

# REACHING THE MOVEABLE MIDDLE:

HOW CPG ADVERTISERS CAN IDENTIFY  
TARGET AUDIENCES TO DRIVE ROAS



**VIAANT.**

Adelphic DSP

# TABLE OF CONTENTS

|                                                                   |    |
|-------------------------------------------------------------------|----|
| TURNING AUDIENCE TARGETING INTO A SCIENCE .....                   | 1  |
| WHY CPG MARKETERS NEED TO RETHINK TARGETING .....                 | 2  |
| PURCHASE-BASED TARGETING: THE THEORY OF THE MOVEABLE MIDDLE ..... | 4  |
| TESTING THE MOVEABLE MIDDLE: THREE CPG CAMPAIGNS .....            | 7  |
| TARGET THE MOVEABLE MIDDLE .....                                  | 11 |
| ABOUT THE AUTHOR JOEL RUBINSON .....                              | 12 |
| ABOUT CIRCANA .....                                               | 12 |
| ABOUT VIANT .....                                                 | 13 |

# TURNING AUDIENCE TARGETING INTO A SCIENCE

Driving campaign performance, especially boosting both effectiveness and maximizing efficiency, has always been the holy grail for all marketers. Though today, given challenging economic conditions, it's even more important for advertisers and their agencies to quantify and deliver returns on advertising spend. To accomplish this, it's imperative to eliminate advertising waste, and ensure that the right message is delivered to the right audience, at the right place and at the right time.

As part of our efforts to help CPG brands improve campaign performance in these challenging times, we have partnered with Joel Robinson and Circana (formerly IRI + NPD) on **Reaching the Moveable Middle: How CPG Advertisers Can Identify Target Audiences to Drive ROAS.**

Combining Viant's ad targeting and optimization tools within its Adelphic DSP, and Circana with its consumer-purchase data, Joel uses his knowledge and expertise as a life-long market researcher to test a theory around targeting purchase-based audiences and reallocating impressions towards audiences most likely to purchase a product after being served an advertisement. Out of these groups, the Moveable Middle, which represents households with a 20-80% probability of choosing a certain brand, emerges as the consumer group most likely to purchase — and drive ROAS for CPG brands.

As digital advertising transitions from boom years into an economy teetering on recession — not to mention the rise of first-party data as third-party cookies are eliminated — optimization and targeting with purchase-based data takes on renewed importance. It's about making better targeting decisions in any economy to help them reach the right audiences and deliver improved campaign outcomes.

— Viant

# WHY CPG MARKETERS NEED TO RETHINK TARGETING

**By Joel Robinson**

Despite all of the data available today, many CPG marketers still do not know how to define audiences most responsive to their brand's advertising.

They approach their digital campaigns like traditional media, which usually leads to spray-and-pray targeting against simple age/gender segments. Some will onboard attitudinal segment seed samples to reach these important target audiences—yet, rarely do these campaigns prove to be high performing. Others will leverage the power of frequent shopper data in various ways: some will suppress heavier brand buyers for their first-party data, asking: "Why advertise to customers we already have?"; while others will take the opposite route and simply advertise to their consistent buyers.

With so many blind spots in their data, the underlying question for marketers is: *"Who, exactly, should I target to get the most return on my ad spend?"*

Whether or not to target is not a question, however. Targeting has always existed, even in the days of massive TV audiences. As digital advertising evolved into addressable marketing, it brought more precise targeting capabilities by leveraging all the demographic and interest profiling data available about target audiences. For example, bidding algorithms now allow a marketer to selectively bid higher and win the opportunity to serve ads to target audiences thought to be more valuable based on what the marketer tech stack knows about the audience segment.

