



**First-party data for  
effective marketing  
over time.**

White Paper November 2020

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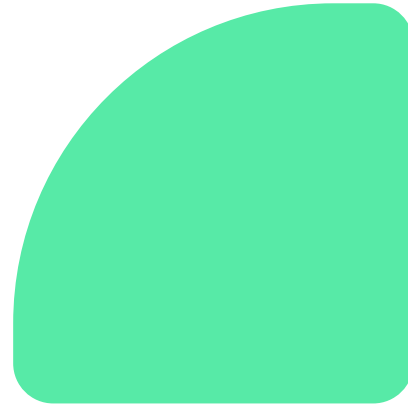
So now that you've conquered this paper, where to from here?



# Introduction

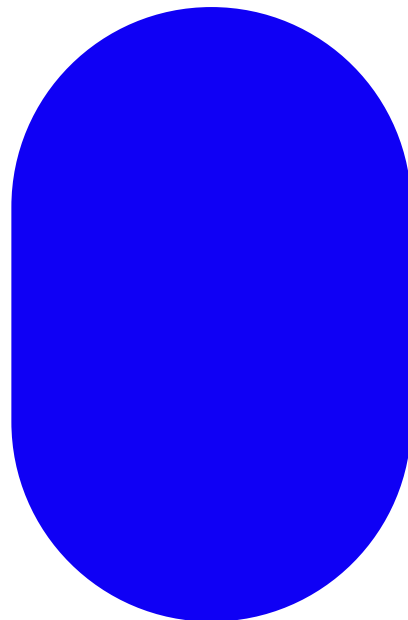
**We're Unpacked by Flybuys, a data business backed by Australia's most popular loyalty program, Flybuys.**

2020 has been a big year for FMCG marketers. There has been pivoting, there has been panic buying, and there have been more contingency plans created than we ever expected for the turn of the decade.



**But one thing has become increasingly clear as the year has progressed:**

accurate, data-led marketing is crucial to brand building both in the short and long term. Marketers need to be using the data and insights available to them to accurately measure buying behaviours and ROI, enabling them to pivot quickly when things aren't working without losing sight of long-term brand building.

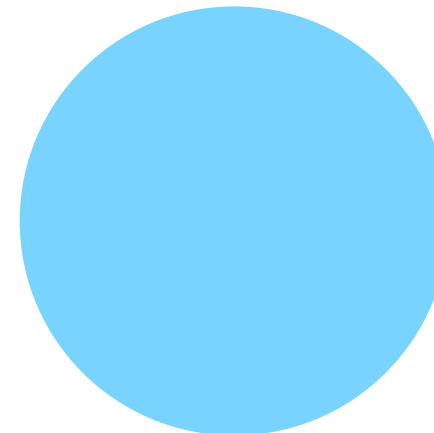


We've put this paper together to help you navigate the wonderful world of first-party data across different time scales and strategies. With actionable tips and activities, we hope you can use this paper to consider the way you are currently using first-party data, and ways you could be using it better.



**We'll take you through long- and short-term marketing strategies, and how first-party data can inform both.**

We do a deep-dive into the ins and outs of your customers (and those of your competitors), and discuss how first-party data can influence customer churn and buying behaviour.



We take a critical look at the way marketers and agencies report on measurement and offer new ways of thinking about effectiveness metrics to help you better demonstrate the ROI of your marketing.

# Marketing

## Marketing for FMCG brands: Should you be thinking short- or long-term?



Long-term brand strategy versus short-term brand strategy. You've heard it before and you'll hear it again, as there is so much debate and discussion on where brands should be focusing their marketing efforts. But for FMCG marketers, which of these are more important to build brand value?



## The long of it

Now more than ever, there is a 24-7 demand on brands from all angles; from customers, staff, agencies and stakeholders. There's also an endlessly expanding array of media channels, and an explosion of data that comes with them, so it can be easy to be distracted by the amount of information and data available. To build brand value through marketing, whether you are agency-side or brand-side, you need to be clear on the business objectives you are working to meet and the business problems you are trying to solve.

