



# **A Fresh Look at Your Targeting to Understand the Consumer in Turbulent Economic Times**

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# What You Will Get Out of Session

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1. How things have changed for people, culturally as well as economically
2. What this means for targeting schemes
3. How to bring your targeting in line with today's consumers
  - Refresh
  - Restart

# A Time to Rethink Even Basic Assumptions

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# Economy in “Freefall”



**‘Unemployment  
Climbs to 8.5%; New Job  
Losses Total 663,000’  
(April 2009)**

**‘Same-Store  
Sales Drop  
at Costco’  
(April 2009)**

**‘Recession to  
Keep  
Rolling in March’**

**‘TARP Banks  
Hesitant to Lend’**

# Consumer Sentiment Down

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88% of Americans believe economy is **worse** now than a year ago (*KN survey, 9/08-3/09*)

Reuters-Uni of Michigan index of consumer sentiment hit **30-year low** in November '08 (55.3)

The Conference Board Consumer Confidence Index™ scored **26.0** in March (1985=100)

Nielsen global consumer index at **record low**

# Consumers Are Responding

**'Obama Says  
Citizens Should  
Embrace Service'**



**'Consumers  
Return  
to the Basics'**



**'U.S. Sees Surge in  
Home Gardening'**



**'Recessionistas  
Are Newly Trendy'**



# Shifts Are Behavioral...

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Coupon use up 34% in six months (Burst Media)

Growth of private label / cheaper grocery lines

Branded manufacturers responding with low-end offerings

Savings rate up

Growth for value-based retailers

## ...as well as Value-Based

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People spending more time with families – including eating at home

Conspicuous consumption is out, “humble frugal” is in

Volunteering up

Public service more attractive to college grads

**“Frugality and safety are in;  
bling and plastic are out.”**

*— Money Magazine, May 09*

# Time to Rethink Your Assumptions About Customers and Targets

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## Also Keeping in Mind . . .

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**Many of our targeting challenges *do not* simply stem from recession**

**New and fragmented media putting consumers in control**

# How Does This Change Your Segments?

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Segment **sizes** may have changed; aka segment musical chairs

- *Value-seeking shopper segments will be larger and may disguise several sub-segments*

**New segments** may have emerged; old ones may be redundant

- *The variable set may no longer represent the new landscape*

The **essence** of segments may have changed

- *The relevance of base variables has altered*

# How Does This Change Your Segments?

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The **spending** habits of your segments may be significantly different

- *Serious implications for selection of “target” segments*

**Media** consumption habits may also have changed

- *Implications for reaching targets*

Evolving brand and corporate **strategies** may challenge older segmentation schemes

- *Focus on different product lines requires different priority segments*

# How to Tell if You Need to Refresh?

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**Common sense:** Some category fundamentals more prone to change

- *Autos, fashion, home décor, beauty needs*

Stress test your segments using a statistical typing tool

- *Ideally with same sample cohort to see migration patterns via recontact survey*
- *Alternatively with fresh sample to check whether sizes are holding up*

# For Example . . .

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Sector	Reasons to Rethink
<b>Financial Services</b>	<ul style="list-style-type: none"><li>➤ Different definitions of mass affluent/moderately high net worth individuals</li></ul>
<b>Retail</b>	<ul style="list-style-type: none"><li>➤ Increase in need for price/value</li></ul>
<b>Health Care</b>	<ul style="list-style-type: none"><li>➤ Shifts from branded treatments to generics and OTC alternatives</li><li>➤ Rationing of doctor visits</li></ul>
<b>CPG</b>	<ul style="list-style-type: none"><li>➤ Move from higher- to lower-tier brands</li><li>➤ Shift to more meals at home</li></ul>