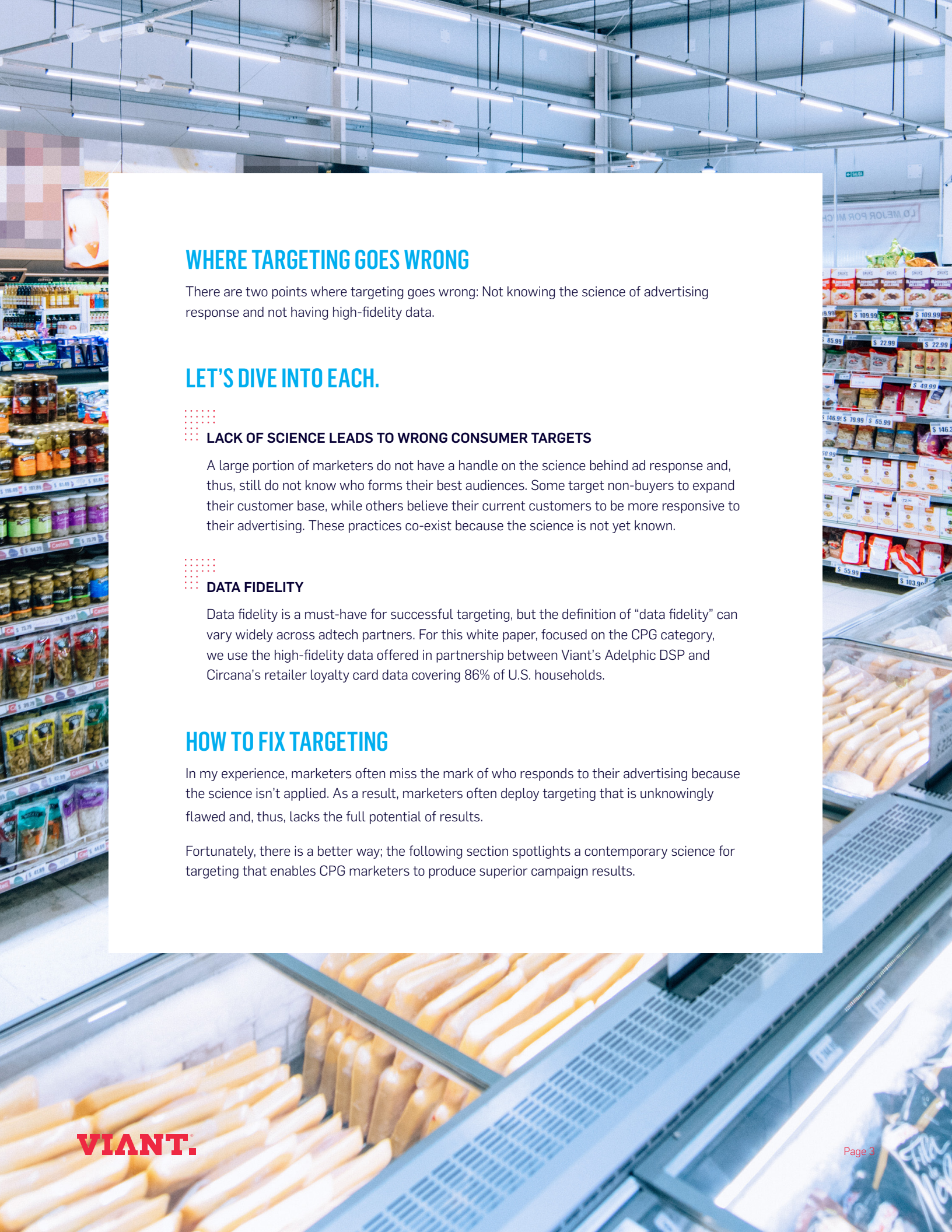
In my experience, ad effectiveness and efficiency is a three-legged stool: Get the creative right, get the channels and media partners right and, finally, get the targeting right.

The 1970s saw a rise in research tools to get the creative right. Starting in the late 1980s, we saw the adoption of marketing mix modeling to get the media allocations right, which has evolved since 2010 to multi-touch attribution (MTA), test-and-learn and integrated models.

But the third leg of the stool still needs work.

