



WHITE PAPER

CONQUER THE DATA DIVIDE:

How Consumer Packaged Goods Firms Can Create More Value with Customer Data Platforms



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NAVIGATING THE CPG FIRST-PARTY DATA DIVIDE

Companies that own their consumer data better control their destinies. As evidence, witness the success of retailers and ecommerce firms in using integrated first- and third-party data to predict consumer demand, optimize supply chain processes, improve product availability, personalize marketing, and cross-sell and upsell goods, among other gains. In fact, brands that do personalization well drive 40 percent more revenue as compared to average competitors.¹ So, it's not surprising that retailers and others are leveraging their expertise with customer targeting to offer high-margin data services to suppliers, as Walmart is doing with its Luminare platform.

Consumer packaged goods (CPG) firms have historically been at a disadvantage amassing and operationalizing first-party data because they sell to retailers and distributors, not consumers. Instead, CPG firms have relied on retail partners to provide shopper data and have enriched it with third-party data from other providers with a very small sample size.

This process is costly, slow, and often doesn't yield the granular insights that CPG teams need to make strategic marketing investments, target new demographics and buying behaviors, and measure omnichannel performance along with consumer insights around changing preferences for whitespace identification and portfolio optimization.



Two of the biggest challenges in harnessing consumer data (zero, first, 2nd and 3rd party) are data harmonization and creating the consumer's golden record across systems to gain a 360-degree view.



One Decision & Four weeks

A team at a leading CPG firm struggled to harmonize product hierarchy information across retailers for more than six months. With the AI-based harmonization capabilities of Tredence's CDP solution, the team accomplished this goal in just one month.

By deploying customer data platforms (CDPs) of their own, CPGs can deepen insights into shopper behavior, increase marketing agility, and improve financial results.

CDPs offer pre-built accelerators and numerous use cases that help CPG firms drive more value with data, both now and in the future. Teams can assess the impact of customer targeting on driving actual product sales. They can use data models that harmonize product hierarchy information more easily, keeping pace with retailer data changes. In addition, CDP platforms help teams experiment with data, answering important questions such as which customers are most profitable, where to place inventory for maximum sales, and how to accurately measure the performance of multiple key performance indicators (KPIs).



¹ Nidhi Arora, Wei Liu, Kelsey Robinson, Eli Stein, Daniel Ensslen, Lars Fiedler, and Gustavo Schuler, "The value of getting personalization right – or wrong – is growing," article, McKinsey, <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/the-value-of-getting-personalization-right-or-wrong-is-multiplying>

Data-Driven Marketing Is a CPG Imperative

Two-thirds of CPG firms have put data-driven marketing at the top of their agenda to:²



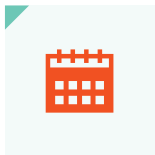
00.43%

Increase the industry's current ultra-low short-term value for advertising ROI.³



3–5 percent

Boost net sales growth incrementally.⁵



94 weeks

Reduce total time to payback for advertising ROI.⁴



10–20 percent

Significantly increase marketing efficiency.⁶

Recent events, such as the phaseout of tracking cookies, increased regulations, and rapid swings in consumer demand, are motivating CPG leaders to move faster to control their data destiny. By targeting the right consumer segments with compelling offers, CPG firms can focus on the right opportunities, drive more revenue, and improve profitability.

Being able to achieve granular insights from first- and third-party consumer data enables CPG teams to make more precise decisions that increase ROI. However, creating deeper insights is a challenge many CPG firms are just beginning to tackle.

OFF-THE-SHELF VS. CUSTOM CDPs FOR CPG FIRMS

Off-the-shelf CDP solutions are mainly tailored for organizations with a large set of first-party data, and to solve for common marketing problems. Most CPG firms therefore need to create an enterprise grade custom CDP solution to help them overcome the key shortcomings of existing tools:



Deepening customer insights

CPG firms are starting to build their own consumer intelligence data using retailer and third-party data sources, including receipt capture panels like Fetch, NielsenIQ, and Numerator; and most off-the-shelf CDP solutions haven't been purpose-built for such anonymized data.

