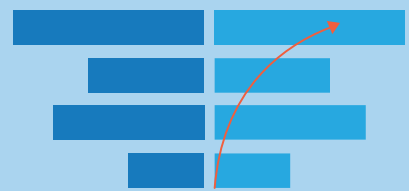
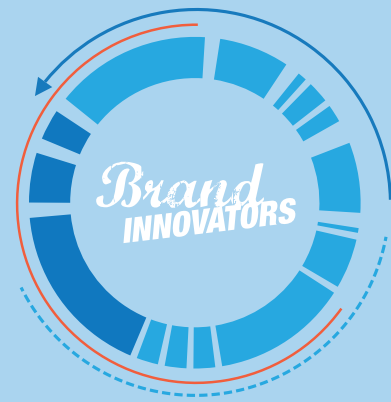
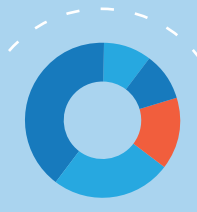
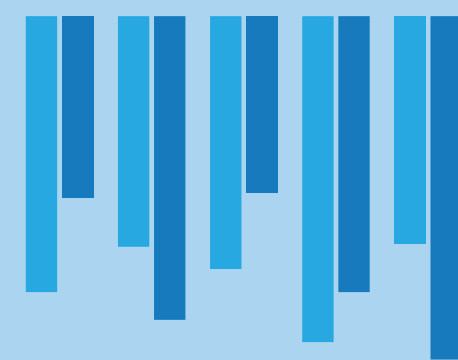




# *MOVING THE NEEDLE: MEET THE NEXT GENERATION OF MARKETING TOOLS*

CPG Brand Marketers Survey Results



ncs | NCSolutions



# EXECUTIVE SUMMARY

**In the fourth quarter of 2021, we conducted a survey of CPG brand marketers to get a better understanding of how they were thinking about data-driven advertising in light of both the pandemic and the “death of cookies” that has been roiling the industry. We wanted to know the following about marketers: the metrics being used, what metrics matter most, whether marketers were increasing or decreasing budgets, and what technologies they were looking at for the future.**

We found that ROAS (return on ad spend) has increasingly become a more important KPI—brands are looking to justify the money they are spending on various channels, especially when the pandemic has accelerated a greater reliance on data. With this and changes by Apple and Google bringing about the “death of cookies,” there is a need for alternative forms of evaluating ad campaigns.

That said, the vast majority still felt they did not have enough data to fully understand ROAS and they wanted that data on a fairly constant basis in order to make better decisions.

Another metric that found favor was the sales lift report, with a majority of respondents reporting that receiving a sales lift report plays an important role in the decision-making process of whether to advertise with a publisher.

Respondents made ample use of data in general, behavioral/interest-based, first-party contextual, purchase-based, and demographic data in particular. The use of multiple datasets reflects the different KPIs brands have for different campaigns and their desire to reach different segments of a wider audience.

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# GOOD NEWS AHEAD



**This year should bring good news to the industry, as respondents indicated they expect ad spend to rise in 2022, with connected TV (CTV) and social receiving the bulk of that largesse.**

Among trends we identified, Retailer Media Networks are particularly hot, as respondents noted their ability to deliver effective targeting solutions.

Clean rooms are also receiving a great deal of attention as respondents look for ways to share multiple data sources in a privacy-compliant manner. Three-quarters (76%) have either looked into them or are planning to investigate them in the near future.

Overall, the mood is generally positive, with respondents optimistic about their ability to find the tools they need in today's rapidly changing ad environment.



