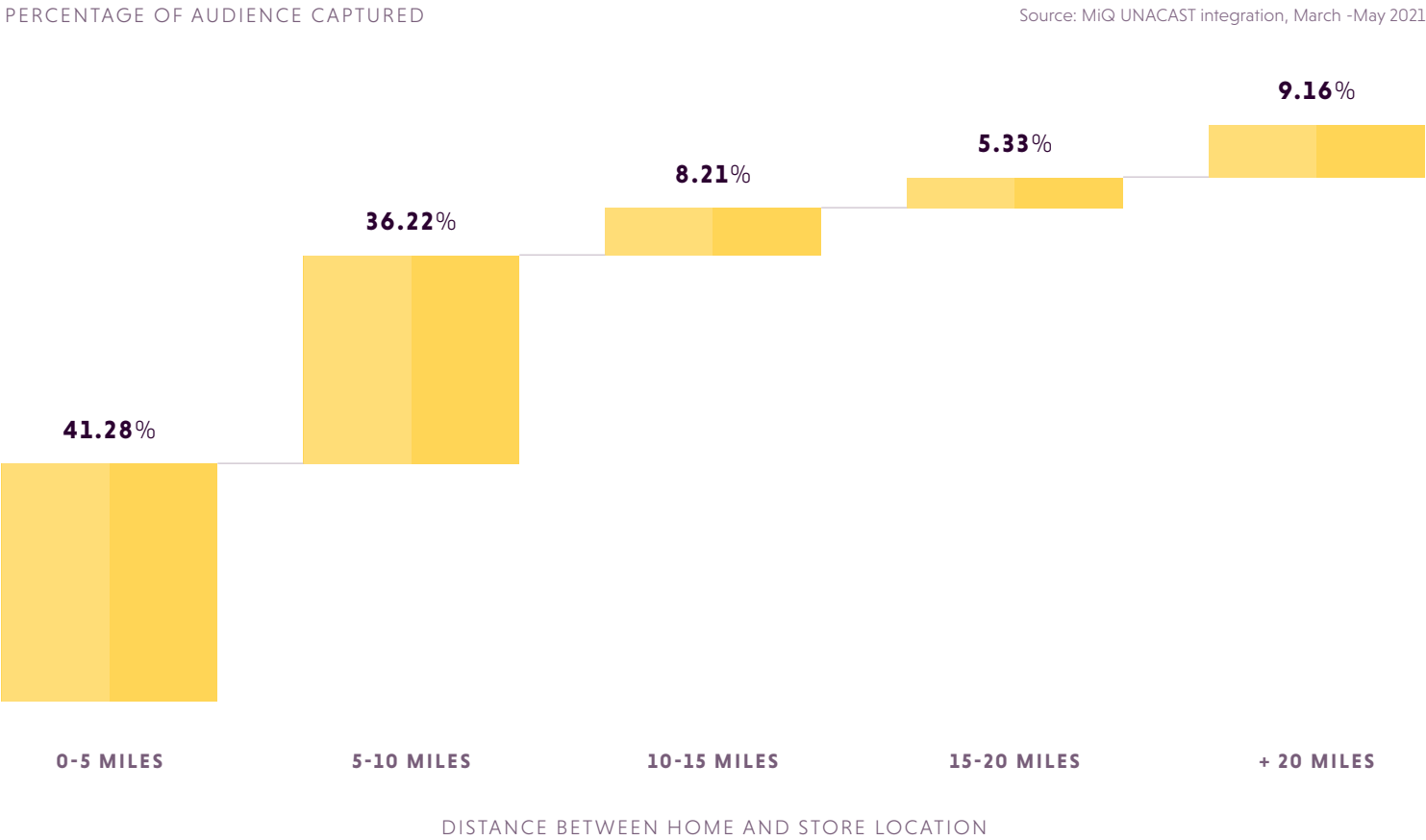
We saw that consumers within the top opportunity level (1100 of the 10,000 stores) had a higher and more regular spending tendency across CPG supplies in-store, and could be given higher

priority when setting up the digital campaigns. On the other hand, the stores falling under the lower opportunity level faced lower than average in-store footfall, high competition and a 38% lower median basket size per purchase compared to the stores in the high opportunity level.