By deploying their own CDP or layering a custom-built solution on top of their existing system, CPGs gain the ability to integrate these modern data sets, leverage algorithms designed for specific CPG use cases, and solve critical data challenges. They can also execute experiments on-demand across marketing, retail media, demand sensing, and other areas, creating a data-driven decision-making culture.



Leveraging consumer data beyond marketing

Traditional CDPs are focused on solving marketing problems and are not built to solve for problems in the areas of RGM, pricing, retail media execution, integrated business planning and supply chain.

² Tiffany Chen, Michelle Choi, Jeff Jacobs, Brian Henstorf, and Ed See, "The new marketing model for growth: How CPGs can crack the code," article, McKinsey, September 23, 2021, <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/the-new-marketing-model-for-growth-how-cpgs-can-crack-the-code#/>

³ "How long does it take for CPG ad spending to pay back?", blog, Gain Theory, undated

⁴ Ibid.

⁵ "The new marketing model," ibid.

⁶ Ibid.



Collaborative clean rooms

CDPs can't resolve anonymous consumer data coming from retailer clean rooms since they're tailored towards identified consumers. An enterprise-grade CDP can be customized to the needs of CPGs to ingest such retailer data.








Analytics- and data-science-friendly

Off-the-shelf CDPs are focused on business users as a self-serve tool, rather than serving the needs of creating or running robust analytical or data science models. A custom platform helps CPGs to create meaningful use cases.

KEY USE CASES A CUSTOMIZED CUSTOMER DATA PLATFORM CAN ENABLE

For CPGs, an enterprise-grade CDP can enable use cases beyond just marketing or media. A partner with the right expertise should be able to ideate and solve for multiple use cases that CPG firms can operationalize quickly. Some of these use cases include:

 MEDIA & MARKETING	 CATEGORY & ASSORTMENT	 INNOVATION & NPД	 PRICING & PROMOTION	 LOYALTY & DEMAND
<p>Creating premium audiences across channels using "lookalikes" attributes of the most loyal consumers</p>	<p>Improving product assortment and promotion mixes at retail locations based on past consumer purchase behavior</p>	<p>Identifying attributes of early-adopter consumers who have a propensity to try new products</p>	<p>Understanding which consumers respond to different types of promotions to measure their effectiveness</p>	<p>Identifying new service locations based on consumer traffic and occasion-based consumption</p>
<p>Assessing the impact of local weather and events on digital marketing campaigns</p>	<p>Analyzing shopping baskets to identify shoppers new to the category</p>	<p>Creating insights on occasions or moments that inspire consumers to try new products and packaging</p>	<p>Assessing the impact of competitor pricing on brand switching</p>	<p>Creating custom use cases to meet a CPG firm's unique needs</p>
<p>Mapping digital campaign performance to actual sales via receipt panel data</p>	<p>Expanding digital shelf share and obtaining competitive ecommerce insights</p>	<p>Optimizing channels to drive new product trials</p>	<p>Revealing sales drivers for occasion-based consumption and purchases</p>	<p>NLP to understand preferences, sentiments, VoC, reviews</p>
<p>Conducting A/B testing of promotions at the consumer cohort level</p>	<p>Increasing sales share and household penetration at different retailers by improving merchandizing</p>	<p>Matching consumers' tastes and preferences for specific product attributes</p>	<p>Understanding why consumers trade up or down on products and packaging, based on promotions</p>	<p>New preferences through consumer decision tree using switching and demand transfer</p>

Audience selection using propensity models				Deep consumer segmentation (e.g., lost, retained, new etc.)
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Operationalizing even a few of these use cases will bring new transparency to CPG decision-making, improving teams’ ability to deliver more value.