**VIA.NT.**





## WHERE TARGETING GOES WRONG

There are two points where targeting goes wrong: Not knowing the science of advertising response and not having high-fidelity data.

## LET'S DIVE INTO EACH.



### LACK OF SCIENCE LEADS TO WRONG CONSUMER TARGETS

A large portion of marketers do not have a handle on the science behind ad response and, thus, still do not know who forms their best audiences. Some target non-buyers to expand their customer base, while others believe their current customers to be more responsive to their advertising. These practices co-exist because the science is not yet known.



### DATA FIDELITY

Data fidelity is a must-have for successful targeting, but the definition of "data fidelity" can vary widely across adtech partners. For this white paper, focused on the CPG category, we use the high-fidelity data offered in partnership between Viant's Adelphic DSP and Circana's retailer loyalty card data covering 86% of U.S. households.

## HOW TO FIX TARGETING

In my experience, marketers often miss the mark of who responds to their advertising because the science isn't applied. As a result, marketers often deploy targeting that is unknowingly flawed and, thus, lacks the full potential of results.

Fortunately, there is a better way; the following section spotlights a contemporary science for targeting that enables CPG marketers to produce superior campaign results.



# PURCHASE-BASED TARGETING: THE THEORY OF THE MOVEABLE MIDDLE

## WHO IS THE MOVEABLE MIDDLE AND WHY SHOULD MARKETERS CARE?

The global trade association **MMA** (whose published Moveable Middles Growth Framework - MMGF research is used in this paper) and I define the Moveable Middle as category buyers with a 20-80% baseline probability of choosing the brand of interest. The study found this segment to be five times more responsive to advertising than those not in the Moveable Middle category.

For CPG, a typical way of estimating a shopper's probability of buying a given brand is by calculating their share of purchases for that brand over the past 12 months from frequent shopper data. Using that approach for this white paper for the three Viant campaigns, I found that Moveable Middles were even more responsive to advertising than prior research conducted by the MMA, at 14 times the ROAS vs. Low-Loyals (mostly non-buyers).

At that multiplier, it is easy to see that shifting even 20% of ad impressions from Low-Loyals to Moveable Middles can have a huge impact on overall campaign ROAS.

## KEY PRINCIPLES OF THE MOVEABLE MIDDLE THEORY ARE:

- Targeting based on purchase-based behaviors — rather than demographics or softer measures of interest — provides a greater lift in response to advertising.
- It can be derived mathematically that a target customer's expected ad responsiveness is proportional to their baseline probability of buying the brand. As such, the highest ROAS comes from ad exposure to those who already buy your brand at least occasionally, not from non-buyers.
- When targeting based on brand purchase behaviors, redeploy marketing funds towards audiences that have higher than average concentrations of consumers who have bought the brand, funded by reducing (but not eliminating) spending against the larger group of non-brand buyers. This ad impression allocation approach has been shown to improve sales response to advertising but also to lead to higher brand penetration and improved brand repeat rates.

