

PART ONE

CPG INSIGHTS

HOW CPG CONSUMERS HAVE CHANGED

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The spread of COVID-19 and the subsequent stay-at-home orders changed the way people live, shop and interact online. And, while most of these changes were short lived, we expect some behaviors and new consumer habits to be more persistent - the challenge for marketers is being able to tell the difference and build this into their new marketing strategies.

The way people around the world have adapted to the changes brought about by the pandemic have been remarkably similar too. This shouldn't be surprising. The changes we've seen in global human behavior accord with the theory of adaptive expectation, coined by the economist AW Phillips who said that individuals generally adjust their expectations of the future based on recent past experiences and events.

Looking back across the last year of lockdowns, we can see this happening in countries across the world. In the spring of 2020,

people were in shock: panic shopping, overwrought by suddenly working from home, dealing with homeschooling and child-care, even having difficulties making arrangements for basics like food, cleaning products and other household essentials.

But over the course of the year, people around the world have adapted. In this study, we look at consumer behavior from people in North America, in Europe, in subcontinental and South East Asia, and in Australasia, and see a notable similarity in the way they have responded to a year marked by lockdowns.

Using this analysis, we've put together this report outlining the major ways people around the world have changed as consumers. By studying the fluctuations across the year, we also make some predictions about what changes are likely to be permanent and which will fade away. And, finally, we look at a series of new consumer groups created by the year in lockdown that marketers need to be aware of as they plan their strategies for 2021 and beyond.



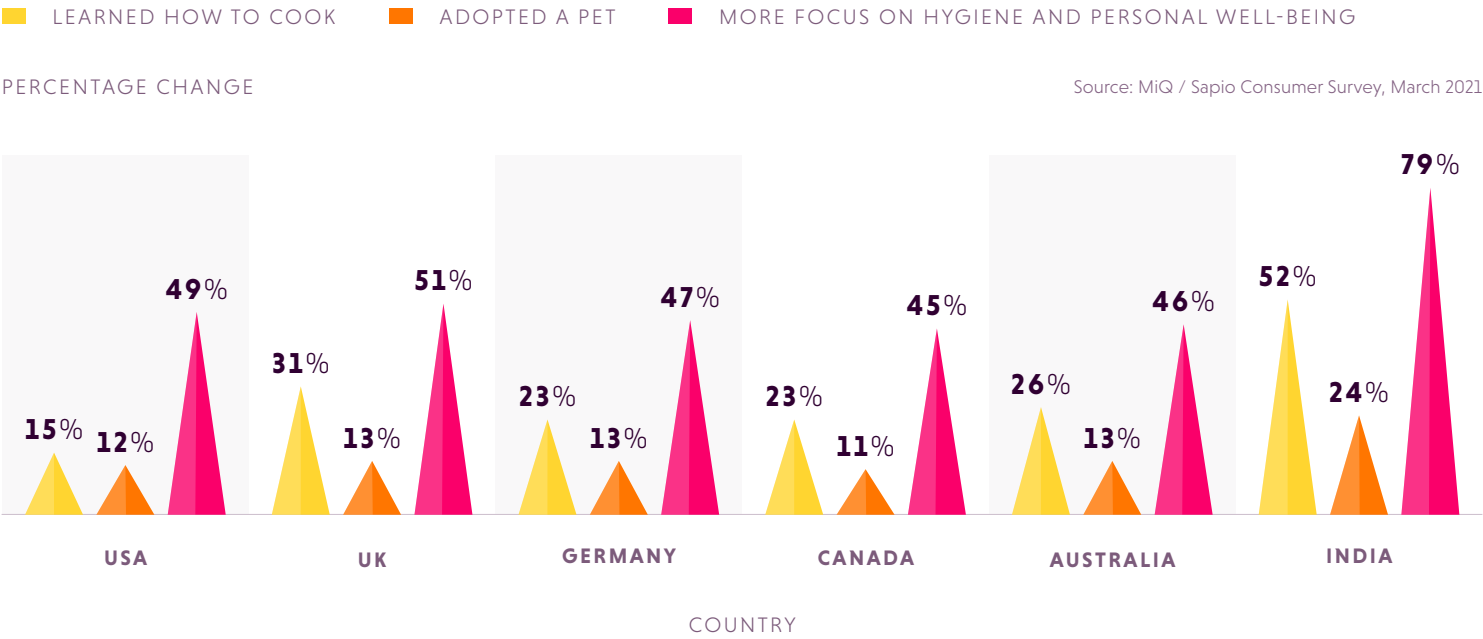
Consumers picked up new habits that are here to stay

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Consumer habits have changed considerably over the last year - and are still changing. While a majority of these habits and new interests were short lived and aren't likely to carry forward into the post-pandemic world, some of the more persistent habits like adoption of a new pet, enhanced interest in healthy lifestyle and nutrition, greater emphasis on personal grooming and hygiene, and even new skills like learning how to cook will continue to influence shopping behaviors and spending among consumers in the near future.

