Michael Ellgass Final Transcript

[00:00:00] **Andy Murray:** Hi, I'm Andy Murray. Welcome to It's A Customer's World Podcast. Now more than ever, retailers and brands are accelerating their quests to be more customer-centric, but to be truly customer centric, it requires both a shift in mindset and ways of working, not just in marketing, but in all parts of the organization. In this podcast series, I'll be talking with practitioners, thought leaders and scholars to hear their thoughts on what it takes to be a leader in today's customer-centric world.

[00:00:49] Hello. In this episode, I sat down with Michael Ellgass. Michael is the EVP of Retail Marketing Solutions at iri. He has over 20 years of experience in retail marketing and insights. He's also one of my go-to guys as a thought leader in the industry. We discussed Michael's background in marketing and how the demand for insights has changed over the years. He talked about how the centralized function of an insights team is still important, but that self-serve reporting is really necessary now more than ever to meet today's demand. He also talked about the importance of good question asking and understanding where things connect in order to manage a business effectively. So without further ado, let's go to the episode.

[00:01:31] **Michael Ellgass:** Perfect. It's great to see you, Andy. I think some of my best stories come from the work we did together at Walmart particularly when we were, hashing a new creative direction and there were lots of opinions and things to sort out, but I spent 10 years in retail, as led.

[00:01:46] The category management team at Walmart marketing. And then about seven years ago I went on the Quest, the big data quest cuz I was really fascinated with this idea of connecting advertising to consumers and their behaviors. So joined IRI and of. Help build out our our, what I call marketing practice.

[00:02:05] It's part of our media group, but we help retailers understand their customer behavior. We try to help them be more relevant and put some more stuff in the basket.

[00:02:15] **Andy Murray:** If you've been in the industry at all, you've heard of IRI and he may have. Deeply engage with IRI data and IRI solutions, but for those that don't have that understanding, put in context where IRI comes into play for most companies.

[00:02:30] **Michael Ellgass:** Sure. In the consumer package goods industry, about 60% or so of companies subscribe to us to get a view of total marketplace. So IRI brings together store level sales across grocery C store drug. Club mass. And then in addition to that feed, we have a number of retailers that participate in a loyalty sharing where we can see transactions through what we call frequent shopper programs or loyalty cards.

[00:03:00] And then increasingly you've got things that are happening via a receipt capture. And most recently we have merged with N P D, which of course is the leader in covering all the verticals. We don't, They're in hard goods and soft goods and electronics and food service. So we're super excited to have kind of a total view particularly for our like mass channel customers that, that sell all that good stuff.

[00:03:27] **Andy Murray:** Oh, congratulations. I read that recently. Thought that was quite a coup to pull those two sides of the data equation and categories together to build that more complete solution. So congratulations on that front. Thank you. One of the things that's happening, we've been doing a lot of work. You and I have worked together some on this evolving retail media network environment and retail media networks have a couple of different value propositions.

[00:03:53] One, maybe a more effective way to reach the customer for placing media that's more relevant to what the customer may want. But then the second is the data and insights that retailers have through their closed. Environments. Which brings up a question about how does the retail media network trend play out in terms of data and insights from your perspective, looking at it from an IRI view, and just talk to me a little bit about how you see data and insights evolving and changing as more of these retail media networks come.

[00:04:27] **Michael Ellgass:** I think it really does give you an opportunity to put the customer first. That's a mantra I think with a lot of great retailers. The truth is a lot of time is spent on category management. So you know, as you go below Catman to understand customers and the interaction, you start to see where you have groups that are underserved.

[00:04:44] You start to see where you potentially have things that are. And I think the big promise of retail media, to be honest with you is relevancy. Because if I can start to think about the customers that wanna hear what I want to talk about, then you know, everybody wins because the consumer gets something either new or better.

[00:05:03] The retailer sells more, and everybody is growing their business. Right?

[00:05:10] **Andy Murray:** Yeah, that's true. What. One of the things I've noticed, and you and I've worked on a little bit is just getting good customer data inside of a retail ecosystem. It's not an easy challenge because customer data, sits in so many different places.

[00:05:24] And let's face it, most retailers are not built on data science practitioners that a company like iri has been, built upon. What are some of the challenges that retailers have to work through to get good customer?