## The short of it

For the majority of FMCG brands, the answer is both. But with so many things to consider, and so few hours in a day, how can marketers effectively develop and execute both a long-term and short-term brand strategy in tandem?

Data.

Find the even longer of it over the page.

# There are three ways this can and should be done:

## 1

### Using data and technology to help you, not distract you

Marketers have more access to data than ever before, with nearly a third (31%) of marketers saying that they face the challenge of “too much data to analyse” when optimising ad performance. With so much data now available, it can be easy to get lost in data and lose focus, so it's important you **use data and technology to help you be better at what you do**, not distract and overwhelm you.



To build real brand value, you need to put structure into which data and metrics you are going to use to

go searching for deep, compelling insights at the beginning of each campaign.

You can then use these insights to build the right creative response for the campaign, and a killer media strategy to go with it. This isn't something that brands should be solely responsible for, or that agencies should be solely responsible for: this is something agencies and brands need to work hand-in-hand to develop and deliver on. The question you should always return to, whether you're working in an agency or in-house is: how can I leverage the data

and technology to meet my strategic objectives, and be better at what I do?

At Unpacked by Flybuys, many of our clients come to us to find a plethora of data at their disposal. Once they start to review the right sets within the data, they are led to asking more nuanced questions that can offer insights into the how and why of customer behaviour. For instance, where they might initially ask **'how many new customers did we gain this week?'**, looking at the right data will instead lead them to asking, **'what happened this week that led us to gaining these customers?'**

## 2

### Learning the ins and outs of your customers, and your competitors' customers

Quality campaigns that move the needle are built from insights into real customers and their real buying behaviours. By sourcing the insights about your customers that matter, tracking the customers all the way through to the sale, and understanding how they interact with competitors, you'll be in a strong position to build repeat, loyal customers over time.

Customer profiling is an invaluable tool that allows brands to understand who their customers are, and the factors that influence their purchase decisions. **Rich insights into customer profiles can only be achieved through the right dissemination of first-party data**, like identifying customer activity across multiple devices.

Being backed by Coles Group transactional data gives us the ability to view around 7 million swiped Flybuys transactions per week, with the associated basket contents. However, despite the volume of that data and the insights that can be generated, it becomes even more powerful when it can be associated to an individual. Over the last 6 months alone, we've had 2.6 million Flybuys members use over 13 million device IDs: a combination of multiple devices and cookies being replaced. This makes for an average of 5.5 devices per Flybuys member. Being able to filter that noise down to an individual, and tie together their behaviour, drives powerful insight for media targeting and reducing media wastage. Gone are the days of only click-

through rate and reach; if you can track real people and real buying behaviour across the customer journey, why aren't you?



Customer profiling can also

provide competitive data sets, that is, the customers who are buying the products of your competitors. This is valuable because you can then have a clearer view of your market penetration, and how much additional share there is for your brand to take. The more insight you have into consumers across your entire category, the better, more informed your marketing strategy, media spend and accompanying creative can be.

# 3

## Leveraging data and activating insights to build a complete short, medium and long-term marketing strategy

It's not enough to just find the right data set and understand customers for your campaign: you also need to think across multiple timescales.

Understanding how to balance short-term tactics with brand longevity is something all marketers should continuously work on. You'll often hear CMOs speaking at conferences about channelling focus into long-term brand strategy, when in reality, at that time what they're really concerned about are the results of a short-lived campaign. This is because any CMO worth