Consumers' price sensitivity to CPG purchases, the lack of availability of stocks and delivery slots, and variance in shopping convenience all combined to jolt brand loyalty and traditional shopping habits among customers across the globe. 70% of shoppers globally experimented with a new shopping behavior over this period (making purchases online, experimenting with new brands, looking for alternatives, putting off non-essential purchases) and a large proportion of these audiences showing strong intent to continue with the new shopping behaviors.

CONSUMERS PICKED UP NEW HABITS / RESPONSIBILITIES



TIPS FOR MARKETERS

The emergence of new consumer habits and the change in shopping behavior will continue to influence purchases in the months to come. CPG brands must continue to build their brand within these new audiences while keeping track of their maturity to reach them with the right messaging at the right time to make the most of these new revenue opportunities.



CPG shopping is no longer online or in-store - it's both

Average shopping frequency, by medium	9	Time lag between online and offline footprints	11
Online shopping intent in a post-covid world	10		

The pandemic accelerated changes in shopping behaviors with people being forced to shop online and at their local convenience stores as offline supply chains were affected by the lockdowns. Convenience and safety became important considerations driving the shift in preference to these alternate channels.

Even among audiences that braved lockdown to shop at the big box/club stores for their CPG needs, the frequency of visits was down

to once a month compared to the two per month or even weekly routine of the pre-pandemic world, as people tried to buy more supplies in a single visit (with the exception of the holiday season). This also showed in elevated basket values during this period. As the situation improves, visit frequency is increasing slowly, while the transaction value per visit is decreasing.

But despite this return to something approaching normal in offline behavior,

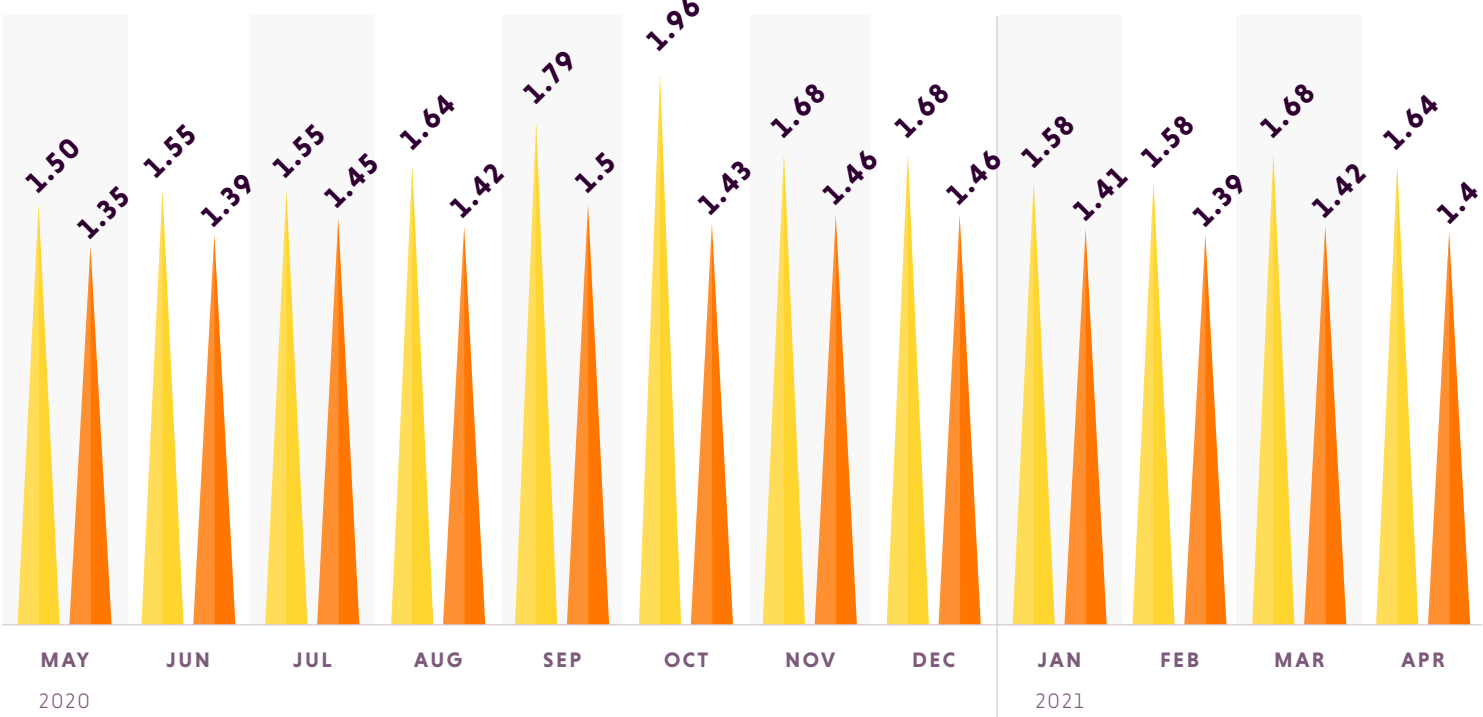
online shopping continues to rise both in terms of frequency and average transaction value per purchase. A higher adoption with audiences over the age of 45 last year was notable and while two-thirds of this newly acquired segment might return to shop offline, competitive pricing and convenience will continue to drive online CPG purchases among the other third.