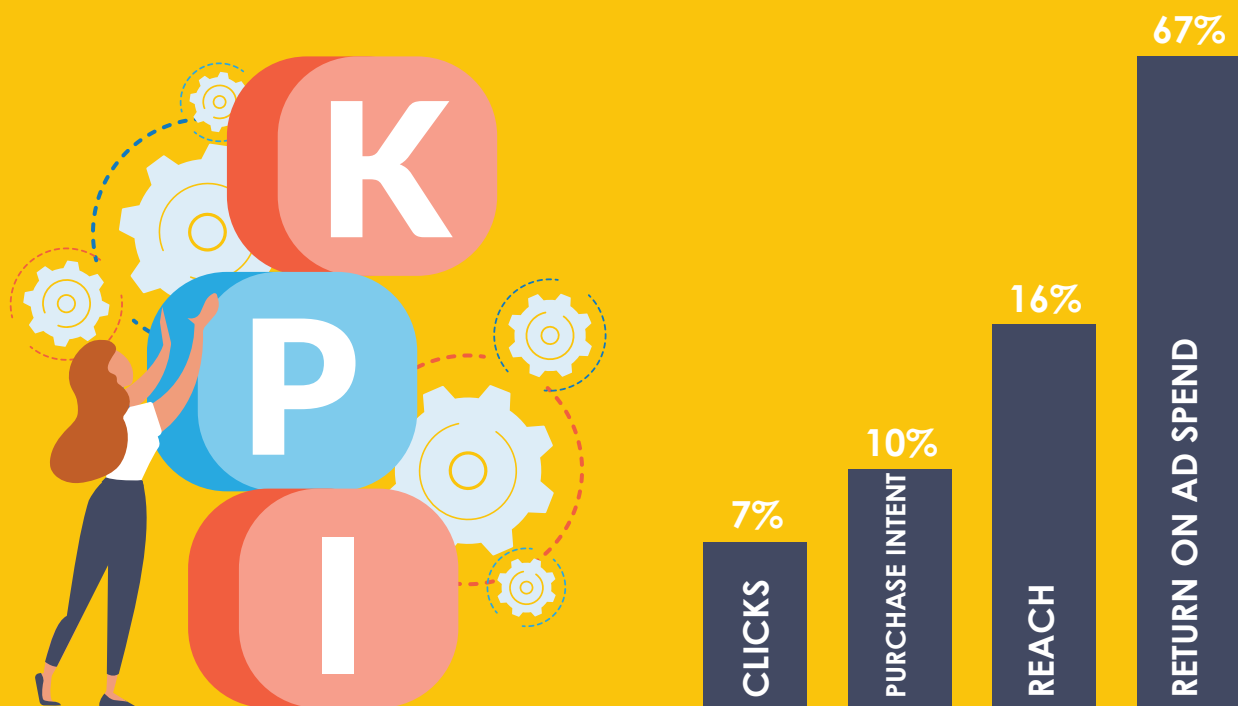
# MEASURING CAMPAIGN OUTCOMES

To get the lay of the land, we asked respondents what metrics they looked at to measure campaign outcomes. The two most popular methods are MMM (Marketing Mix Modeling) and Incremental Sales Lift, used by almost three-quarters of respondents. Brand Lift, at 61%, was next, followed by MTA (Multi-Touch Attribution) at 42% and Last Click Attribution at 30%.

MMM is an increasingly popular metric these days, fueled by the fact that there is now a myriad of media outlets where brands can run ads, and determining the proper mix is challenging without the use of data and analysis.

MTA, cited as a current method by less than half of respondents, was the top choice among the metrics brands they were planning to add, with one-third (32%) of the 62% of respondents who said they were considering alternative measurement methods.

When brands were asked which key performance indicator (KPI) was the most important, they resoundingly chose **Return on Ad Spend (ROAS)**, with **two-thirds (67%)** indicating that this was their **most important metric**. **Reach of Targeted Audience (16%)**, **Purchase Intent (10%)**, and **Clicks/Online Engagements (7%)** were far behind. We assume that these metrics are most important to brands whose businesses are centered around them (e.g., an e-commerce retail brand might be more focused on clicks).