Distance from stores was another key factor that impacted consumers' lifetime valuation. Geo-hashing stores

and identifying how far customers are likely to travel for CPG supplies may provide more granular insights around the consumers that lie within a certain radius of the store that can be driven to their nearest store locations. While analyzing the offline shopping behaviors across 200 big-box, club and local convenience stores over the first two weeks in June, we saw that about three quarters of consumers were likely to drive less than 10 miles for their shopping.

These are some ways in which campaign delivery can be optimized to reach audiences with direct response campaigns to enhance brand considerations while also driving higher in-store footfall.

But higher in store footfall, while a decent proxy, cannot be confused with higher brand sales. Granular sales attribution data sets that capture data around sales and inventory for brands at a store level can also be used to inform more pinpointed optimizations based on increase in sales as a consequence of the actual campaign.

Stores can be clustered into different priority sets based on the average inventory and lift in sales recorded during the course of the campaign and alternate strategies can be implemented across the different priority sets. We used a similar approach for a recent CPG campaign where we clustered the initial set of stores being targeted into three unique segments:

DISTANCE TRAVELLED TO STORE FOR CPG SUPPLIES

PERCENTAGE OF AUDIENCE CAPTURED

Source: MiQ UNACAST integration, March -May 2021

41.28%

36.22%

8.21%

5.33%

9.16%

0-5 MILES   **5-10 MILES**   **10-15 MILES**   **15-20 MILES**   **+ 20 MILES**

DISTANCE BETWEEN HOME AND STORE LOCATION

STARS

High priority locations where we saw high inventory and high sales. Campaign delivery was optimized around these locations to guide more audiences to the stores and boost sales.

LAGGARDS

Mid-priority locations where we saw high sales despite low inventory. Inventory optimizations were suggested across these store locations. With proper inventory management and digital exposure among consumers, these stores could be translated into 'Stars'.

LOST CAUSES

Low priority locations where the campaign had minimal impact in terms of driving sales. As an initial step, we reduced campaign spendings across these locations while we investigated what macro factors might be responsible for low sales in these stores.

STORE PRIORITIES LEVELS BASED HISTORIC PERFORMANCE AND INVENTORY

SPR - *STORE SPECIFIC SALES INDEX FOR THE PRODUCT UNDER CONSIDERATION*

SAI - *STORE LEVEL INVENTORY INDEX FOR THE PRODUCT UNDER CONSIDERATION*

STORE PRIORITY	ZIPS	STORES	FEATURED AVG SPR	FEATURED AVG SAI
1	456	458	4.99	150.7
2	457	458	3.15	94.9
3	453	457	1.56	55.1
CONTROL	122	124	3.36	99.2

Such optimizations make sure high consumer spending happens across stores (from the brand perspective), while also unearthing macro-level problems and gaps in supply and demand that might have been missed in the initial scoping stage.