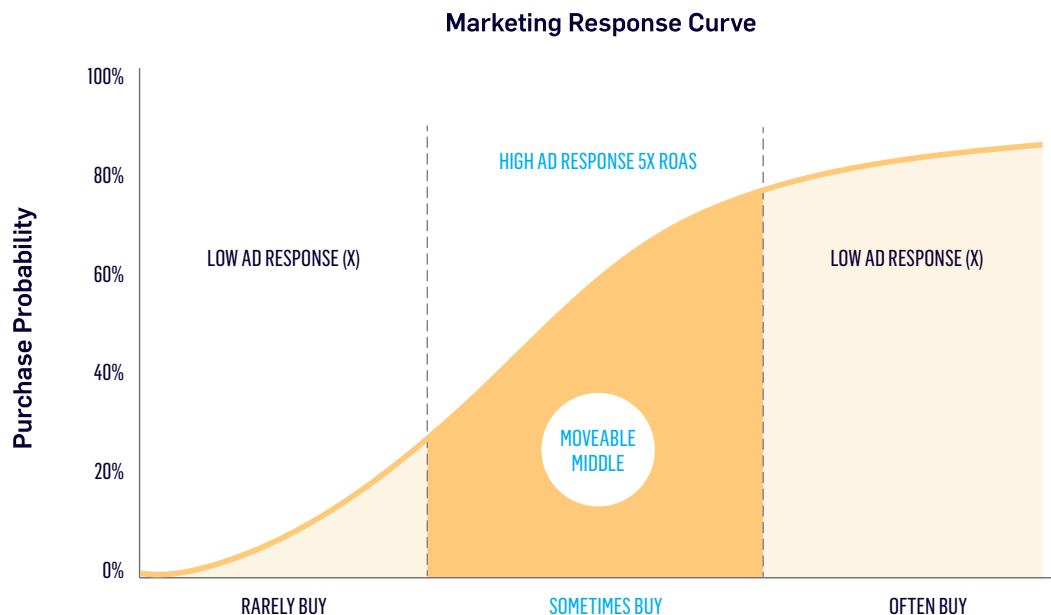
## SHIFTING FUNDS TO TARGET THE MOVEABLE MIDDLE

The opportunity to redeploy funds to the Moveable Middle is ample. In general, household-level purchase data shows a lawlike pattern that 15-20% of category buyers are in the Moveable Middle for a given brand, while typically 80% are in a "Low-Loyal/non-buyer" group. (The percentages vary for different brand shares, but these are for a typical mid-share brand). Hence, a modest reduction in ad spending against the 80% of Low-Loyal/Non-Buyers can fund 2-3 times the media weight towards the Moveable Middle.

## MAPPING OUT THE MOVEABLE MIDDLE THEORY

**LOW-LOYALS/NON-BUYERS HAVE ALREADY REPEATEDLY PASSED YOU BY!** Think of a frequently purchased CPG-product category where brands constantly advertise and promote prices. For example, if a consumer has bought the category every month over the past year and restricted their choices to just a handful of brands, the ad impressions (and price promotions) for other brands must have been ignored — so why would the next tranche of ad impressions do any better?

**INATTENTIONAL BLINDNESS.** We all have probably seen [the video](#) that proves the psychological principle of inattention blindness (i.e., the human brain does not pay attention to what it does not care about). The video shows a chaotic scene of teens in white or black clothes bounce-passing basketballs and the viewer is asked to count the number of times the balls are passed by "the white team." In the middle, someone walks out in a bear suit, but most viewers of the video don't see the bear! Viewers are too focused on the given task. The principle applies to brands in that, to consumers who never choose your brand, you are the bear — and your advertising simply is not likely to register!



## NOW LET'S GET MATHY.

Here is the mathematical reason that the Moveable Middle is, well, moveable.

The probability of a consumer buying a brand is between 0 and 100%, usually modeled as an S-shaped "logit" curve. It is easy to look at the curve and see that, for consumers with close to 0 probability of choosing your brand, a tranche of media does little to move them up the Y-axis (sales). On the other hand, other consumers who buy your brand a substantial portion of the time will be much more responsive to the same tranche of media. Mathematically, the first derivative from calculus gives us the rate of change at any point along the S-shaped curve, and it is quite simply  $p_{ij} \cdot (1 - p_{ij})$ , where  $p_{ij}$  = baseline probability of consumer  $i$  buying brand  $j$ . The first derivative is at its maximum when a consumer has a baseline probability of 50% and at its lowest when a consumer is either near 0 or 100%.

Broad-reach media plans fail to produce results because most consumers are clustered down around 0, on the flat part of the curve.<sup>1</sup>

For both logical and mathematical reasons, it seems that targeting the Moveable Middle is the way to go. But will evidence from actual campaigns bear out this hypothesis?