# THE CURRENT DATA LANDSCAPE

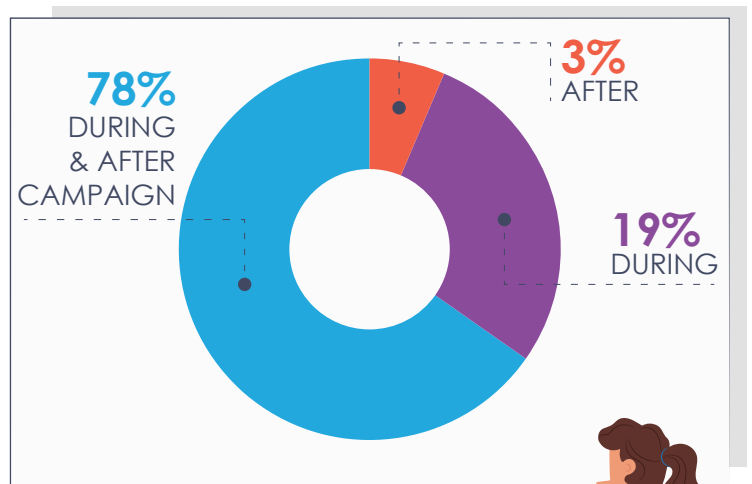
A meager **3%** of respondents indicate that they are **“very confident”** that they have all the right data to determine the ROAS for all their digital campaigns, while **51%** said they were **“somewhat confident”** and **23%** reported feeling **“neutral.”** This indicates a lack of knowledge and uncertainty around privacy-safe environments and a strong feeling that they could be getting better and more actionable data.

One reason for this could be frequency. **49%** of respondents indicate that **“in an ideal world,”** they would be able to understand ROAS on a more or less constant basis (**“always”**). In comparison a similarly robust **46%** indicate they wanted to receive that data **“often.”**

This was backed up by the fact that **78%** of respondents also feel the **“ideal time”** to receive campaign outcome metrics is during AND after the campaign. With **19%** indicating **“during”** and only **3%** indicating **“after.”**

Our takeaway here is that given the rapidly shifting media landscape and the rapidly shifting media habits of consumers, brands want to have sales data that is privacy-safe, actionable, and allows them to make adjustments on the fly.

## IDEAL TIME TO RECEIVE CAMPAIGN METRICS







# CROSS-PLATFORM MEASUREMENT

**CPG marketers are somewhat split when asked whether the same marketing KPIs should be used across all advertising channels, from TV to digital to social and mobile. 38% feel that the same KPIs should be used often, while 41% feel they should be used sometimes.**

This matched up (more or less) with the responses when we asked how often their company uses the same metrics to measure return on spend across platforms. 36% acknowledge doing so often, while 46% say they do so sometimes.

This response depends on the brand and what they are trying to accomplish on various mediums. A brand that has a sizable direct-to-consumer (DTC) business,

for instance, might be more focused on KPIs that reflect website visits and sales. Thus would want the same KPIs across the board regardless of media channel. On the other hand, a packaged goods company might see TV as a way to raise brand awareness, while mobile and digital are tasked with getting uptake on a specific promotion. Hence why they have different takes on the value of maintaining consistency on cross-platform KPIs.



“Our metrics are continuing to evolve, they’ve historically been pretty slow to act on. Something like in-flight closed loop for real time optimization has been super beneficial. And we’re looking for more opportunities like that to improve our ability to act in something closer to real time.

When it comes to the scenario planning aspect of things, determining ROI by channel, whether it’s TV print, or digital, has been our gold standard.”

**KATE BRADY**  
Head of Media Innovation & Partnership  
Development, PepsiCo

# FUTURE PLANS

**Most respondents (45%) report that their budgets increased during the second half of 2021, with just 25% reporting a decrease and 29% reporting they remained the same.**

Many brands held back on spending in the first half of 2021 due to uncertainty around the pandemic and as things began to return to normal over the summer, spending went up.