TIPS FOR MARKETERS

Despite the recent spur in online shopping, in-store shopping for CPG products will continue to remain prominent among 7 in 10 consumers globally. This means that while audiences may be researching online, the final actions are likely to happen offline. Hence it is imperative for CPG marketers to leverage hyperlocal local learnings to optimize their online campaigns for maximum impact.
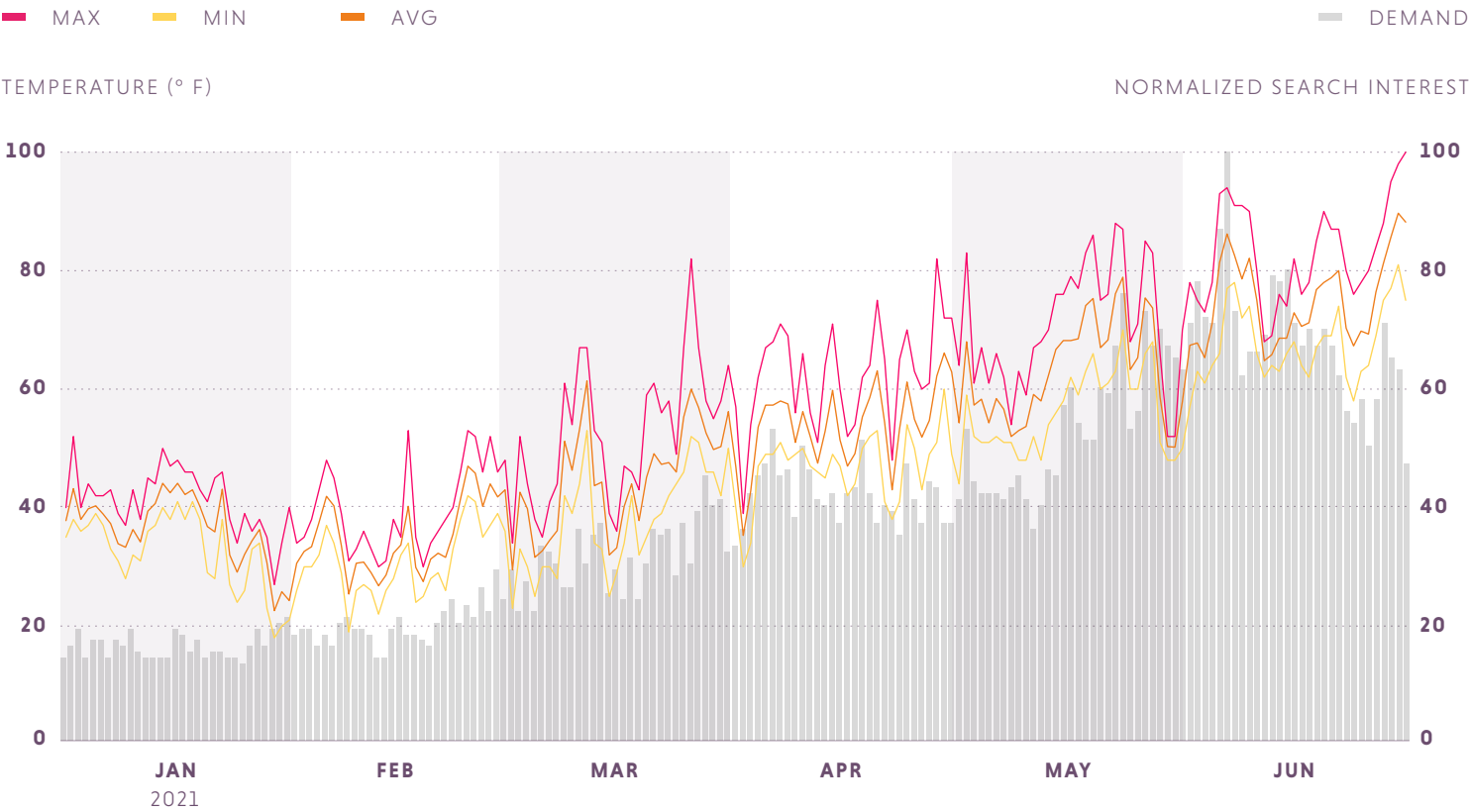
4

Staying on top of moments

The best of planning and optimizations strategies predict the probability of success based on the assumption that the external environment surrounding the campaign remains consistent. But if last year has taught us anything, it's that you always need to be ready to embrace changes. Macro influencers like social media positioning/sentiment, seasonal offers and discounts, and even events assosciated with weather or sporting events may impact the general familiarity and consideration around a brand.

For marketers and media planners, it's imperative to stay on top of these external influencers and advise optimizations to pivot around the challenges or opportunities that may appear over the course of the campaign. Setting up simple social listening rules using brand and competitor keywords can help brands monitor the general sentiment around competitor offerings while monitoring the offers and deals that are running in order to stay competitive and inform conquesting campaigns.

Monitoring traditional macro influencers like weather is especially useful for products with seasonal demand. These signals can not only help in adjusting campaign pacing but also to inform inventory demands across stores. The recent heat wave pushed the demand for sunscreen up by 200% month-over-month.