INTRODUCING COSMOS, A NEW KIND OF CUSTOMER DATA PLATFORM

Tredence is an analytics, data science and data engineering consulting firm that provides the tools and insights that CPG firms need to control their destinies by leveraging first-party data in new ways. We provide an end-to-end platform, Cosmos on ATOM.AI, that uses proprietary algorithms, data partnerships, and data transformation accelerators to develop deep insights for CPG organizations. Cosmos powers multiple analytics applications around personalization, promotion, customer journey mapping, customer service, merchandising, and more. Our platform:



Incorporates modern data sources

Cosmos aggregates and harmonizes data sources, including retailer transaction, shopper panel, third-party, master, pricing and promotion, and new data sources. The platform also weights data appropriately to balance out biases.



White box data customization

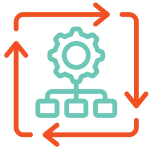
Cosmos provides pre-built data models with more than 200 features which can be rapidly customized and leveraged in different combinations to enable different use cases. This capability provides CPG firms with the ability to finetune their new data capabilities to solve for their specific problems rather than having to rely on typical black-box algorithms.





Creates predictive intelligence

Tredence offers more than 80 artificial intelligence (AI) and machine learning (ML) models to predict different aspects of customer behavior, including customer scoring, propensity to buy, lifetime value, and more. These customizable models can be easily explained to key business stakeholders and help solve key challenges.



Simplifies infrastructure deployment

Cosmos provides standard data ingestion and transformation pipelines from data source systems to foundational and consumption layers, improves data quality and governance with prebuilt frameworks, and offer dozens of algorithms. CPG firms can deploy Cosmos as a standalone CDP or use it to extend their existing platforms, gaining new capabilities. Cosmos provides transferrable intellectual property and is implemented in customer environments, providing CPG firms with greater control over their data, marketing, and sales destinies.



Enables rapid innovation

CPG firms gain customer insights, audience segmentation tools, and a platform they can use to conduct rapid experiments. They can more easily identify changing buyer behaviors and leverage platforms like Fetch, NielsenIQ, and Numerator, to measure various strategies.

GLOBAL CPG COMPANY DRIVES \$30M IN NEW REVENUE

A global CPG company sought to develop deeper digital connections with its customers. Company leadership and the digital transformation team believed that they could drive revenue by enabling a new consumer and shopper panel and advanced analytics use cases.

The digital transformation team wanted to gain deeper customer insights around purchase behavior, leakage, new and repeat purchases, seasonal buying, and the impact of promotions. In addition, the team wanted to ideate new use cases with business stakeholders to drive revenues, unify customer insights across business processes, and enable greater experimentation.



To achieve this goal, the CPG company needed to overcome challenges, including insufficient third-party data, basic analytics, weak harmonization of data, and an in-house solution that provided only historical reporting.

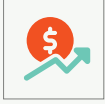
The CPG firm deployed Cosmos on ATOM.AI and aggregated insights from multiple first-party and third-party data sources. Tredence deployed a custom-built consumption layer that provided personas across functions, including merchandising, purchasing, and marketing, enabling 1,000 real-time platform users.

Business users derive self-serve insights on 15 million shoppers and activate insights across the company via a shared service model. With precision targeting on the Fetch platform, the marketing team can personalize and target promotions to achieve specific brand objectives, while leveraging closed-loop manufacturing to increase ROI. The company has used Cosmos on ATOM.AI to onboard multiple new use cases, interconnect data, and develop new capabilities for its snacking business.

Business outcomes include:



Speeding time to insight by **50 percent** with accelerators



Increasing revenues by **\$30M** for each **\$1B** in sales



Improving Fetch promotion ROI by an **additional 8%**



Activating **50 different category** and marketing use cases



WHY WORK WITH TREDENCE?