AVERAGE SHOPPING FREQUENCY, BY MEDIUM

OFFLINE ONLINE

Source: MiQ / Ibotta data integration, May 2020 - April 2021

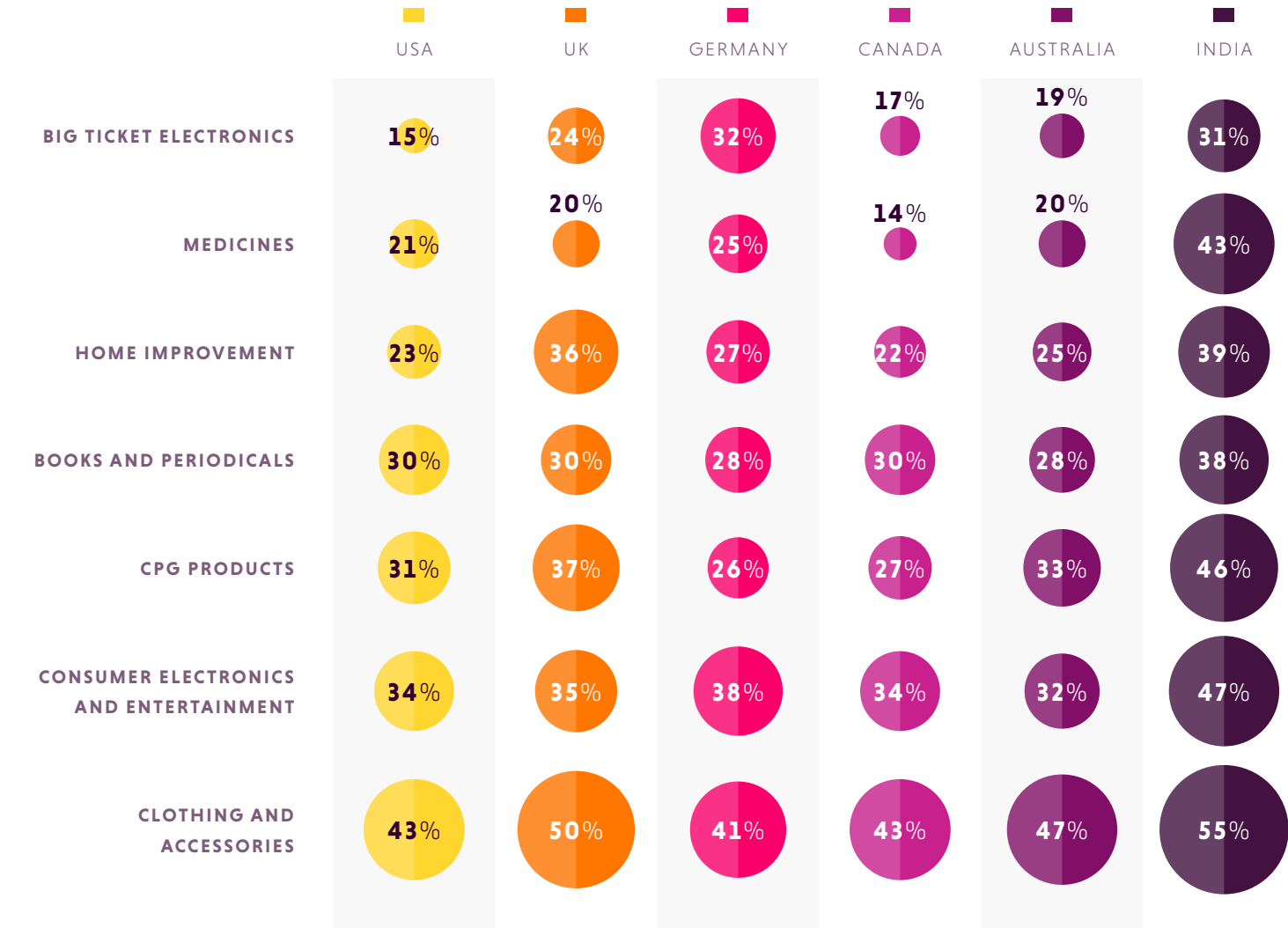
AVERAGE MONTHLY SHOPPING FREQUENCY



ONLINE SHOPPING INTENT IN A POST-COVID WORLD

RESPONSE PERCENTAGE

Source: MiQ / Sapio Consumer Survey, March 2021



The increased adoption of integrated shopping models like click-and-collect has made the online user journey an important determinant in the eventual purchase decision of the consumer. While analyzing the online user journey and the translation to offline visits, we