At the same time, other brands remained cautious or had not significantly reduced spending as they were not in categories that were affected by the pandemic.

Respondents were more optimistic for 2022, with a full **55%** of respondents reporting that they **expected budgets to rise**, with **15%** even **projecting a rise of 21% or more.**

At the same time, only **18% expected a decrease in 2022**, which fits our hypothesis that brands are anticipating a further return to normalcy this year, with consumer spending up and consumers spending more despite fears of inflation. *(There is also an argument to be made that fear of inflation is a good justification for increased ad spending as well, as consumers will need an extra “push” to pull the trigger on a purchase, especially for higher-priced goods and services.)*

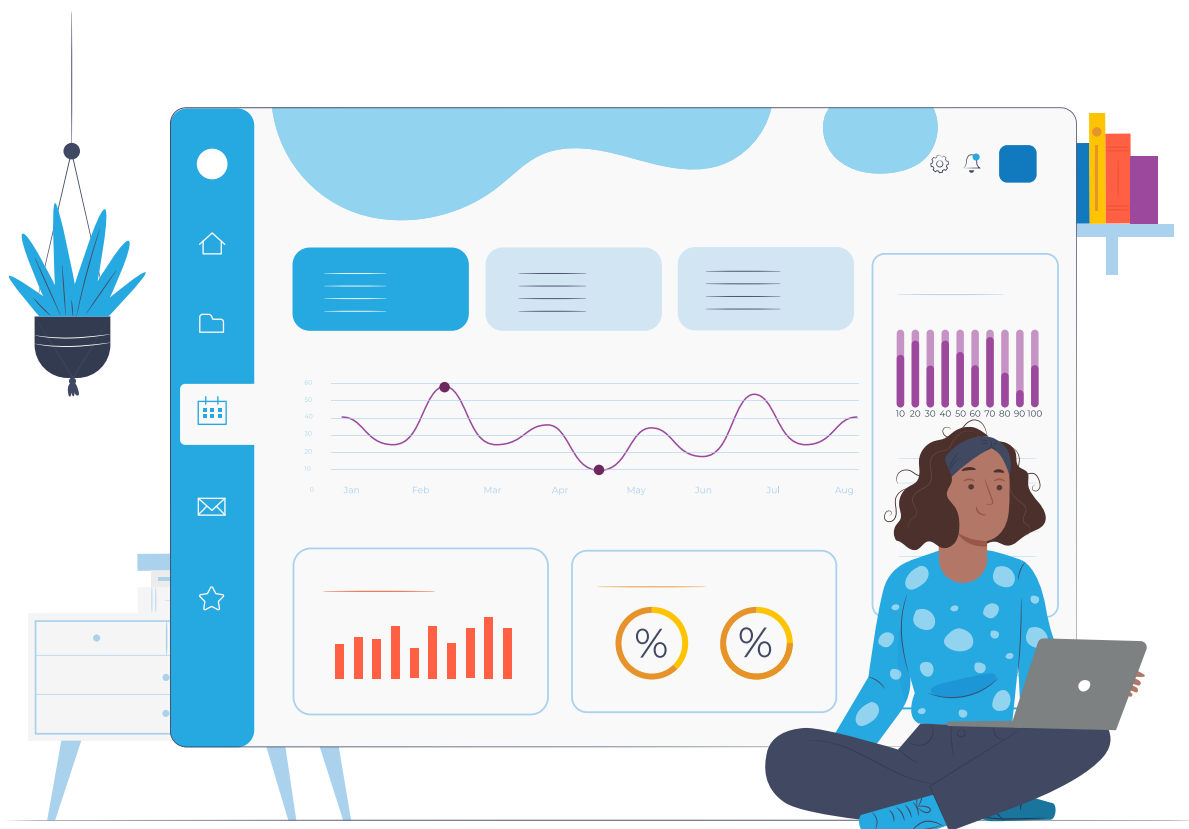




# FUTURE SPENDING

When respondents were asked which advertising channels they were planning to increase their budget in 2022, the resounding answer was CTV, with 71% indicating that is where they would be putting more resources. It's unsurprising CTV is booming in terms of viewership. It offers an opportunity for brands to get what is known as incremental reach—the ability to reach viewers they are missing on linear TV, where viewership is down, and many specific audience segments (e.g., men 18-24) are hard to find.