[00:05:37] **Michael Ellgass:** I think your first point is a really good one in terms of bringing things together.

[00:05:41] Our company grew because we had to build a platform to do a couple things. We had to cleanse data because oftentimes retailers have different systems with limitations and we had to harmonize views across, geography and brand and category align. And so we've been pretty successful, I would say, in bringing together supply chain and store level.

[00:06:05] The customer piece is interesting because the capture rate is different, right? If you're Sam's Club or Costco, every time somebody comes in and you have a longitudinal view of everything they ever bought. If you're a retailer that. Focus on, capturing who the customer is. You may only have a view of about half of your customers or less, and so then you have to make some assumptions or fill in the gaps.

[00:06:28] And that's, where our company comes in. Some of that can be done with data science and understanding groupings of transactions, even if it's not a known customer. And then, of course Places like receipts and other places where customers are willing to submit information if there's a value proposition.

[00:06:47] So I, I think the future is, there'll be more data to work with, and so it'll be even more important to be able to align that and simplify it so people can use it.

[00:06:58] **Andy Murray:** Yeah, I think that's a key word. Simplification. From my experience being at Asda, we had quite a lot of insights, but sometimes it felt like we had a poverty of insight and there's a difference I think in doing that you can really get.

[00:07:13] Overwhelmed with customer data and the amount of it. When you start working at scale, how do you look at simplify, simplifying, and getting to insight versus having an abundance of insights?

[00:07:26] **Michael Ellgass:** Yeah I think the starting point is democratizing it, right? I think in the past the approach was you have a core function within the company that cranks a bunch of data and provides what people need.

[00:07:36] I think the future is, predictive, right? There, there's certain business questions that you're gonna continue to ask, and there's certain things that can be solved with rules, right? I, Something isn't moving in the store. I may have an out of stock issue, and that's an easy flag. But the harder piece is what, companies like ours are trying to do with AI and machine learning to say, there are certain things that are going to create questions.

[00:08:01] And so we ought to be able to predict what some of those are. And I think you'll see less of people doing what you and I used to do, which was look at the Monday morning report, and. Got a good history of what's happened, and instead, log onto a dashboard that's more about your alerts, right?

[00:08:16] Where are you not serving customers well, where do you have, pricing issues, distribution issues, all the things a retailer has to think about, but hopefully served in a way where you're spending time addressing the issues not looking for them.

[00:08:31] **Andy Murray:** Many believe that it's just. Too impossible to predict customer behavior, human behavior, because we're so mercurial in so many different ways.

[00:08:41] What are you guys learning about the ability to predict human behavior? think

[00:08:46] **Michael Ellgass:** we have it easy and consumer package goods because we do tend to be creatures of habit, good point. If you enjoy Cheetos last week, there's a good chance you're gonna be wanting some next week.

[00:08:56] So some of it's easy. I think the piece that I've always thought was very interesting was this idea of unique reach and frequency, right? How do you drive? Things that looks like substitutes but really aren't because they either hit different needs states or, maybe are some that are for every day and others are for special occasion or what have you.

[00:09:16] And so that, that's a piece that I'm very interested in because I think if we could get better at that, we would at least look like we were more predictive because we'd start to understand the decisions underneath the buy. And that allows you to either be more proactive or maybe actually predict what's gonna.

[00:09:33] **Andy Murray:** You brought up the word measurement, I think, in there along the way, and you started talking about reach and things that might be considered KPIs for companies. Clearly with retail media networks, return on ad spend now incremental roaz or roi. Tended to be the key KPIs you're looking for to become more relevant to the customer.

[00:09:53] Talk to me a bit about the measurement space because CPM cost per click, the world of trying to reach consumers has loads of KPIs, and if you were building a dashboard, how would you think about the way the customer should be looked at from a measurement stand? . Yeah.

[00:10:09] **Michael Ellgass:** I think for a campaign window, Andy, incremental sales is true north, right?

[00:10:14] And so a lot of our measurement products are focused on establishing the right control groups. They have the right baseline. The challenge back to your Cheetos is Frito Lay is gonna sell Cheetos. The question is, do they sell one more bag of cheetahs than they would've sold otherwise? And that's the question we're trying to answer is, was it an incremental sale?