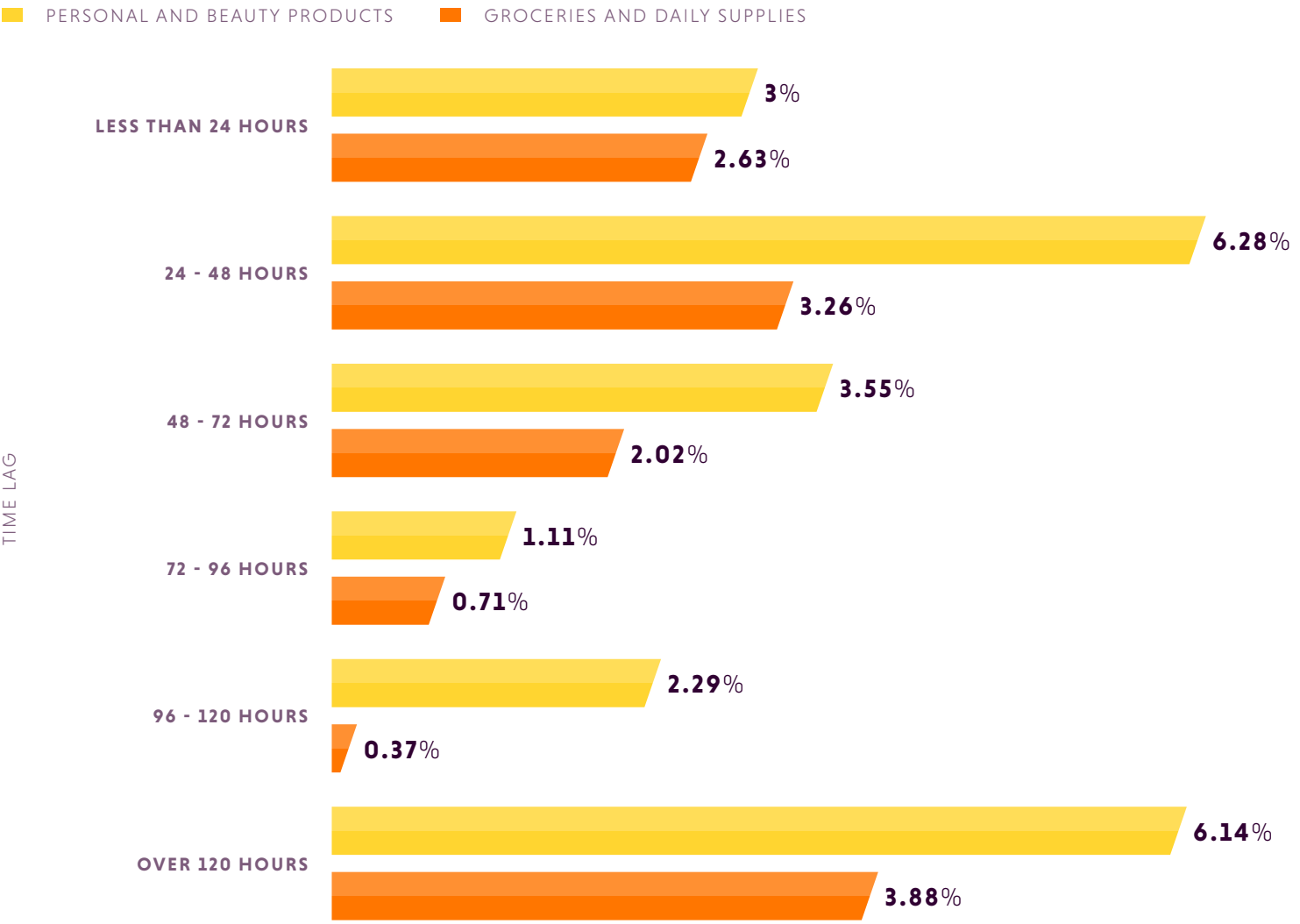
found that around 13% of the audience who went shopping for beauty and personal care products offline, conducted some form of online research within the 72 hours prior to their offline visit. This is a significant proportion of the consumer base that can be influenced or conquered

during this period between research and purchase. That's why combining the online user journey with offline visits can further help retailers identify opportunities to grow reach and spot pain points in the user journey.