Because it is digitally delivered, CTV can offer more granular metrics than linear, with precise metrics on who saw which ads and what actions were taken. As a result, other channels likely to be seeing higher spending this year include **Social Media (59%), Search (49%), and Retailer Media Networks (49%).**





## RETAIL MEDIA NETWORKS ARE HOT

Retailer Media Networks are another channel where we can expect to see greater ad spend in the coming years. They are growing rapidly. CPG brand marketers predict they will increase spending 49% on Retail Media Networks. This only applies to brands whose products are sold by said retailers and so, unlike search and social, they do not have universal appeal. It would be unrealistic to expect most advertisers to increase spending there.

A follow up to that question found that almost three-quarters of respondents (74%) think they would be advertising with a retail media network in the next 12 months, with a full 52% reporting it is very likely.

These networks have become prominent enough with certain retailers that almost half of all respondents (48%) said they viewed some retailers as publishers.

We also asked respondents where they thought they would cut spending, and unsurprisingly linear TV is the

number one response, with over half (52%) saying they would cut spending.

As noted, linear TV is losing audience to CTV, and it's increasingly hard to reach specific targets on linear. Our take is that brands are not so much giving up on TV but, rather, are following eyeballs to CTV, where they can also take advantage of lower ad loads and more precise targeting capabilities.

# DATA CLEAN ROOMS GO MAINSTREAM

Data clean rooms (also known as customer data platforms, or CDPs) have been receiving a lot of attention over the past year as companies become more serious about data and privacy.

A data clean room allows advertisers to match their first, second, or third party data with another or other data set without having to open up their data, thus potentially compromising users' privacy.

Their popularity is reflected in how many respondents have either **evaluated clean rooms (59%)** or **intend to evaluate them in the next year or so (20%).** We fully expect data clean rooms to become more mainstream and more commonplace over the next few years as more brands move to collecting their own first-party data while privacy laws become even stricter.

Further support for this prediction comes from the responses marketers offered when asked why they chose to evaluate a clean room or customer data platform.

Most say it was because they **want more control over their data (58%)** or **to support their first-party data strategy (53%).** 49% say that it **was easier to aggregate data from different sources**, while **45% cite privacy reasons.** This would seem to back up the notion that brands are paying more attention to first-party data and how it is used as well as to the privacy concerns that are receiving greater visibility.

## REASONS FOR USING DATA CLEAN ROOMS



“It’s all about outcome metrics for us. So we are prioritizing metrics like sales lift, return on investment and return on ad spend... We’re very much in the early stages of evaluating clean rooms at this time. I think there is future potential for us to invest in clean rooms, but like many CPG brands, we need to better develop our first party-data.”

**BRETT RICHARDSON**  
Senior Media Manager, Chobani

# EFFECTS OF THE PANDEMIC

Greater emphasis on data-driven marketing decisions was one of the biggest changes in media strategies driven by the pandemic, according to 64% of respondents, and most expect this shift to be permanent. This lines up with a need to reach specific audiences at specific times as different parts of the country opened and shut over the past few years as well as the greater availability of data for television.

Respondents also cite a greater emphasis on **measuring ROAS (41%)** as another significant shift. This is likely driven by a need to adapt to changing consumer buying habits (more online, less offline). Also significant: the fact that many consumers were spending much more time at home, which altered their media consumption habits which meant that brands needed to reevaluate the ultimate value of their current media channels.