[00:10:34] What I find really interesting about retail is you've got a longitudinal view of a customer. So I think the future is more lifetime value because I know past the campaign window what you continue to buy. I know from your history what you may have switched to or from, rather. And so I think the opportunity is to think about it in terms of customer acquisition.

[00:10:58] So you've got a goal for the campaign. That's probably return on ad spend, but then you also have this longer window to say, how did I change people's hearts and minds? Did their behavior change? And if it did, then, return on ad spend is short term focused versus, locking somebody into enjoying a product ongoing.

[00:11:17] And so that's what we're thinking about with the retail.

[00:11:19] **Andy Murray:** You may be already working on this. I'm sure you are, But I guess it's more than just the return on ad spin, but then what caused it?

And you start looking at attribution, multi-point attribution, multi-touch. , how does that get uncomplicated going forward?

[00:11:34] **Michael Ellgass:** I always laugh. Multitouch attribution reminds me of a joke. A Google guy told me one time of trying to figure out which drink gave you the hangover. Like there was just one drink that was the big problem in your evening last night. And yeah, it's funny, we have, I think, a very good approach approached a multi-touch attribution, which looks at historically you're diminishing return curves or your ad stock to say, Okay, these things.

[00:12:01] Partial impact. And our belief is that idea of assigning partial credit algorithmically is as close as you're gonna get. But you and I worked on a couple of brands that spent a considerable amount of money. And was it an interesting that, very personalized tactics worked a lot better when we had heavy.

[00:12:19] Weights of mass tactics going on at the same time, and that science aspect of attribution, that amplification of how the human mind works. I don't think we're ever gonna completely tease that out, but I do think that, products that start to assign partial credit at least help you understand the mix of things and give you a place to, to, build hypotheses and continue to iterate and.

[00:12:41] **Andy Murray:** When I went to, as in 2016, we did not have a market mix modeling or media mix modeling framework in place. And it took us a couple years to get over 200 data feeds pulled together so that we could do that. And then you're running the model maybe once every three to six months because the cost and complexity of billions of records For those that feel like, market mix modeling and being able to do multitouch attribution, real time predictively that's a pretty far reach and a big heavy lift cuz most most of the time the technology's just not there yet for that kind of lifting, unless it's evolved in the last couple of years.

[00:13:18] I don't know.

[00:13:19] **Michael Ellgass:** I think it's gotten better. We are still struggling with the data and the formatting, right? You have customers that show up with like spreadsheets and flat files of data that they want ingested, and I think the opportunity is to certainly focus on where we do have addressable media that can be, Tracked in a, at least a consistent manner, campaign to campaign, so it can be ingested consistently.

[00:13:42] That's how we're scaling up the retail media work that we do is getting files back daily and in a consistent manner. So you don't have to interpret them, you can just ingest them. But I think one of the opportunities for the industry, Andy, is I don't think people are tending to think about the back end.

[00:13:58] We think a lot. Media delivery and KPIs around delivery and click throughs. That capture of a good log file of who saw when did they see it? That's right. You Which creative were they exposed to, or which target group were they a part of? I think were more advanced than digital. Getting there.

[00:14:17] With video and connected tv, but it would be great if all media was able to be captured in that way, it would allow you to do a lot more data science.

[00:14:26] **Andy Murray:** It sure would. And I think also about when you start talking about different digital experiences where I've heard, and we've heard about eCommerce of course, but this eCommerce, this idea that you can all of a sudden be sitting on a sofa, playing a video game in ad comes.

[00:14:43] You make the purchase add to cart and you're on your way. And when you start looking at the marketing funnel and the traditional ways we see things, these lines are getting more and more blurred. Yeah. And you start looking at Shopable social how do you see that transition where almost any media touchpoint is a complete a journey from beginning to.

[00:15:06] **Michael Ellgass:** Yeah, that's a great point cuz I, I think there's been a lot written about the traditional funnel is dead and I think that's true. You're not marching through this linear path of, awareness to purchase. That said, I think products are very different in terms of, what kind of nudge it's gonna take to engage you and.

[00:15:21] We tend to approach every problem as if we're selling a Mercedes-Benz or something that's gonna take, all sorts of research. And the truth is there, there's, those impulse buys now being delivered to my couch, as you said, where the price point is low, if the friction of trial is low It's pretty easy to just say, Yes, I'll give that a go.