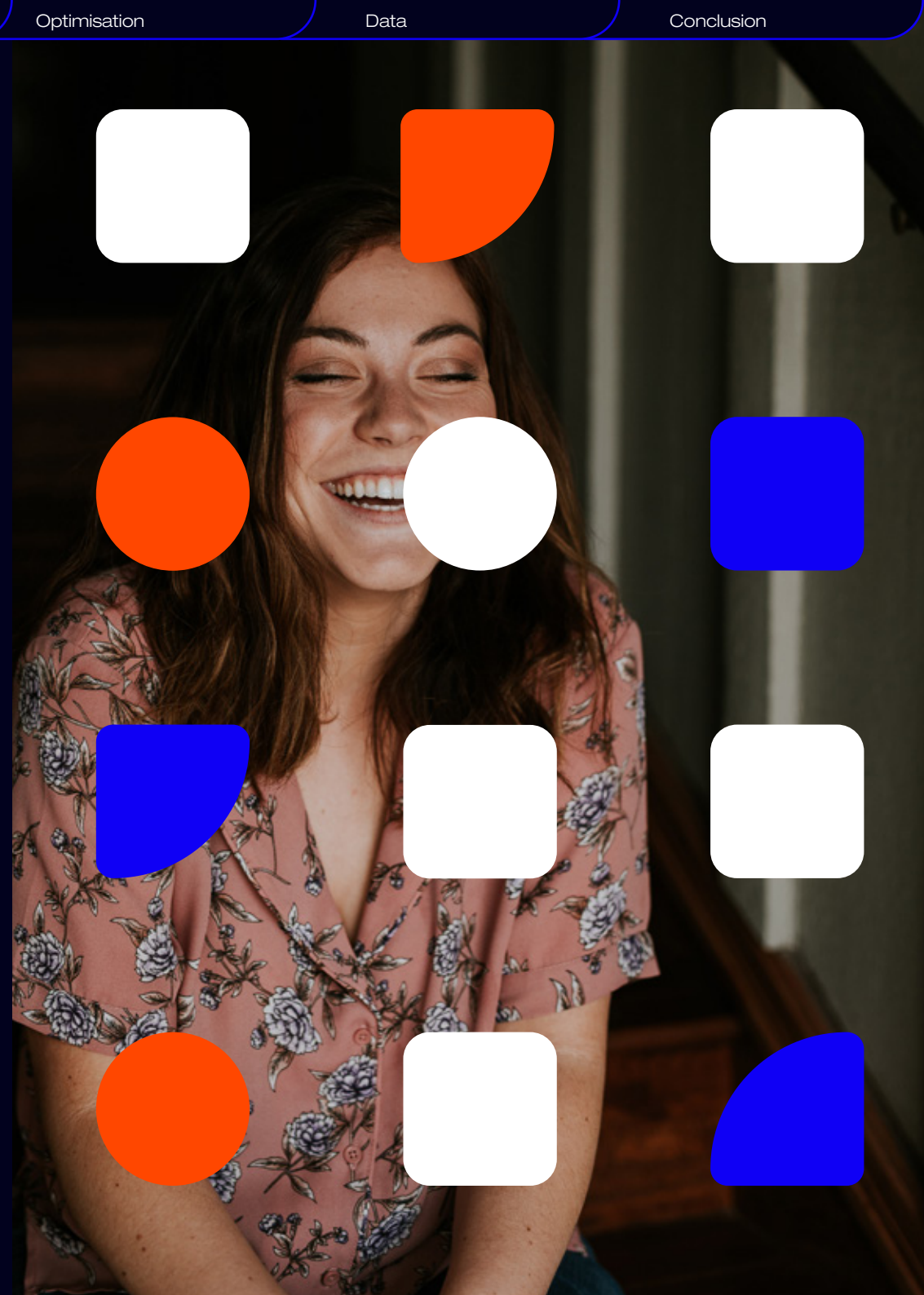
their salt knows to do both: think with a long-term lens, but use short-term, data-led campaigns to test, learn and action results and insights immediately. This has a huge impact on both short-term marketing results, as well as the brand's overall long-term direction.



We saw exactly this for one of our clients in the fresh fruit category, who executed multiple campaigns in a one-year period to generate both

short- and long-term results. Since beginning their data-led marketing activity with Unpacked by Flybuys, they have generated around \$500k of incremental sales in the past 12 months.

The same data source can help one marketer solve two problems; generate immediate results by being razor focused in achieving short-term objectives, and enable accurate investment in a longer-term communication plan speaking to those same customers.