TIME LAG BETWEEN ONLINE AND OFFLINE FOOTPRINTS

PERCENTAGE OF CONSUMERS

Source: MiQ log level / Unacast integration, April - May



TIPS FOR MARKETERS

Changes in shopping behaviors among consumers worldwide indicate that CPG purchases aren't being made either online or offline but are prevalent across both. As integrated shopping models like click and collect gain more popularity, the overlapping shopping behaviors will only grow. Marketers must remain cognizant of these integrated behaviors and look to grow and nurture audiences across both these channels.



Shoppers are engaged now more than ever

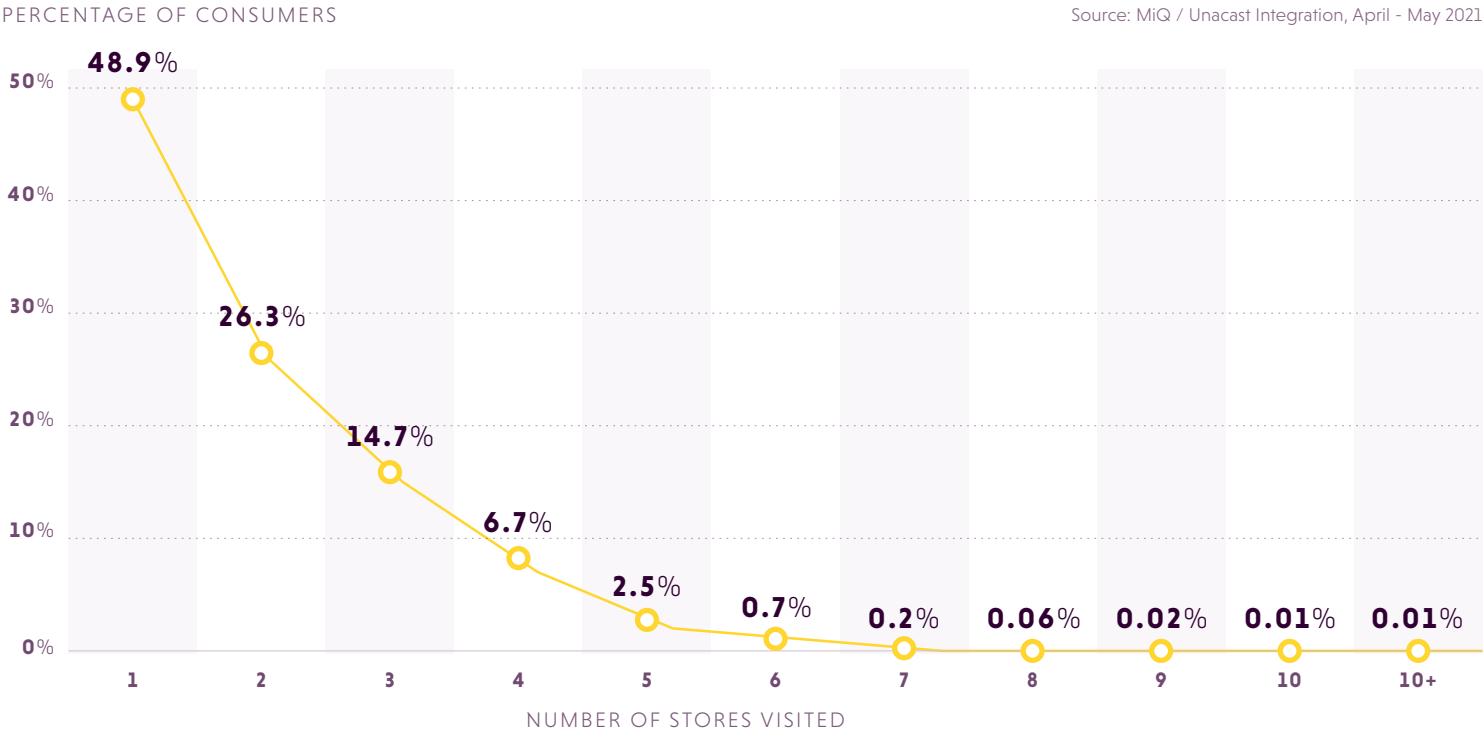
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Apart from experimenting with new shopping behaviors, CPG consumers changed how they researched products too. There was a 31% increase in the average number of products browsed by audiences researching on shopping platforms despite no net change in average cart values, indicating an increased propensity for pre-purchase research among consumers.

Considerations on price, availability and even product composition are now all on the radar of these engaged CPG consumers. The increased propensity to research before making a purchase or to try out alternatives was not just limited to online shoppers. 1 in 2 shoppers switched between offlines stores and popular retail brands over the last 3 months in search of the best fit.