[00:15:41] And I think it is possible to go from not being aware to purchase in, a 32nd, 15 second ad. So it's a really interesting marketing challenge.

[00:15:50] **Andy Murray:** What has surprised you now that you've been in the data space for the last seven years, that you found interesting or. No. Before

regarding the consumer, any big surprises that's kind merged in either trend, form, or specifics?

[00:16:05] **Michael Ellgass:** We could probably fill up a podcast of the things I didn't know when I started. But I think a couple things that I find interesting that those tipping points that you were talking about with being able to predict what. Is gonna happen with consumers. As you start to peel the onion, a lot of times there's life changes that you're unaware of that happen with consumers.

[00:16:26] And I think the, probably the best documented one is having your first kid where all of a sudden, not only are you buying things in the baby category, but you're recognizing that you may not leave the house for the next. Six to 12 months. And so you all of a sudden need a bigger TV and more comfortable chairs or whatever.

[00:16:43] And I think we've, I've started to see more of that cuz I've had years now of seeing, syndicated research combined with custom and at attitudinal type of work being brought in. One of the fun things about our company is we're an open platform in that, we provide data up to others people provide insights and do things with in partnership with us.

[00:17:06] And so you start to get views. That are just very different. And we work with some folks that do interesting things around location, around, influencers and how that works around which creative is resonating based on, everything from eye tracking to just, tremendous numbers of iterations that you can put machine learning.

[00:17:28] So what I've seen is there's a lot of questions that seemed unanswerable that actually do have, ways to, to get deeper learnings on. And I really enjoy that stuff because it, it starts to unlock a little bit about human psyche and why we are who we are and what makes people so interesting in general.

[00:17:45] **Andy Murray:** There's a lot to be said about understanding the humanities and I think, most. Marketing MBA types probably could spend a bit more time understanding human is cuz it gets to you the why we do what we do, right? And you start coupling that with rich data and all of a sudden the human story becomes a bit more interesting and understandable.

[00:18:06] When you study that and put it together. So Mike, you, it's a hercule lift sometimes to. All the right data and be able to do the proper analytics to have a story to tell. It's another thing to tell the story. And when you look at data

and storytelling, how does IRI look at the telling of the story so that people could understand that?

[00:18:26] How important is that? Alongside the ability to actually, find the insight.

[00:18:31] **Michael Ellgass:** I think it's critically important cuz Andy, as if the solution doesn't fit within the way you're thinking about the problem it's hard to digest it. And part of our focus has been bringing different data sets together.

[00:18:44] So if you wanna build a report in our system and it involves, something that's coming out of your loyalty data, Less something that is total market, maybe coming from panel plus maybe a supply chain solution of, why you do or do not have that item where it needs to be that we do it all in one platform.

[00:19:03] So I can literally build like you would in PowerPoint, a story that's. Bringing data from different data stacks and putting it into one environment to bring that together. In fact, we actually use the term story. We have reports, , we, they go into stories, and the stories go into desks. If you want a desk that, has a collection of.

[00:19:22] Stories, and we think of desks as, typically by function. I'm a merchant, I'm doing a line review. I'm gonna go to that desk and I'm gonna pick the stories I need for the new item launches. And for the items we're thinking about discontinuing, et cetera. You gotta have a framework to, to digest it.

[00:19:38] **Andy Murray:** So you have had a marketing career before going into this data space. Looking back. Now that you've been enlightened with new views of data over the last seven years, what do you wish you knew when you were in a raw, category, leading category, marketing or whatever, core marketing work you're doing that you know now.

[00:20:00] But boy, it had been handy to know that when you were in those core marketing jobs.

[00:20:05] **Michael Ellgass:** Yeah. It's funny I think I, I've started to realize that there is many answers. Not just one.

[00:20:11] **Andy Murray:** Oh, you mean there's more than one? .

[00:20:12] **Michael Ellgass:** When I started my career, I did it with craft foods and they have tremendous discipline to this day.

[00:20:19] Similar to how people think of Proctor and Gamble. There was really good process for everything from, hatching an idea to how things were prioritized and decisions were made. And candidly, we were a fairly financially driven company, and so there was a lot. Was driven by just on what has to be true for this this business to actually make money and be profitable.