# Measurement

**The future of marketing is measurable, and the time is now to challenge old-school thinking. If you're agency-side, it's challenging the brand you're working with to consider the metrics you measure against, and if you're in-house, it's challenging your executive team to report on marketing activity differently.**

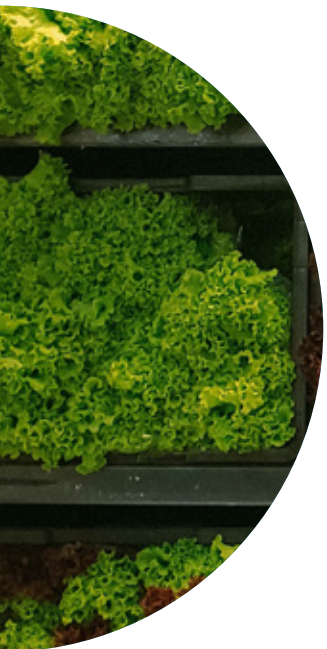
Accurate, data-led measurement in real-time is now more accessible than ever, so any marketing strategy that doesn't include this is setting itself up for failure. Standard media metrics still have their place, but attributable metrics are equally, if not more, important in today's plugged-in world.

However, every company has their own business objectives that require

different metrics for success.

Let's explore some examples. Take the market leader of cola soft drink. As one of the world's biggest brands with a majority market share and very few main competitors, they might not need to sell more cola. What they might need instead is to monitor, influence and manage the public's perception of the brand. So instead of drilling down into the data behind the amount of cola they sell, they'll be more concerned with their brand health metrics.

On the other hand, a big brand that might need to drill deeper into customer profiles and their purchase behaviour is a leading international shampoo brand. In the competitive shampoo market, they need to drive sales, and make sure their message in-market works to directly influence purchase behaviour.



# So how do you identify the right measurement solution for your brand?

## Business objectives and first-party data.



**Here is a simple framework** you can use to help you think about your business objectives and measurement across the funnel and across multiple time scales, to more comprehensively identify your key metrics:

### LEADING INDICATORS

SHORT-TERM:  
These tend to be vanity metrics such as clicks, time on site.

### LAGGING INDICATORS

LONG-TERM:  
Behavioural outcomes like visiting a store, intent to purchase, actual purchase.

#### AWARENESS

CONSIDER:  
How many people know of my brand? How many people saw my ads?

#### CONSIDERATION

CONSIDER:  
How many people visited my pages? How many people added to cart? Who were they?

#### CONVERSION

CONSIDER:  
How many converted to a sale? What do I know about these customers?

**Data is the conduit between short- and long-term marketing strategies. If you have a short-to-long term strategy led by data and insights, you're able in the short-term measure to determine how you want to pivot and use that immediate intelligence to influence and drive the long-term strategy.**

Measurement should be an always-on function, to both aid short- and long-term marketing strategies, and to maintain the conversation with the customer over time.

Always-on measurement allows you to constantly close the loop to evaluate how effective your short-term marketing is, while informing your long-term strategy.

This may well be what the international shampoo brand is trying to do. Given the business is largely funded by overseas markets, they can afford to test and learn in the Australian market, activating and measuring against short-term data to plan for the long term (but thanks to their scale, still be successful globally). However, if you speak to an independent up-and-comer in the shampoo market, they need to have an entirely short-term-focused strategy that directly supports the long-term view.



**This is why first-party data has bubbled up to the surface as a must-have for both big brands and tier two brands.**

Campaigns using old-school metrics simply can't compete with the raw, rich data available to us today. The kind of data you can accurately measure, because it's based on real people's real behaviours.