CORRELATION BETWEEN TEMPERATURE AND DEMAND FOR SUNSCREEN

- MAX   - MIN   - AVG   DEMAND

TEMPERATURE (° F)   NORMALIZED SEARCH INTEREST

JAN 2021   FEB   MAR   APR   MAY   JUN

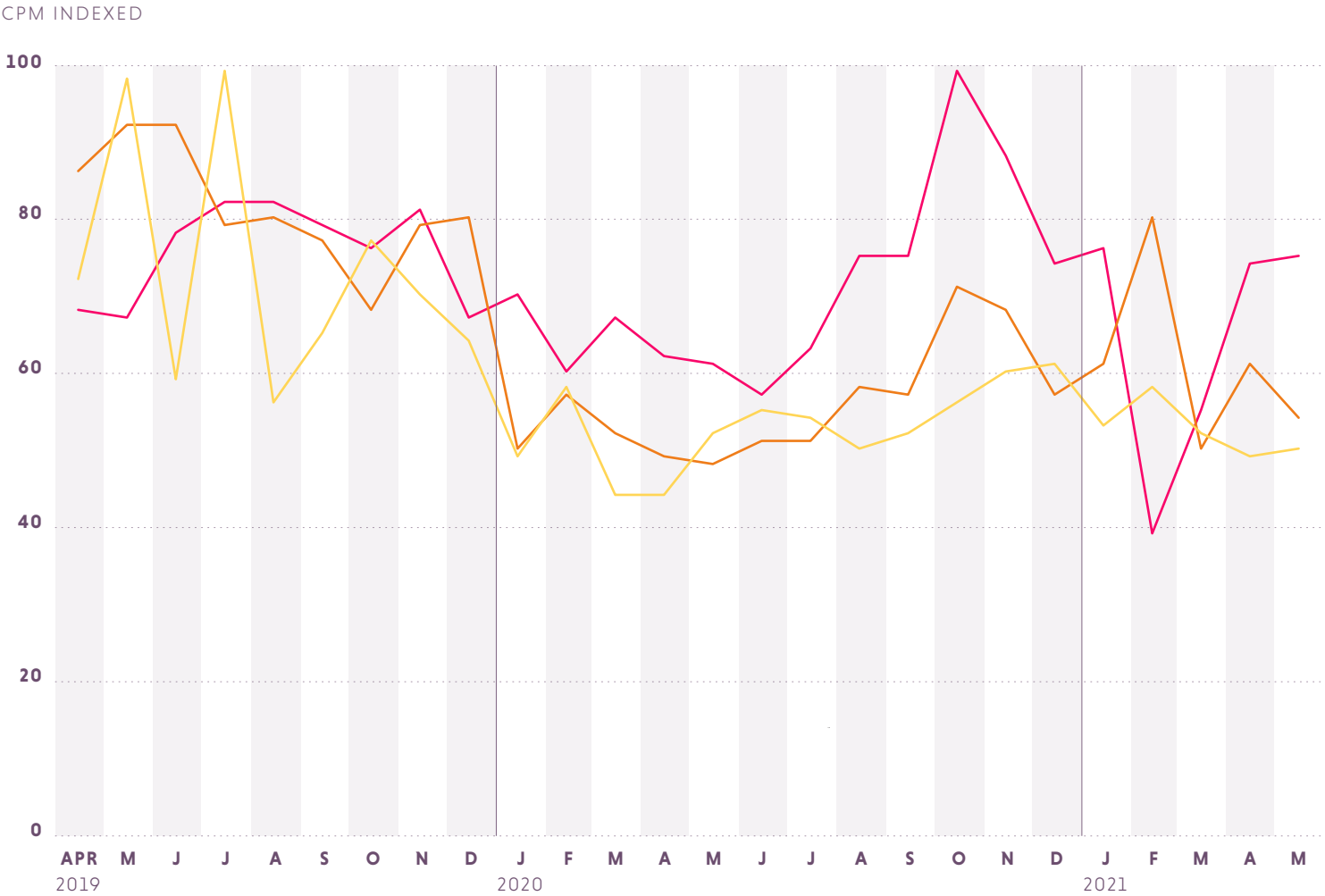Source: MiQ weather feed + Google trends, Jan - July 2021

Further, being cognizant of seasonal variations in inventory costs can help marketers plan their campaign budgets in advance and set realistic performance and reach goals specifically keeping in mind the seasonal demands. Generally, there is a reasonable increase in demand and thus CPM levels across different supply types during the holiday season across most parts of the globe (by as much as 18-20% in certain regions). These seasonal variations differ by regions and must be accounted for in the annual campaign budgets as they do tend to stretch CPA and reach goals accordingly.

TIPS FOR MARKETERS

While the 'who', 'where' and 'how' are essential elements of a campaign that marketers need to plan for, the 'when' part of the puzzle is equally important if not more. Keeping track of macro moments and seasonal variations in demands around the brand and it's competitors can help marketers foresee opportunities and threats pertaining to the business and optimize their campaigns to navigate through these situations.

SEASONAL CPM VARIATIONS GLOBALLY, BY MEDIA TYPE

DISPLAY   VIDEO   AUDIO

Source: MiQ inventory reports, Jan 2019 - May 2021

CPM INDEXED

Connecting campaign delivery to business outcomes

The final, and possibly most important, part of the puzzle is around measurement and attribution. Most CPG brands don't own sales data themselves, but are rather dependent on online and offline distribution platforms, so uniform performance-based pixel tracking goals in most cases are almost out of the question. Branding campaigns rely mostly around reach with brand safety and viewability as added tracking criterions, while performance campaigns focus around incremental sales as an important criterion.