Interested in creating impactful results like this CPG firm? When you work with us, you:

1 Harness our deep industry expertise

We have already solved consumer data problems for eight of the world's top 10 retailers. We understand how data is stored, used, and monetized by retailers and can leverage these insights to develop a CDP for you.

2 Leverage our prebuilt accelerators

Our accelerators speed time to value by 40 to 60 percent, as compared to building algorithms from the ground up. They are also powered by proprietary data models that are easy to customize.

3 Increase nimbleness with our data engineering capabilities

While many consulting firms can offer presentation skills, Tredence offers data engineering expertise to quickly develop and customize a CDP solution to your requirements, deploy it on your cloud environment, and provide you with full access to all underlying codes and algorithms.

4 Gain an end-to-end process

Tredence provides an end-to-end process that includes integrating, preparing, and cloud-enabling data, and running data science experiments. You can run the platform yourself or leverage our managed services to measure the impact of marketing spend across channels, identify areas of out-performance, and reinvest in them.

5 Benefit from new data sources

Tredence leverages data from providers, such as Fetch, iRI, NielsenIQ, and Numerator. We also integrate other sources, such as U.S. government census data, point of sale, point of interest, mobility, footfall, retailer data and digital shelf data to create more robust insights into consumer preferences, past purchase history, offline behavior, and buying power.

6 Create deeper insights

It's no longer enough to understand what customers are purchasing. Instead, you want to understand why customers prefer certain products. Tredence offers services such as taste intelligence to drill down on customer preferences for flavors, ingredients, and packaging. For example, a drinks manufacturer can use our proprietary data models, which leverage publicly available data, to determine whether consumers prefer regular or cherry diet soda, whether they like drinking from cans or bottles, what product sizes they like best, and whether they'd be willing to try new products like energy drinks.

CONQUER YOUR DATA DIVIDE, STARTING TODAY

You can improve your marketing and sales effectiveness in months, rather than years. Reduce your dependence on retailer data platforms, gain more granular insights, and access different levers to improve results across a wide number of business areas.

Schedule time with a CPG data expert who can help you:

-  Explore ways to drive value by creating a single view of customers
-  Evaluate use cases you can rapidly operationalize
-  Walk through case studies of firms that have improved forecasting and predictive intelligence capabilities with first-party data
-  Create a plan to deploy a CDP at your firm
-  Reduce technical burdens and costs with managed services



CAPITALIZE ON THIS NO-RISK OFFER

Ready to get started?

Contact us for a free, no-strings-attached 60-minute discovery call. We'll help you quantify the value you can achieve by deploying your own CDP.

Align marketing investments for higher ROI and control your data destiny.

www.tredence.com/industries/cpg

About the Authors



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Gaurav is a seasoned professional with a career spanning over 17 years. As a strategic visionary, he has been instrumental in driving sales strategies, cultivating and fostering client relationships, and accelerating business growth across global corporations.

Prior to Tredence, he held pivotal sales and leadership roles, spearheading market analysis, strategic planning, team management, and more. At Tredence, he has been a driving force in expanding the company's CPG clientele, penetrating new markets successfully, and generating substantial revenue growth. His in-depth knowledge of industry trends and ability to cultivate strong client relationships helped Tredence establish itself as a trusted data science and AI partner for several leading CPGs. He is also a thought leader deeply committed to driving transformation and delivering results.



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Siddhish is an experienced sales & marketing professional with a career spanning over 20 years. As a domain expert, he has been instrumental in helping CPG firms create solutions around consumer & shopper insights, MMM, retail media, and customer/outlet growth.

Before Tredence, he held business leadership roles in e-commerce, brand & sales across Asia and the Middle East. He has worked on setting up D2C e-commerce for a large retail chain, including tech, UX, fulfillment and merchandising, digital media, analytics, consumer loyalty, insights, and media strategy. His in-depth knowledge of the consumer products industry has helped Tredence establish itself as a trusted consumer analytics partner for several leading CPGs.

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