# METRICS & DATA

Given that the ultimate purpose of advertising is to move products, it makes sense that almost four out of five (78%) CPG marketers report that the ability to obtain a sales lift report is an important factor when deciding to advertise with a specific publisher. A complete 41% also note that this is an essential factor. We predict that sales lift reporting will become table stakes for publishers moving forward as brands will demand it, and publishers will risk losing business if they can't provide it.

Almost all respondents (96%) report using audience targeting data sets. As advertising data has become more sophisticated and data sets can now be deployed on almost all advertising channels, the real surprise here is that some marketers still do not rely on audience targeting data sets.

Diving deeper, behavioral/interest-based datasets see the widest adoption, with 83% of the brand marketers we spoke with reporting that they used them. First-Party data was a close second, at 78%. Contextual (68%), Purchase-based (68%) and Demographic data (64%) are also popular.

What's notable, is that there is a strong correlation between behavioral/interest-based data and contextual data—in many ways, they are two sides of the same coin, looking at users (and usage) based on what they do rather than who they are.

This is key at a time when privacy concerns are growing, and cookies are being sunset. Studies have shown that audiences react well to advertising that is targeted based on their context and interests, and ads from brands they have purchased from before. That is why maintaining and growing these data sets will be crucial to success in the years to come.

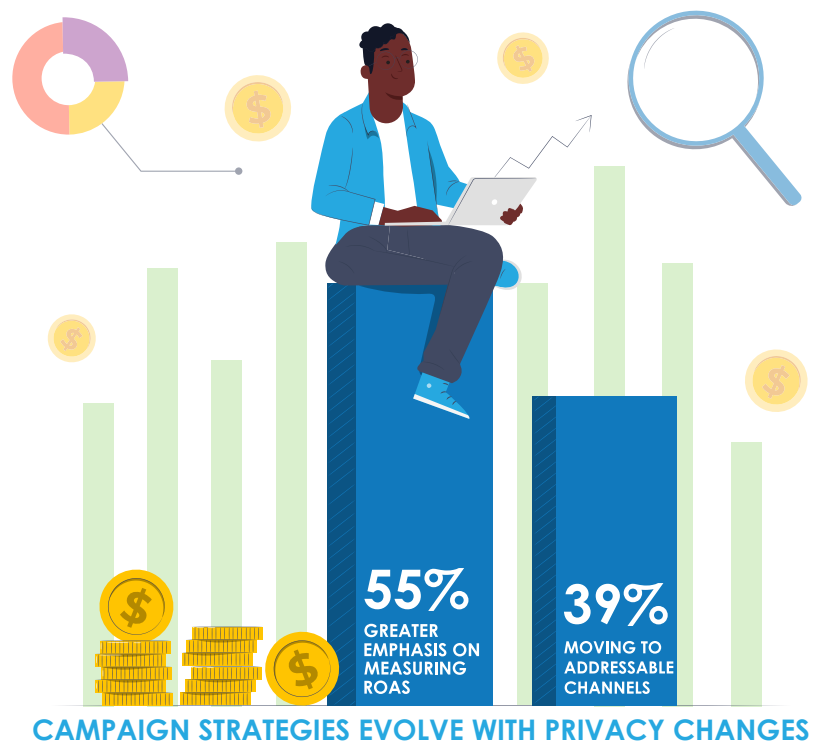


# CHANGES IN PRIVACY

Apple and Google have both announced (and Apple has already implemented) significant privacy protections that prevent users from being tracked. Google has also announced the eventual end of cookies.

As a result, most respondents (55%) said they expect to see a greater emphasis on measuring the return on ad spend (ROAS) from campaigns, with 39% also say they would be moving budget to more easily tracked addressable channels.

Both represent smart ways to understand how well campaigns are doing at reaching the desired audience without violating users' privacy.



“Now that cookies are being sunset, we have to be much more diligent to make sure we are tracking success across every touchpoint to ensure that we’re using our dollars more effectively and efficiently as possible. Because as marketers, we’re charged with making sure that every dollar is working harder than the last.”