**Campaigns developed using data-led insights and measured using attributable metrics show true results pre, during and post-campaign. All this makes it easier to demonstrate the ROI of marketing investment.**

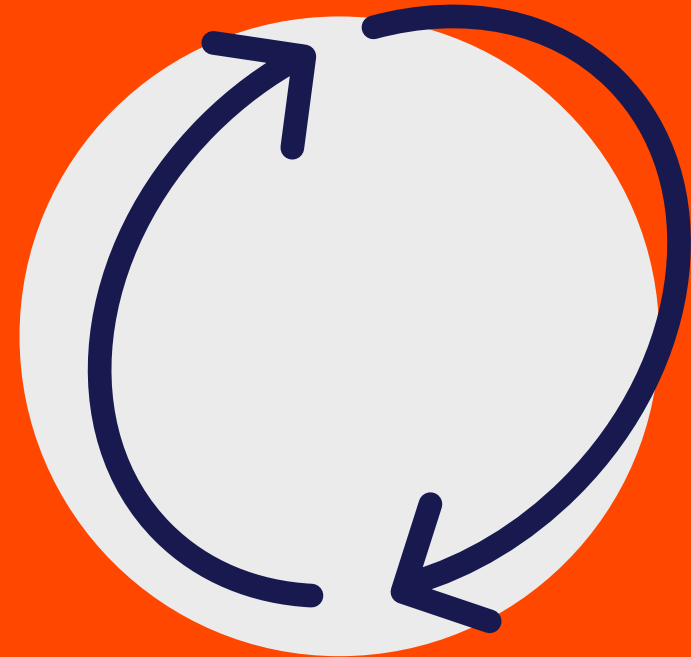
Since working with us, a large number of our FMCG clients have been able to double their future campaign budgets as a result of proving the ROI on every marketing dollar they've spent, year on year. Seeing the value in leveraging Flybuys' first-party data for their initial campaigns, many of our clients have also expanded their investment to run additional campaigns on other brands within their portfolio across a variety of different categories. With more effective ROI generated by using Flybuys data, these clients have then moved to an 'always-on' test and learn approach for their brands.

**If we haven't managed to convince you (or your boss) that standard media metrics are not the be-all end-all for marketing measurement, take a look at this case study example.**

Our client in the baking category ran a digital campaign which had a 0.04% Click-Through Rate, which, to many in the industry, is below benchmark. However, by identifying key segments based on shopping behaviour, and targeting active, lapsed, lapsing and new audiences, the attributable results of the campaign taught us otherwise. The campaign generated a **2 x ROI increase** in incremental sales and a **200% return** on advertising spend, proving that we effectively influenced new shoppers to purchase, and also re-engaged shoppers who hadn't purchased in this category for over 56 days.

**Standard media metrics should no longer be the way marketing departments and marketers are evaluated, as these metrics need to be commercially viable to other departments in businesses to demonstrate the power of marketing. When looking exclusively at standard media metrics, campaigns with weak results might be painting the wrong picture entirely.**

# Optimisation



## Let's talk about churn.

Every marketer has to play the churn game. But with first-party data on your side, you've already got the upper hand. Being able to review your performance (and your competitors') thoroughly

can give your brand the advantage it needs to win.

We often have marketers come to us who solely approach churn as short-term play.

**But there are two ways to look at churn: short-term and long-term.**

- Short-term is an acquisition play and capitalises on competitors' churn to convert new customers.
- Long-term is a retention play, and monitors the churn of your own customers, which can be measured against the effectiveness of your communication strategy.

Whether you approach churn from an immediate lens or a long-term lens, both are data-led, and both need always-on measurement to close the loop and enable pivoting. After all, short-term testing and learning helps to inform the longer-term strategy, and long-term data analysis will help to identify your loyal customers, who may not be the ones that responded to your short-term tactics.

## Case study:

# Nappies Unpacked

We recently worked on a campaign with a nappy brand to increase awareness and engagement and trigger a brand switch from those who used competitors' nappy pants.

Our challenge was to find effective contact points with consumers to cut through in-market.

We worked with our partner to answer the question "did shoppers who saw your ad, purchase at a higher rate than a control group"? We utilised a mix of transactional and lifestage baby and toddler segments to reach the known shoppers within their target audience - parents in-market for baby and children products for ages 0-2 years - with display banners.