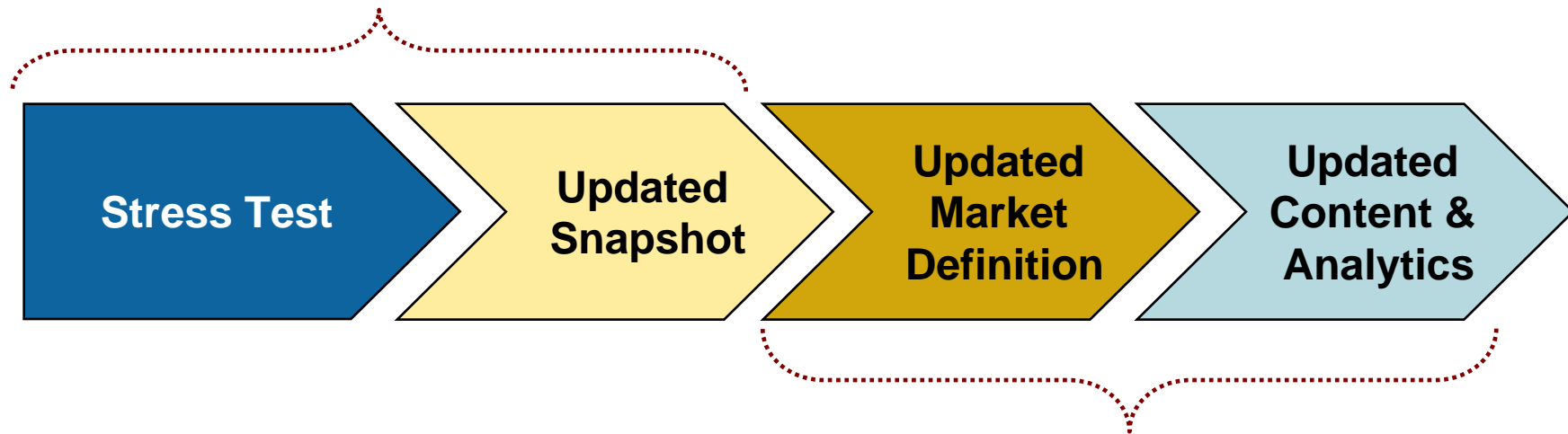
# How to Upgrade Your Targeting Lens (a.k.a. Segmentation)

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# A Segmentation Can Be Refreshed or Completely Reconstructed

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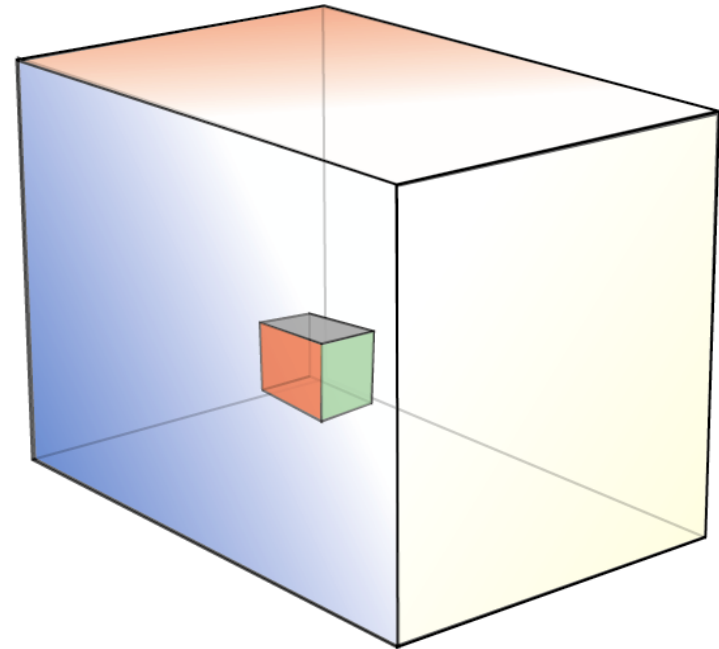
## Refresh