Running brand tracking surveys might further help to measure the exact change in familiarity, consideration and usage for a particular brand while also providing statistically sound means to measure ad recall for attribution and optimization.

Running statistical tests across different groups of stores may sound like a statistically sound option, but the selection of which stores to control and which groups to expose can induce bias into the experiment (partly because every store in itself is different and the audience cannot be standardised). Running control versus exposed tests may also impact the scale and reach goals for campaigns, and isn't advisable in cases where reach is of primary importance.
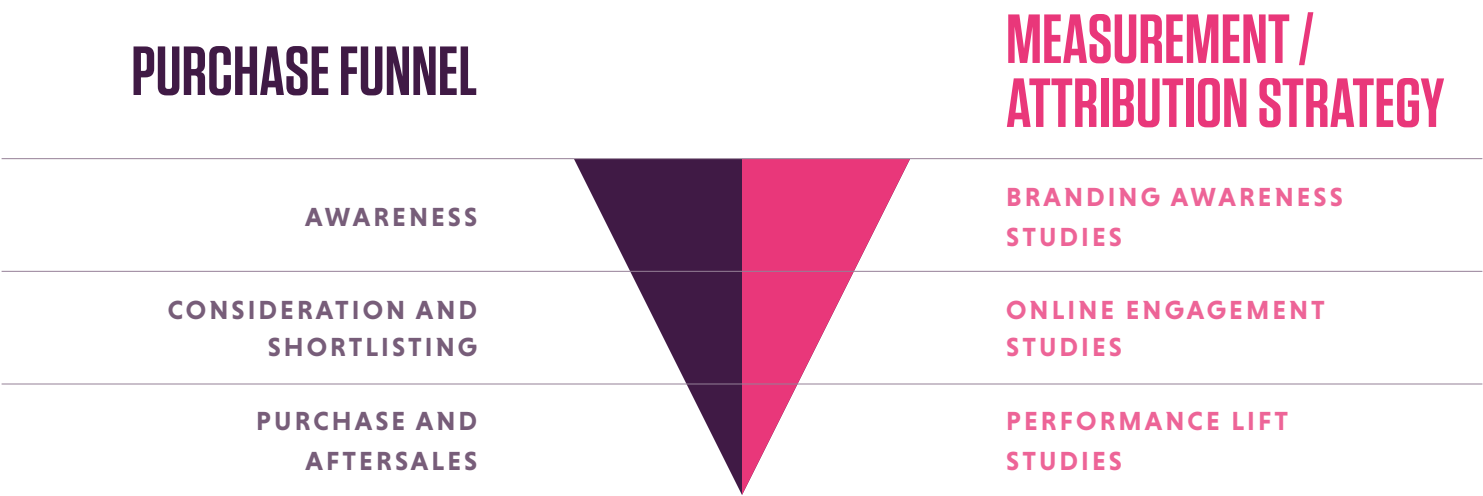
Measuring incrementality across different chains of stores by accessing store level inventory and sales data, and observing changes on a weekly or bi-weekly cadence can provide a reasonably accurate estimate of the performance lift being offered by the combined impact of the various cross-channel campaigns. And, while this is certainly a reliable and accurate metric to gauge the impact of media plans on eventual business outcomes, brands must be able to decide what fits their use case.

In all probability there might not be a single metric that may be used to solve the puzzle, so brands must be open to experimenting with custom KPIs that more accurately model the general business goals marketers may be looking to accomplish.

MEASUREMENT STRATEGIES BY DIFFERENT FUNNEL STAGES

| PURCHASE FUNNEL	MEASUREMENT / ATTRIBUTION STRATEGY
AWARENESS	BRANDING AWARENESS STUDIES
CONSIDERATION AND SHORTLISTING	ONLINE ENGAGEMENT STUDIES
PURCHASE AND AFTERSALES	PERFORMANCE LIFT STUDIES