## What were the results?

Parents who saw the campaign were **Twice as likely to buy**

**500%**  
Return On Investment

### What does this tell us?

Before and during the campaign, we could pinpoint shoppers who were most likely to churn. **This meant less media wasted targeting parents who were loyal to the market leader.** By unpacking competitive datasets, we can capitalise on the short-term churn of competitors to drive a stronger ROI.

### We can see that these are fantastic results, but where to now for our partner brand?

Now that this brand has found their audience sweet spot, they can make sure their success wasn't a one-off. They can re-engage their new customers, see

who their most loyal customers are and cross-promote new products to them, see the lifetime value of their customers through repeat purchase behaviours, and effectively judge their market share compared with their competitors. Once you've capitalised on competitor churn and acquired a customer based on their previous purchase behaviours, you need to maintain the conversation. For some brands, this could be reaching out in the days or weeks post-purchase. For others, it could be targeting them again in twelve to eighteen months with brand love messages or buy-it-now messages to keep them in the ecosystem. The only way to know what this will look like for your brand is to use first-party data on real purchases, to inform the longer-term strategy.

# Case study: Retention



**Remember our baking case study from earlier in the paper? They're a great example of retention in action.**

After the initial 76% sales uplift and 2 x ROI increase in incremental sales, a repurchase report conducted twelve weeks post-campaign showed that those who saw the ads had a 16% uplift. This indicates that targeted advertising to shopper segments most likely to convert had an incremental impact not only during the campaign period, but over subsequent future purchases as well.



# Seasonal churn

A deep-dive into the buying behaviours of Flybuys' 8.6 million members has shown us that customer loyalty goes out the window at Christmas time.

When supermarkets are at their busiest, shoppers want to avoid the chaos and get their groceries done as quickly as possible.

**This seasonal churn is a golden opportunity to convert short term wins into loyal customers after Christmas.**

On the flip side, it is just as important for brands to stay top-of-mind with their existing customers. Prior loyalty won't guarantee seasonal sales.





# Data

## Crises and data: What 2020 has taught us



COVID-19 has been a mixed bag for FMCG brands. Many enjoyed being in an enviable position at the beginning of the crisis due to panic buying, but as the global recession takes hold and economic fallout of the crisis unfolds, no brand is safe, and executive teams are wary.

The pandemic has brought to light the importance of focusing on ROI, but also the importance of having both an always-on short and long-term marketing strategy – and both of which are data-led.

### Why is this?

# 1

Consumer behaviour changes in ways we can't predict. Data is needed to continually learn how people adapt to the change that comes with a crisis, so investing in test & learn will help to inform your marketing strategy when no one has the answers.

# 2

Long-term brand doesn't go away – the effects of longer-term brand strategies are felt over much longer time scales. Over the course of the pandemic we've seen brands shy away from exposure and pausing long-term marketing strategies, but this will only impact them in the long-term.

# 3

ROI is critical to winning more marketing budget in the years to come.

ROI has always been important for marketers, because crisis or not, budgets are always being slashed and CFOs are always stripping marketing from the P&L of major brands first. But the pandemic has shown us that a focus on data-led marketing that can deliver a measurable, tangible ROI is the safest way for marketers to be able to win as much budget as possible and deliver the most effective results.



- Flybuys has noted a 55-60% increase in online grocery shopping at Coles since the beginning of the pandemic. According to recent data, repeat purchase is more likely with consecutive digital shops, as people tend to shop from digital lists or previous shops. This tells us brands should be capitalising on this and using first-party data to identify the customers shopping online and targeting them with the right messages to add the product to their basket again in their next shop.<sup>1</sup>
- Past crises and recessions have shown us that brands that maintain their marketing activity and share of voice during bad times emerge stronger in the long term.<sup>1</sup>

<sup>1</sup> WARC report: E-commerce shopping more frequent because of COVID-19

**FMCG brands should be viewing the recovery from the pandemic as an opportunity: one to test and learn using an always-on data-led strategy, and better prepare for the future.**

An always-on, data-led strategy will help you to better your brand's share of voice in times of crisis, and allow it to emerge even stronger long-term by:

- Reading the trends and understand what customers are doing as-it-happens, allowing you to capitalise on short term shifts in market share as competitors dial back activity.
- Guiding you in developing a short-term marketing strategy accordingly, where you can test and learn and pivot quickly when things aren't working.
- Using the knowledge and insights you gain from your short-term strategy to invest in broader, brand-led creative ideas, that you can be sure will help to sustain business after the crisis period.