## REACHING THE MOVEABLE MIDDLE

Viant can execute a Moveable Middle targeting strategy via their people-based DSP and data from a number of direct partner relationships (e.g., frequent shopper, location data, etc.). Further, Viant's identity resolution capabilities can directly measure if a target audience is in the Moveable Middle for a given brand from household-level historical behaviors.<sup>2</sup>

To validate the Moveable Middle theory in the CPG category, I worked closely with Circana, one of Viant's direct partners, who, as mentioned previously, has significant retailer loyalty card data covering 86% of U.S. households.

1. The MMA, et al. Profitable Growth by Targeting Consumers in the Moveable Middle. [https://rubinsonwhitepapers.s3.us-east-2.amazonaws.com/outcome-based\\_marketing\\_v2.0\\_obm2\\_v09.pdf](https://rubinsonwhitepapers.s3.us-east-2.amazonaws.com/outcome-based_marketing_v2.0_obm2_v09.pdf).

2. Strictly speaking the math relates to a forward-going probability of choosing the brand of interest but in practice, prior behavior for an individual ID is highly predictive of their future behavior.

# TESTING THE MOVEABLE MIDDLE: THREE CPG CAMPAIGNS

**CAMPAIGNS ANALYZED.** To test the hypothesis that a brand's Moveable Middle is hyper-responsive to its advertising, I re-analyzed three CPG campaigns where Viant integrated ad serving with Circana shopper data via the direct integration in Viant's Adelphic DSP.

## MALE-ORIENTED PERSONAL CARE

Large share of niche category



ONLINE VIDEO



DISPLAY

## FROZEN MAIN MEAL

Smaller share brand, large category many brands



CTV



ONLINE VIDEO

## ARTIFICIAL SWEETENER

Moderate share



CTV



ONLINE VIDEO



DISPLAY



**VIAINT.**

## METHODOLOGY

For the study, consumers were classified into behavioral segments based on past buying behaviors for the respective category and brand. For each consumer, we measured ad exposure and brand buying from the start of the campaign. To understand lift due to ad exposure, I worked with Circana and used their standard methodology for conducting a lift analysis on sales and penetration.

Each matched consumer was classified as follows:

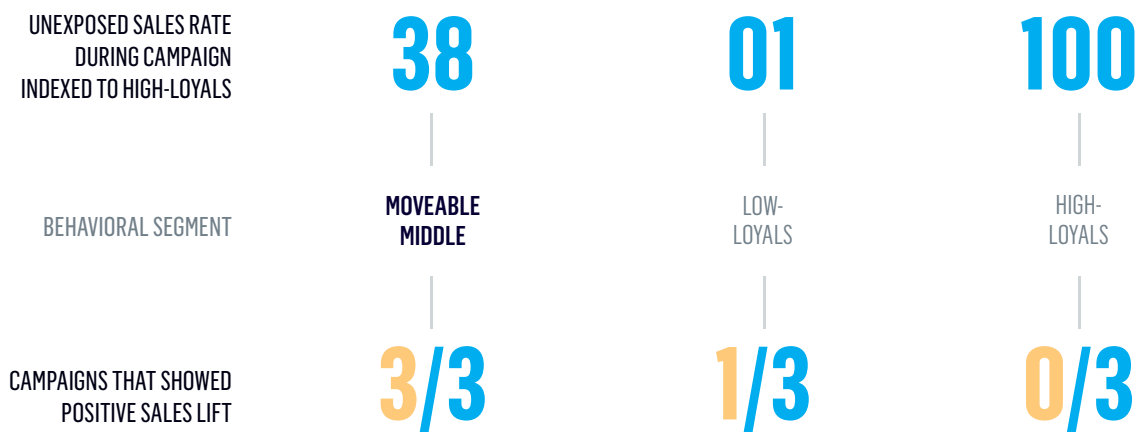
- 1. Low-Loyal/Non-Buyers:** non-brand buyers or those who gave less than 20% of their past 12-month category purchases to the brand of interest. Note: the great majority of this segment are non-buyers. This segment is always the largest group of consumers (usually over 80%), as it was for our three campaigns.
- 2. Moveable Middles:** 20-80% brand share of prior category purchases.
- 3. High-Loyals:** above 80% share of prior purchases. Usually, this is the smallest group but can contribute a significant portion of brand buying because they are ultra-loyal.