Source: MiQ Advanced TV, Q1 2021

TIPS FOR MARKETERS

With the growing complexity in the user journey of CPG consumers, it is important for marketers to keep tabs on their target audience through the funnel and reinforce the brand with relevant presence at each stage in the journey. Dividing the measurement strategy to capture success at each stage of the funnel can help marketers identify and resolve bottlenecks in the overall funnel to translate awareness into purchase.
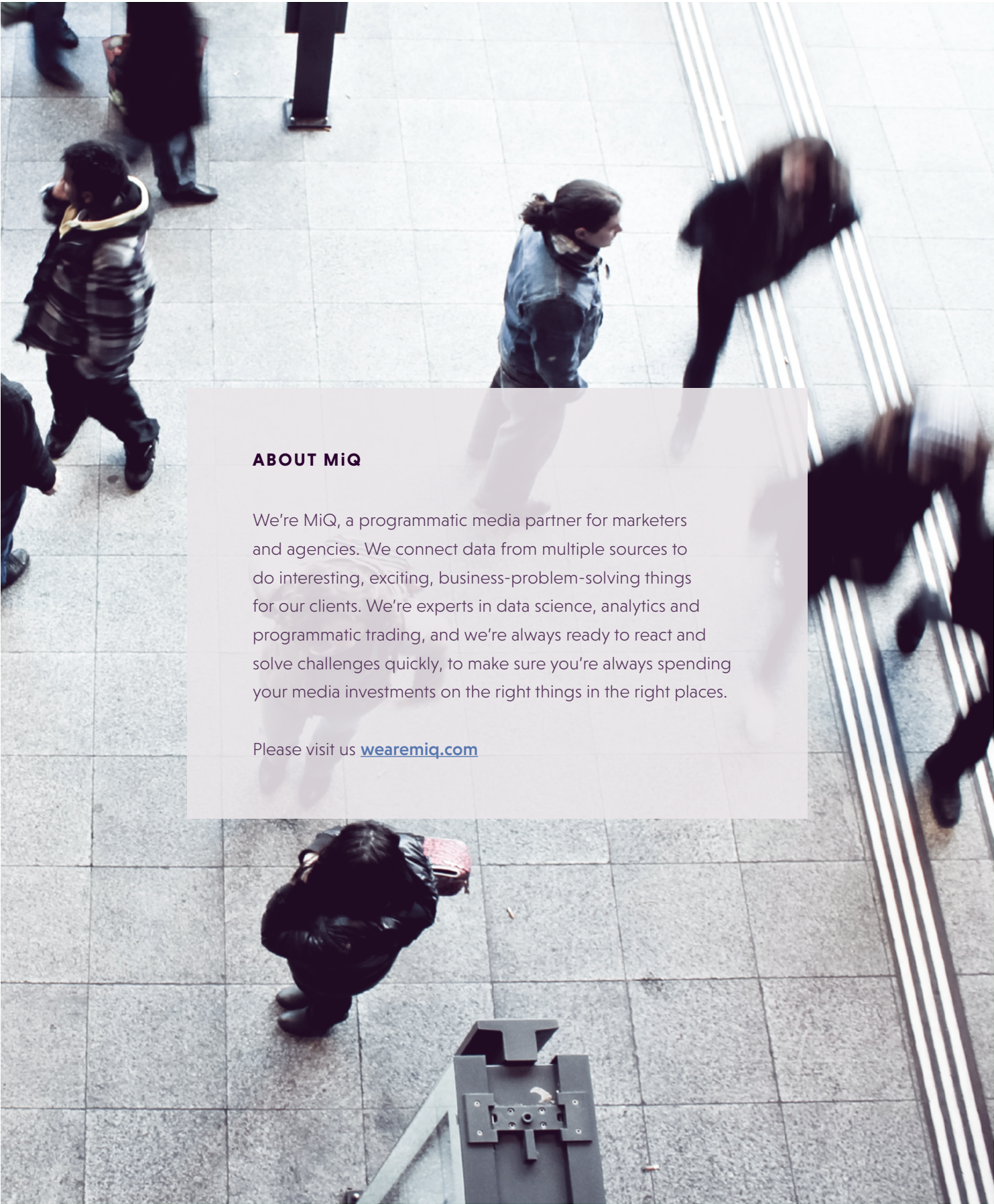
ABOUT MiQ

We're MiQ, a programmatic media partner for marketers and agencies. We connect data from multiple sources to do interesting, exciting, business-problem-solving things for our clients. We're experts in data science, analytics and programmatic trading, and we're always ready to react and solve challenges quickly, to make sure you're always spending your media investments on the right things in the right places.

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