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STORE VISITATION BY CPG SHOPPERS





+24%

CONTENT CONSUMPTION ACROSS
LIFESTYLE
2020 - 2021

+31%

CONTENT CONSUMPTION ACROSS
SHOPPING NETWORKS
2020 - 2021

The high user engagement online is not just restricted to online platforms. With people spending a lot more time in front of their televisions, content consumption across lifestyle, and shopping networks have grown 24% and 31% compared to last year. And not only are more people consuming these programmes, they are more engaged while consuming this content as well with the average session time being up 7 minutes. Consequently,

the audiences are exposed to more CPG commercials on TV than ever before with the top 20% of the audience consuming over 300 commercials a month across 30 CPG advertisers.



TIPS FOR MARKETERS

The enhanced engagement across multiple channels means that consumers are now aware of more alternatives and aren't afraid to try them. But the elaborating research cycles and growing digital footprint per consumer offers marketers more data to set up smart and connected programmatic campaigns to influence purchase decisions through interactive and high impact digital ads.



The value of every customer isn't the same

Recency, frequency, monetary (RFM) analysis for a popular CPG advertiser	17
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CPG marketers also know that the value of every customer isn't the same, and a marketing plan which looks to address all the varied segments of audiences through a single strategy isn't going to work. That's why customer segmentation is so important.

While propensity based segmentation can help identify new consumers across different stages of the

purchase funnel, Recency, frequency, monetary (RFM) segmentation is a better way to identify core customer segments among existing and lapsed customers. Campaign messaging and frequency needs to be adjusted according to the customer categories to yield best results.

Identifying different value segments within the brands customer segment can allow

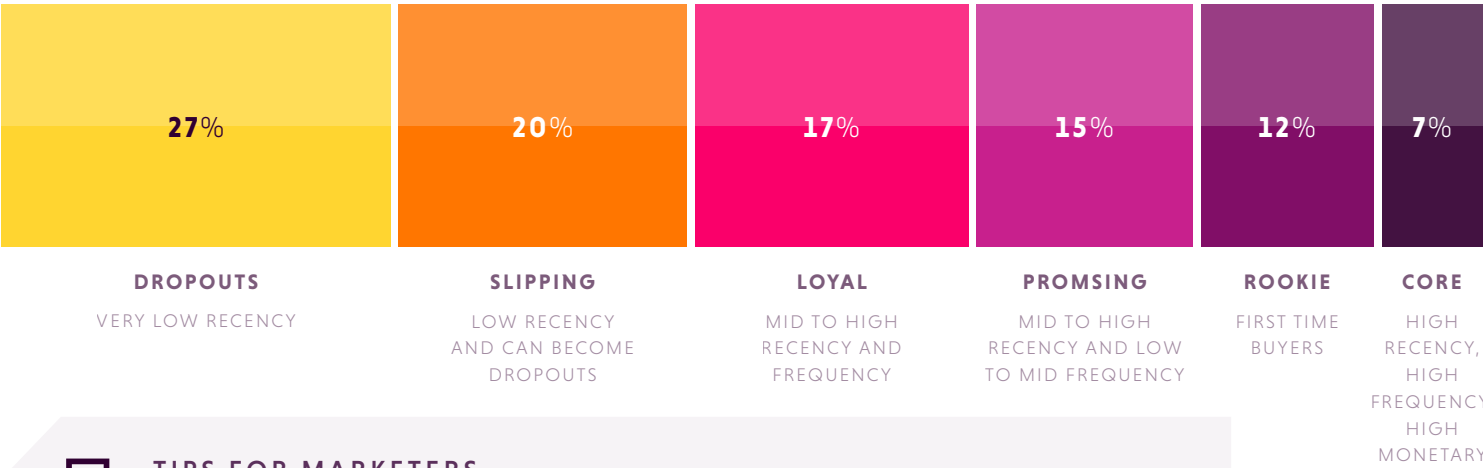
them to tailor their campaign activations and messaging to engage with these segments of audiences differently. While direct-action messaging and loyalty based rewards will keep the loyal and core audience segments engaged, brands must focus on re-building the brand among the drop-outs and slipping consumers to re-acquire some of the lost opportunities.

RECENTY, FREQUENCY, MONETARY (RFM) ANALYSIS FOR A POPULAR CPG ADVERTISER

PERCENTAGE OF AUDIENCE

Source: MiQ / Ibotta integration, May 2020- April 2021

Note: RFM segmentation uses past user-level transactional data and ranks audience based on three critical factors - Recency of a users transaction, the frequency of a user transacting and the lifetime monetary value of a user. User interaction are ranked over these three characteristics and segmented into different segments. MiQ used it's integration with Ibotta to segment audiences for a popular CPG brand based on the purchase data over the last year we into 6 segments



TIPS FOR MARKETERS

Brands need to find granular first or third party data that allows them to identify value segments within their customer base and then leverage these high value custom segments to build lookalike audiences that offer scale and the ability to reach prospecting audiences for a brand. Contextual lookalikes are one of the many ways of achieving scale in a world without cookies.