For each group, I used Circana's well-accepted Household Lift Methodology and Viant filtered to ensure the consumer fit within the Movable Middle segment



## RESULTS: THE MOVEABLE MIDDLE THEORY IS SUPPORTED BY THE EVIDENCE

Findings across the three campaigns were highly consistent and supportive of the theory that Moveable Middles will be hyper-responsive to advertising.



*\*How to read this chart: Those defined as High-Loyals from prior behavior exhibited the highest sales rate for the brand during the campaign period, indexed to 100. Sales rate = average brand purchases per household during the campaigns indexed to High-Loyals.*



## KEY TAKEAWAYS:

1.

Across the three campaigns, the Moveable Middles consistently outperformed non-Moveable Middles. On average, Moveable Middles generated **14x the sales lift** vs. the Low-Loyals.

2.

The Moveable Middle was the only segment that showed **positive lift** across all three campaigns

3.

**83% of ad spend** went to the Low-Loyal group, who are mostly brand rejectors. Hence, advertising that goes to Low-Loyals is avoidable ad waste that can instead be redeployed to the Moveable Middle and result in a sizable increase in ROI.



## TARGET THE MOVEABLE MIDDLE

Given tightening economic conditions and the increasing demands on marketers to demonstrate return on investment, it is imperative to run campaigns that are efficient and effective. This holy grail involves minimizing wasted impressions by identifying consumers most likely to purchase a given brand and measuring campaign performance in-flight to optimize spend. Leveraging the notion of Moveable Middle offers a path in realizing this goal.

As cookies go away and first-party data rises in importance, theories such as the Moveable Middle, which can be deployed through cookieless platforms like Viant, provide CPG marketers the science and tools to enhance audience reach in their campaigns, whether the economy is rocky or roaring.

# ABOUT OUR PARTNERS

## ABOUT JOEL RUBINSON

Joel Robinson is the founder and president of Robinson Partners, Inc., a marketing and research consultancy that has served over 80 clients at making data-driven decisions to improve their marketing effectiveness. He has also held several senior positions at major corporations, including Chief Research Officer at The Advertising Research Foundation (ARF) and Chief Research Officer at The NPD Group. Joel's master's degree is from the University of Chicago with concentrations in economics and statistics, where he studied under 3 Nobel prize winners.

## ABOUT CIRCANA

Circana is the leading advisor on the complexity of consumer behavior. Through unparalleled technology, advanced analytics, cross-industry data and deep expertise, we provide clarity that helps almost 7,000 of the world's leading brands and retailers take action and unlock business growth. We understand more about the complete consumer, the complete store and the complete wallet so our clients can go beyond the data to apply insights, ignite innovation, meet consumer demand and outpace the competition. Learn more at

[www.circana.com](http://www.circana.com).



**VIAANT.**



## ABOUT VIANT

Viant® (NASDAQ: DSP) is a leading advertising software company that enables marketers to plan, execute and measure omnichannel ad campaigns through a cloud-based platform. Viant's self-service Demand Side Platform, Adelphic®, powers programmatic advertising across Connected TV, Linear TV, mobile, desktop, audio, gaming and digital out-of-home channels. In 2022, Viant was recognized as a **Leader in the DSP category**, earned Great Place to Work® **certification** and Co-Founders Tim and Chris Vanderhook were named EY Entrepreneurs of the Year. To learn more, please visit [viantinc.com](https://viantinc.com).

**VIAANT.<sup>®</sup>**

**Adelphic<sup>®</sup> DSP**

[viantinc.com](http://viantinc.com)