[00:20:40] And what I have seen, I think the farther along I've gotten is there are times where you just have to take a leap of faith. And be more like Steve Jobs saying, the customer's not gonna tell you how to incrementally get to an iPhone. Like at some point you're gonna have to figure that out for them.

[00:20:55] And know, I'm fortunate to be in a company where we are taking some risks like that and we have customers where we do co-innovation knowing that it may or may not be. Something that's scalable or something we wanna continue on. But I would tell you some of the some of the breakthroughs we've had is when we've leaned in without probably having the right business case because we just believed based on, what we knew about the customer and what was the vision I guess, of where we wanted to get to that we could.

[00:21:23] And that's probably what makes, a private equity firm maybe a little easier to work for than. Fortune, whatever one CPG or retail. But that, that is where a lot of the magic happens in my mind.

[00:21:35] **Andy Murray:** Yeah, for sure. For sure. it's really difficult in customer centricity type work where you maybe are trying something completely new and you don't have all the facts, the historical data to.

[00:21:45] Perhaps make the business case. And so you do have to take a leap of faith. Speaking of the customer centricity direction I think it's probably fair to say that a lot of firms like IRI or Nielsen have been. Historically tilted for NPD type processes, launching new products or looking at a new markets.

[00:22:04] But have you seen a trend toward leveraging firms like yours to really improve the customer experience as the North Star versus, feeding insights into the financial planning process or into the product development process?

[00:22:22] **Michael Ellgass:** Yeah, I, my sense is that has evolved quite a bit because I think the world has gotten more complex.

[00:22:29] And you know what's interesting is some of the questions that are tactical around like what channels a customer is using, start to unpack who is that customer and how do I serve them, right? So we get involved in a lot. Trying to understand as customers are buying things for pickup or having things sent to their home, what's gonna ultimately turn into a subscription?

[00:22:51] What's probably something that you're still gonna come into the store to pick up. And understanding all of that and how people are shifting behind different, channels of how they get product is just necessary to. Successful. And so it forces you to be pretty consumer centric and how plan and and research your plans across the business.

[00:23:14] **Andy Murray:** Mike, what would you say to a graduating student that is looking an IRI or a data insights type company? What would you say to them to best. Them for a career in this trajectory or at any kind of a career advice as they move into a world that is now populated with loads of data sets.

[00:23:34] And the ability to have a good understanding of what data can do and what insights can mean. And the, and hell loose dots connect is really more important than, So career advice.

[00:23:47] **Michael Ellgass:** Learn to code. That would be my first piece of advice. And I don't know, honestly that if you started as a coder today, that would be the skill set that you would need to do.

[00:23:55] Maybe a more senior level job. But I think understanding how math serves the business and how it solves problems understanding, rules and machine learning work, I think is really grounded in kind of understanding just the coding behind that. And I do not consider myself a coder or somebody that probably could even, hang in that conversation, but I've seen enough with a couple of boys that are in college that are, into mathematics and computer science to see the connection points there.

[00:24:28] So I think that's number one is get comfortable with with data science and the role it plays. And the number two I love. About 10 years ago I was out at Yahoo and I was in their learning lab, and I said to the person that ran their lab this. Overwhelming to me because you're continuing to make me realize how ignorant I am by exposing me to things I did not know existed.

[00:24:51] And she looked at me and she said, You know what? The more you're in this space, the more you feel that way. And I feel that way here at the center of, what are the. Most powerful technology companies and platforms.

And so I, I think that being humble enough to recognize that this technology curve is one, you're always gonna be surfing and not ever getting to the top of is exciting.

[00:25:17] If you're comfortable with a little bit of ambiguity. I love it because it means I'm never wrong. There's a chance that tomorrow what I think might be true, right? .

[00:25:27] **Andy Murray:** Now we're back to one answer again. How has the demand for insights evolved? You and I both worked in, big retail where the insights team was overwhelmed with requests to serve either merchandising with category reviews or executives business questions.

[00:25:45] There never seemed to be enough. Of the insight team to, to spread around for the business needs. But what's happening right now is the demand still out stripping the supply of talent and capability, or is it caught up?

[00:26:01] **Michael Ellgass:** Yeah, no, I think there's always more questions and there are resources to answer 'em, and the clients that are working with us believe in democratizing the data and trying to get it onto the, desktop of the people that are making the decisions.