Identifying the audiences isn't enough

Global CPM variations by media type	19	Intelligence Hub demo	20
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While identifying the right audiences remains imperative it is equally important to devise strategies that can reach these audiences at the right time with the right message. And while there is no definitive success formula that will work for CPG campaigns, gathering intelligence on the general online and offline activity of their core target audiences may assist advertisers to formulate precise omni-channel targeting strategies.

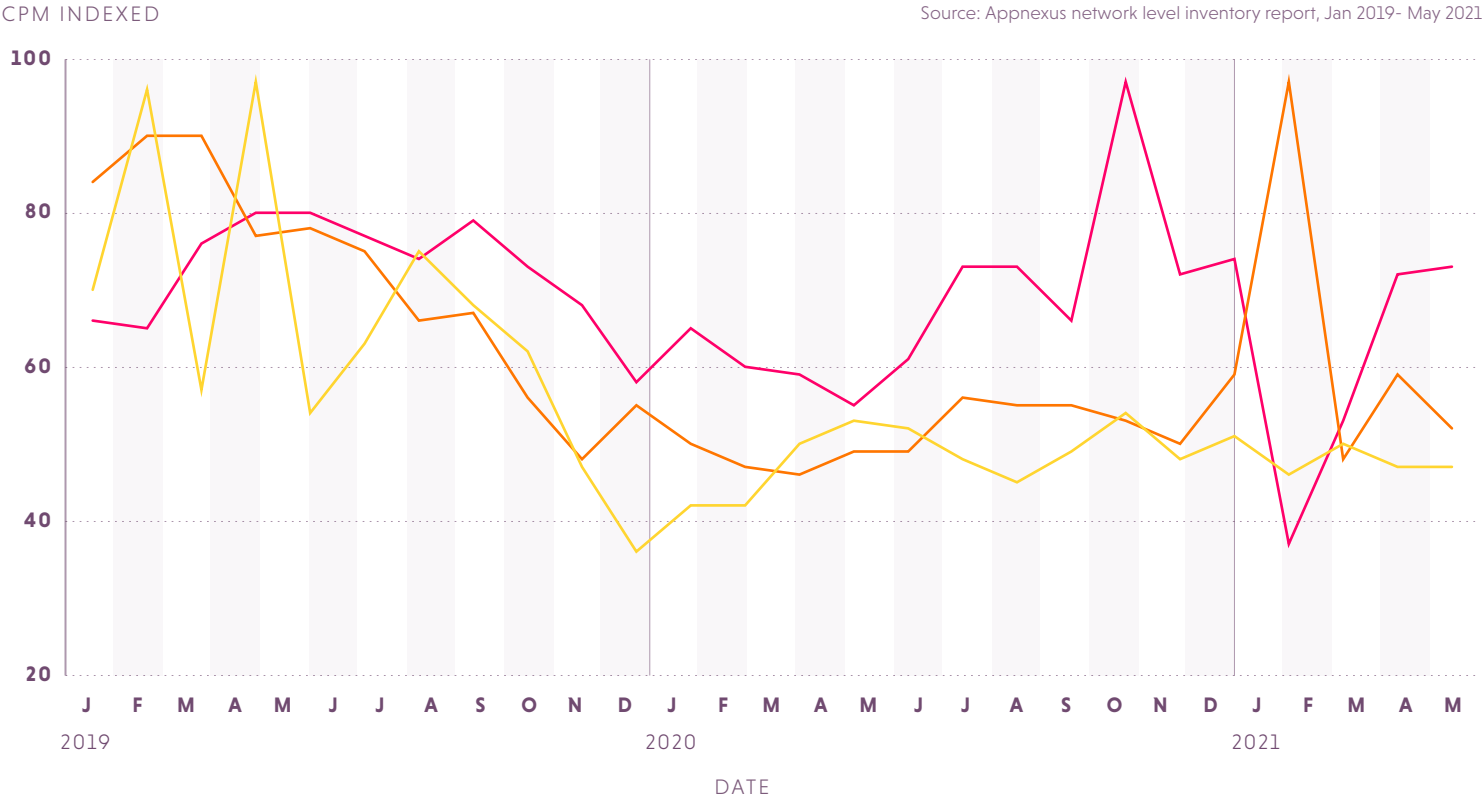
Further, marketers must also account for seasonal variations in inventory demands and pricings during the campaign planning stage to help frame goals that are not only pragmatic but also in line with the eventual business objectives.