**KATE BRADY**

Head of Media Innovation & Partnership  
Development, PepsiCo

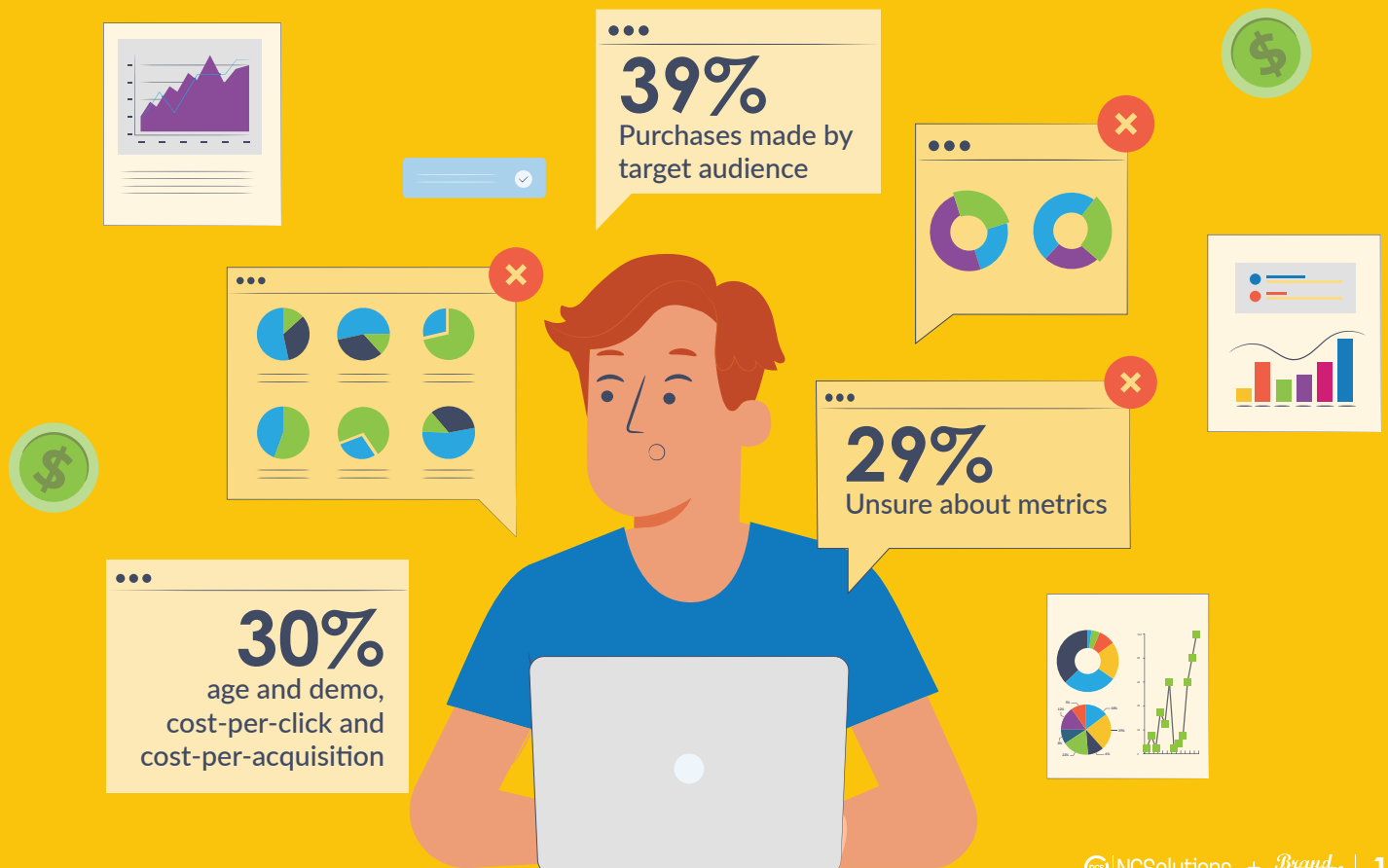
# WORKING WITH DSPs

When it comes to programmatic activation, almost half (49%) of all respondents think it is very important that their demand side platform (DSP) is able to optimize the bid price for their programmatic activation, while 36% think it is somewhat important.