The biggest challenge for marketers during a crisis is adapting to dramatically new consumer buying patterns which differ radically by category.

Brands still need to maintain consistent connection

through these times, rather than wait and see what plays out.

It's important for brands to find companies they can work with which can identify the best customers

for right now, find them and maintain a conversation with them over a longer period of time. This will help brands be as effective as possible short-term without jeopardising long-term strategy, by focusing on the dollar.

**So what can we take from this?**

**Crisis or not, the way you approach marketing shouldn't change. It should be always-on, with short and long-term strategies.**

# Data

## Making the most of data over time to optimise customer loyalty



We've spoken a lot about the importance of data for

an enduring marketing strategy, but marketers who put a lot of weight in their long-term strategy don't only invest in data. They also invest in broad reach strategies in order to build brand loyalty over time.

Let's look at how Flybuys, Australia's most popular

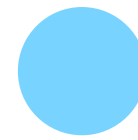
loyalty program, maintains member loyalty through a true value exchange with its consumers.

At Flybuys, we use our first-party data and the rich insights we can draw from it to show us the value of both our short-term strategies (like calls-to-action, special offers and discounts), and our long-term strategies (like customer experience

and loyalty) for member retention. This helps us measure our value exchange: how much our "we care about you" message resonates with our members, to have them care about us.

As the world changes and buying behaviours change, with less in-store foot traffic and more buying online, here's how we have kept our customers loyal to us:

## Zero and first-party data



At Flybuys we use a variety of data sources for short-

term marketing activities and use our learnings from these to inform our longer-term brand strategy, with member loyalty at the forefront of our minds. We use zero-party data to help us shape the right initiatives and experiences for our members. We can be confident we are meeting our members' needs by ensuring the products we bring to market are grounded in customer research. We also rely on first-party data, which is the key source of data informing

the ongoing relevance of offers that we send out to our members, as well as the performance of these offers.

On top of campaigns and regular point-per-dollar offers, we seek to amplify the value exchange with our members through providing ongoing, attractive and relevant bonus offers by leveraging first-party data. We build on test and learn plans which have become increasingly sophisticated over time, and build out data assets like segmentation models and individualised 'due to buy' machine learning

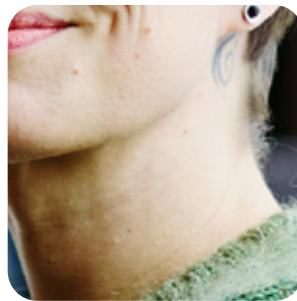
models. We now also deliver value through other personalisation elements; personalising a member's Flybuys experience through communicating in their preferred channels, at the right place and time. We also surface more tailored partner content to better inform members and simplify their shopping experiences. For example, Flybuys recently added the Coles catalogue to its App, which is currently personalised by location, but in time could be further personalised based on someone's shopping data to surface the most attractive and relevant specials for that individual.

## Return on investment



At Flybuys, we always look for a quantifiable ROI measure on our marketing activity, as without it, it's harder to justify our future investments. However, ROI can be harder to measure when investing in longer term strategies. For example, if Flybuys is focused on driving member engagement and retention, the returns may be based on the lifetime value of that member, rather than direct response to a points offer. Often long-term