Cookie-based prospecting and retargeting solutions have been a fall back for CPG advertisers to track user activity across the internet and establish reach through

the spectrum. But with the demise of cookies imminent, marketers must look beyond the traditional targeting techniques and look to leverage AI based cookieless solutions to future-proof their marketing efforts while continuing to maintain and elevate their ROI / ROAS goals.

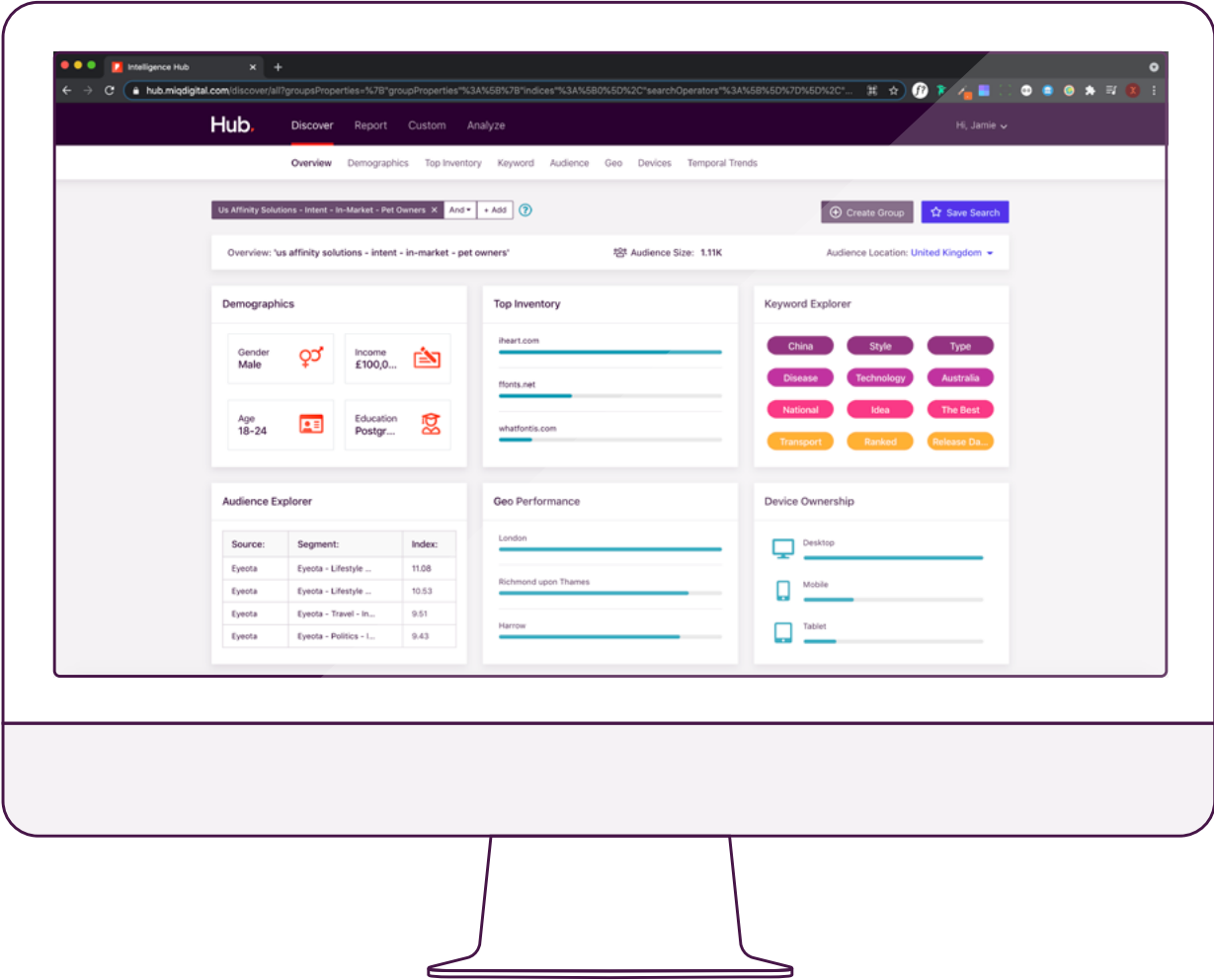
GLOBAL CPM VARIATIONS BY MEDIA TYPE

■ DISPLAY ■ VIDEO ■ AUDIO



INTELLIGENCE HUB DEMO

In the upcoming part of our series for CPG marketers, we leverage our over 10 years of experience in helping brands achieve their goals through successful programmatic campaigns to discuss a variety of targeting strategies that CPG marketers can adopt to deliver state of the art omni-channel programmatic campaigns.



Reach out to us at [here](#) to schedule a demo to our proprietary campaign planning tool.

