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The Next Generation of Marketing Mix: Making New Connections between Targeting and Behavior

By Neal Heffernan



More and more, targeting specific consumers has become the key to marketing success. But simply “reaching” those targets with a message is not enough; advertising and promotion dollars are wasted unless they lead to a purchase. If the target audience is not being moved to buy, and if non-targeted people are adopting a product unexpectedly, marketers need to know as soon as possible and adjust their plans.

Frequently, marketers define the target audiences for a product through a combination of research into similar SKUs and personal experience. Then, to create demand, the marketer tries to influence these consumers through an increasingly complex array of media and promotion options. Couponing alone has grown from a single medium (print) to incorporate the Internet and now mobile devices, as well.

Similarly, product advertising has found its way into videogames, social media Web sites, and a host of other vehicles.

In each case, marketers do their best to bring advertisement and target consumer together in the same space – but the targeting metrics are often rudimentary demographics at best. And the ability to capture ROI from those various efforts is equally limited; marketers can generally obtain behavioral results for just a few age and sex breaks.

Knowledge Networks, through its National Shopper Lab, amasses SKU-level purchase data for more than 22 million shoppers nationwide. Now, through a new offering, KN can help marketers make a more detailed, actionable connection between marketing efforts and purchase behavior.

We have taken the study of marketing mix to a new level of specificity. For over a decade, a macro, point-of-sale (POS) approach has been the standard for marketing mix analysis – looking at the effectiveness of couponing, advertising, trade promotions, and other efforts on a “total shopper” basis. This approach can certainly yield a broad understanding of ROI – but it does not give any indication

of whether targeting of consumer groups has been successful.

Consumer Segment Marketing Mix is the next generation of this approach, allowing KN to analyze a marketing plan from both macro and micro perspectives. When we model at the consumer segment level, we are able to optimize spending significantly better than the macro POS approach, tying actual purchase behavior at the household level to narrow consumer groups. For example, we can provide guidance on

- which groups to target through TV advertising rather than trade promotion, or vice versa
- whether advertising on the Internet versus radio versus TV is better at driving purchase with a specific segment

Hitting a Narrow Target: How Marketing & Promo Spend Drives Purchase for Specific Segments

PersonicX Segments – Volume Mix Index							
	All Shoppers	Gen X Parents	Gen X Singles	Golden Years	Jumbo Families	Modest Means	True Blues
Base	71.2%	101	106	108	96	94	94
Trade Promotion	11.4%	93	81	75	118	124	118
FSI	3.2%	113	66	100	125	109	119
Direct Mail	1.1%	127	45	100	82	55	73
Catalina	0.5%	100	60	80	120	80	140
In-Store Sampling	1.8%	111	100	78	144	94	111
TV Advertising	8.3%	94	77	84	108	127	119
Magazine	0.8%	88	75	100	38	100	100
Radio	1.2%	75	158	67	50	83	108
Internet	0.5%	100	360	20	80	60	100

A Special Effort to Understand the Hispanic Consumer

A new and important area for study using this method is the fast-growing contingent

of Hispanic shoppers – whether speaking primarily English or Spanish, and at all levels of acculturation. KN is starting to build such a sample within our National Shopper Lab, with roughly 15,000 regular shoppers available for marketing ROI analysis. Information from these consumers may then be enhanced by a custom study on KN’s KnowledgePanel LatinoSM to understand their needs and attitudes.

We accomplish these valuable insights through a new alliance with Acxiom, whose Personix Life Stage and Lifestyle segments break the U.S. population down into 70 “clusters” with like interests, attitudes, habits, and ways of life. KN has applied these segments to the National Shopper Lab to create a uniquely powerful targeting database.

When managing brands and planning advertising and promotion campaigns, it’s essential to understand who your best consumer targets are and how they deliver to your ROI. The next generation in marketing mix lets you go beyond “buckets” to optimizing based on a deeper understanding of specific consumer groups. So when planning next year’s marketing spend, set a higher standard for your consumer information and ROI success.

Neal Heffernan is Senior Vice President at Knowledge Networks, specializing in CPG and retail.