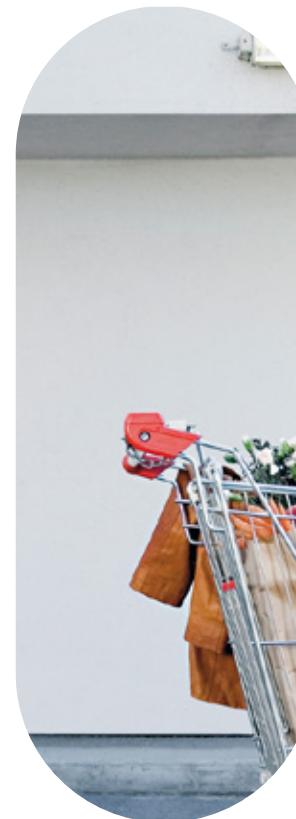
customer experience improvements and brand investments are based on ROI that is generated over time, and without a control group it can be challenging to directly link and prove out the activity as the driver behind the returns. In these scenarios we need to apply common sense and take a calculated leap of faith: if it aligns to our strategy and we've validated that it is solving a clear customer pain point or need, then it is likely to provide ongoing commercial and competitive benefit for the business.



## Maintaining customer loyalty

At the core of all our marketing activity is a focus on maintaining our members' trust. Every business decision we make – marketing and otherwise – is grounded in protecting this trust, and it is a brand

metric that we constantly monitor. Members are trusting us with their data, and expect us to protect it and use it in the right way to offer value and experiences that benefit them. We need to ensure we deliver on this or we fail as a business.





# Who are we, again?

**We're Unpacked by Flybuys, a data business backed by Australia's most popular loyalty program, Flybuys.**

We partner with agencies and brands to help them better engage with key consumer segments by seeing the impact of their marketing at every step,

using Flybuys' first-party data. We are leaders in arming FMCG marketers with better access to real data from real people, to see the true impact of their digital

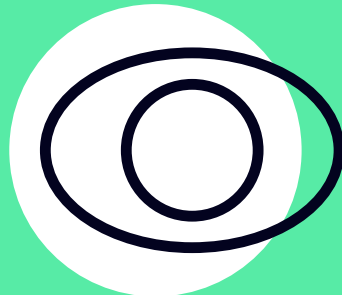
marketing through accurate measurement. All content included in this paper is based on the experience of our team of marketing and data experts.





# Conclusion

**So now that you've conquered this paper, where to from here?**



We hope you've been able to find some nuggets of wisdom in this paper, and that it's prompted you to think differently about the way you're approaching your marketing.

No single brand can focus on only short-term or long-term marketing strategies. The key to successful brand marketing is striking the right balance of both, which can only be informed through data on real people and their real buying behaviours.

Every brand needs to ask themselves: how can

I win over a customer tomorrow, and how can I have that same customer in ten years' time? Data needs to be the answer to that, as well as customised, always-on measurement based on the business' objectives.

So how can you start doing this today? By finding a trusted partner that brings first-party, customisable data and measurement solutions to the table, and walks with you through every step of developing a short-term strategy that fits the needs of your brand.

At Unpacked by Flybuys, we're here to help you with exactly that. Because we know that if you get the short-term wrong by chasing the wrong metrics and focusing on the wrong targets, you mess up the long-term.

We're backed by Flybuys' first-party data at every step. From genuine insights, to accurate targeting, to measuring the impact of your media spend, we help to broaden your capability, strengthen your short-term game, and take cues from your short-term strategies to inform your long-term strategies.

# What can we help you with?

## audiences unpacked

**Finding your future customers based on how they buy.**

- Learn more about your audiences with deep insights based on their purchasing behaviours.
- Base your brand's messaging, strategy and media off real people's behaviours – not guesswork.

## marketing unpacked

**Talk to the right people at the right time.**

- Create custom audiences using thousands of combinations of customer segments.
- Activate segments based on purchase behaviours, demographics, life stages + more.
- Reach audiences via DSPs and on leading social platforms and publishers.

## results unpacked

**Measure your impact with transparent results.**

- In-depth audience reporting unpacks how people responded to your ads, including who bought and who didn't.
- Test and learn to know your audience for next time and keep improving your ROI with every campaign.
- Close the loop with sales uplift and in-store conversions within the Coles Group.

**Get in touch with  
the Unpacked by  
Flybuys team.**

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