[00:26:14] So I think that centralized function is still super important for where things need to come together and solve some of those enterprise type of connection points. But we believe that you. We should be able to deliver reports directly to the end user in a format where they can move towards a decision very quickly without having to do a lot of analysis.

[00:26:36] And, we're working on, like we call Genius Script and natural language processing to just make it easier to interact with the data. Cuz we, we think unless it becomes, self-serve you're never gonna have a chance to resource everybody that needs the data to do their jobs.

[00:26:53] **Andy Murray:** I take it that is seen as welcome help to most central teams where there's still centralized teams.

[00:26:59] **Michael Ellgass:** I think it typically is we've seen some downsizings for some of those teams, so that's always a tough conversation when it's going that direction. But I think there was a point in time where there was concern. If you give people too much data they'll draw the wrong conclusions or, support and opinion that.

[00:27:15] Is contrary to where you're hoping they would net out, but I think the truth is these businesses are too complicated to not let that happen. And that's where going back to asking good questions and understanding where things connect is how you gotta manage it as a leader.

[00:27:31] **Andy Murray:** If you were advising a senior executive on, there's probably three qu.

[00:27:34] You may not know a lot about data science but there's three questions you should be thinking about when you're looking at information and data that's new and. Part of it, like one I would always see as a problem is they did the data is not on the right time horizons and so , I'd be looking at NMP net promoter score or customer promoter score that was used receipt data and trying to draw a conclusion because it was posted this month, but that had, that's a lagging, there was a lag in the data that could be six weeks.

[00:28:06] Sure. On what you're seeing here was a cause and effect there, and if you misread that, As one time stack that's not right then it's a huge mistake in interpreting data, but I'm just curious if there are a set of questions that you would advise a senior executive to have top of mind to make them better leaders to ask the right questions about.

[00:28:30] **Michael Ellgass:** Yeah think that the process we use is we will get to a blueprint based on a requirement document, and the best requirement documents are driven by actual use cases. So exactly the example you gave of, I need to be able to do such and such with a net promoter score can't be more than this old, or it won't connect to something else that I'm doing.

[00:28:52] Like where we've done good due diligence. Company that we're working with has been able to articulate those types of use cases. It makes my life so much easier because then we understand what the blueprint needs to be to deliver that, and that is the biggest challenge, Andy, I think, is when you get siloed and our system needs to attach to something else.

[00:29:14] If for whatever reason people haven't felt comfortable sharing. What those other systems need or what they can provide, then you do end up in this post-implementation bug fix or next project to address those things. Thinking through what you actually wanna be able to do is the key.

[00:29:31] And I think, and as an executive, you should be able to get your team to work with their team to articulate that. And it should be cross-functional, right? It should be at a fairly senior level if it's a major engage. Because

everybody should be benefiting. I think one of the challenges that you and I both saw seen across retail is the organizations can be so big that people are solving little problems that should be interconnected.

[00:29:56] So yeah, there's a bit of that change management and team management that is critical to here as much as anywhere.

[00:30:06] **Andy Murray:** Excellent. Mike, any last thoughts to graduating seniors in terms of how to approach the career that's in front of them?

[00:30:12] **Michael Ellgass:** I will tell you, we definitely need engineers and data scientists.

[00:30:15] So if you're graduating with one of those degrees, we would love to talk to you. And that said, we also have roles for people that are just good at interpreting data and working with clients to, to help solve problems. The talent needs in the space are still very high. The other thing I would say is, Fun because there is a lot to get stressed out about in this day and age.

[00:30:38] But there's also lots to be joyous and excited about. And when you do choose a company, find one where you can have a little bit of fun in between doing all that, that hard lifting.

[00:30:47] **Andy Murray:** Outstanding. Thank you so much, Mike. It's been a pleasure as always.

[00:30:51] **Michael Ellgass:** Good to see you, Andy. Thank you.

[00:30:55] **Andy Murray:** That's it for this episode of it's a Customer. If you found this helpful and entertaining, I would be so grateful if you could share our show with your friends, and I'd be super happy if you subscribe, so you can be updated as we publish new episodes. And if you really want to help, leave us a five star rating and a positive review on Apple Podcast or wherever you listen.

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