Probing deeper, the key metrics respondents say their DSPs optimize against are **purchases made by the targeted audience (39%)**, as well as **age and demo, cost-per-click, and cost-per-acquisition, all of which are cited by 30%** of the brand marketers surveyed. Surprisingly, **29% are unsure which metrics their DSPs use.**

As cookies disappear, bid optimization will assume greater importance, and understanding previous purchase habits will be a key metric that brands look to in terms of which users to target.

## METRICS MARKETERS DSPs OPTIMIZE AGAINST





## THE DIRECT-TO-CONSUMER (DTC) MARKETPLACE

**DTC marketers have seen rapid growth over the past decade, often challenging established brands. By eliminating the middleman, they are able to lower costs, and many have made excellent use of social media to establish one-to-one relationships with consumers.**

The marketers we surveyed saw other benefits to DTC marketing as well, with **68% citing the ability to build a first-party database**. This is particularly valuable for brands in areas like consumer packaged goods that have traditionally not maintained these types of databases.

In addition, **67% of respondents note that DTC can provide brands with more control over the entire purchase cycle**, with **55% also citing the ability of DTC to offer an enhanced customer experience**.

Thus, it is no surprise that **51% of respondents report that they already evaluated a DTC strategy**, with another **29% reporting that they plan to evaluate one** and **12% noting that it was not applicable to their business**.

This indicates that DTC is about to become an important tool in many marketers' arsenals, both as a way to build up their first-party data and to establish a better and more personal connection with their customer base.

# SUMMARY

**Marketing metrics are indeed changing as brands look to justify ad spend across multiple media outlets and find themselves facing both the demise of cookies and a changing consumer landscape due to the Covid pandemic.**

That is why metrics like ROAS will remain table stakes in the years to come as they allow brands to effectively evaluate their cross-channel ad spends. Marketers generally indicated an overall interest in expanding their use of data, and the CPG marketers we spoke with are well aware of the need to expand their first-party data sets, which had often been sparse.

To that end, two key trends to watch for this year are the rise of retail media networks and further investment in data clean rooms as a way to take advantage of first-party data, which will be the story of 2022.

## ABOUT THE SURVEY

The B2B focused survey, conducted in Q4 of 2021 by Brand Innovators, Inc. in collaboration with NCS, set out to examine CPG marketers' advertising spending plans and attitudes towards a range of next-generation marketing and advertising effectiveness tools and the various issues impacting their efficiency and the effectiveness of their ad campaigns.

## ABOUT BRAND INNOVATORS

The goal of Brand Innovators is to accelerate the digital transformation of the marketing and media industries. Established in 2011, the Brand Innovators community includes over 25,000 senior brand marketers from Fortune 500 and other leading brands from coast-to-coast, making it the largest professional network of its kind. The Brand Innovators Advisory Board and Professional Councils include some of the most innovative brand marketers or change agents in the marketing and media industries today.

For more information, please visit [www.brand-innovators.com](http://www.brand-innovators.com).

## ABOUT NCSOLUTIONS

NCSolutions (NCS) makes advertising work better. Our unrivaled data resources powered by leading providers combine with scientific rigor and leading-edge technology to empower the CPG ecosystem to create and deliver more effective advertising. With NCS's proven approach, brands are achieving continuous optimization everywhere ads appear, through purchase-based audience targeting and sales measurement solutions that have impacted over \$25 billion in media spend for our customers. NCS has offices in NYC, Chicago, Tampa, and Cincinnati.

For more information, please visit [www.ncsolutions.com](http://www.ncsolutions.com).