## Restart

# A Refresh Simply Uses a Typing Tool to Replenish the Segment Insights

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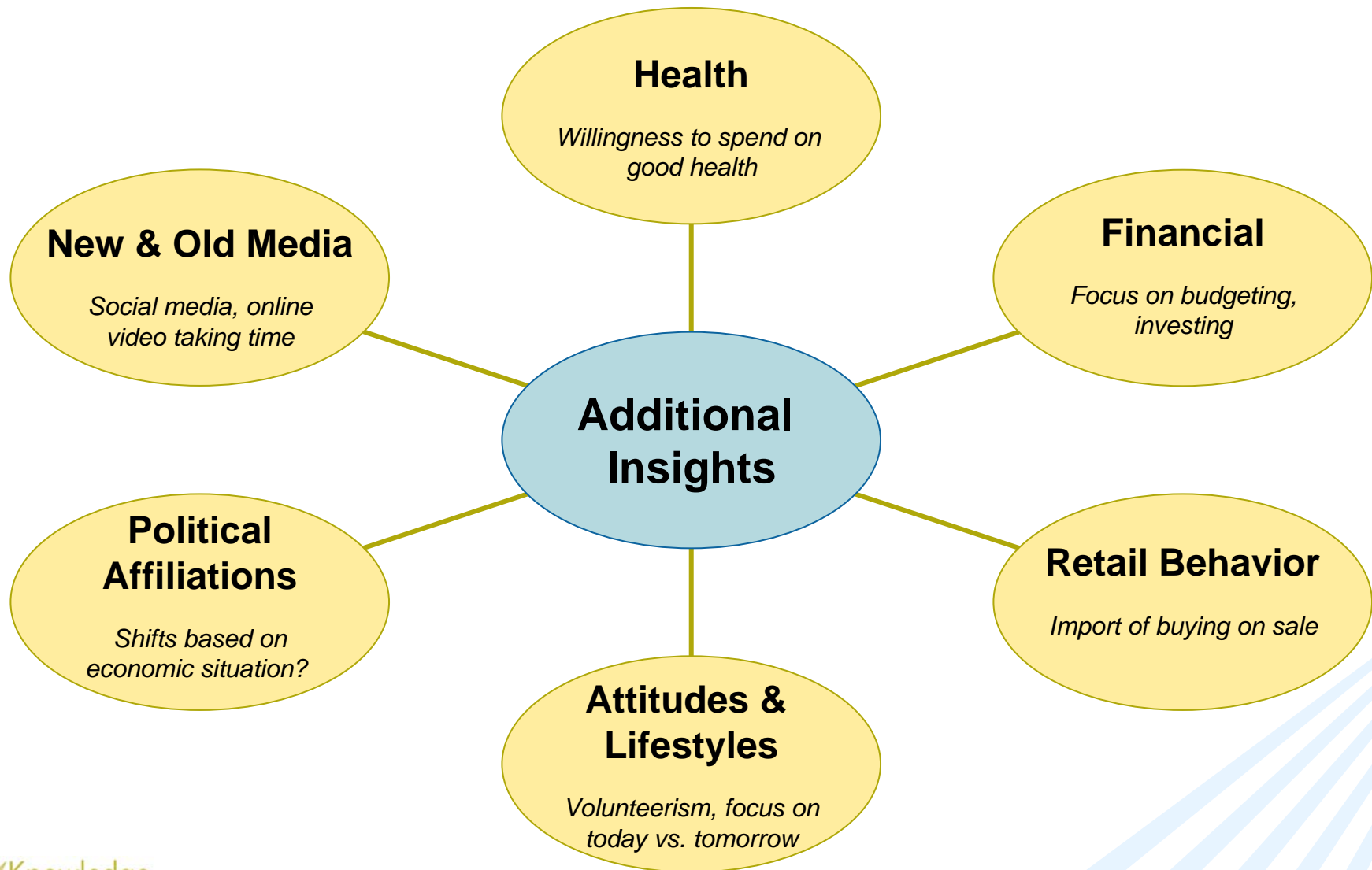
**Segmentation Lens  
aka Typing Tool**

**+**

**Database of New  
Consumer Insights**

# KN Has “Off-the-Shelf” Information on Consumers That Can Be Tied to Segments

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# Or, It May Be Time for a **Restart**

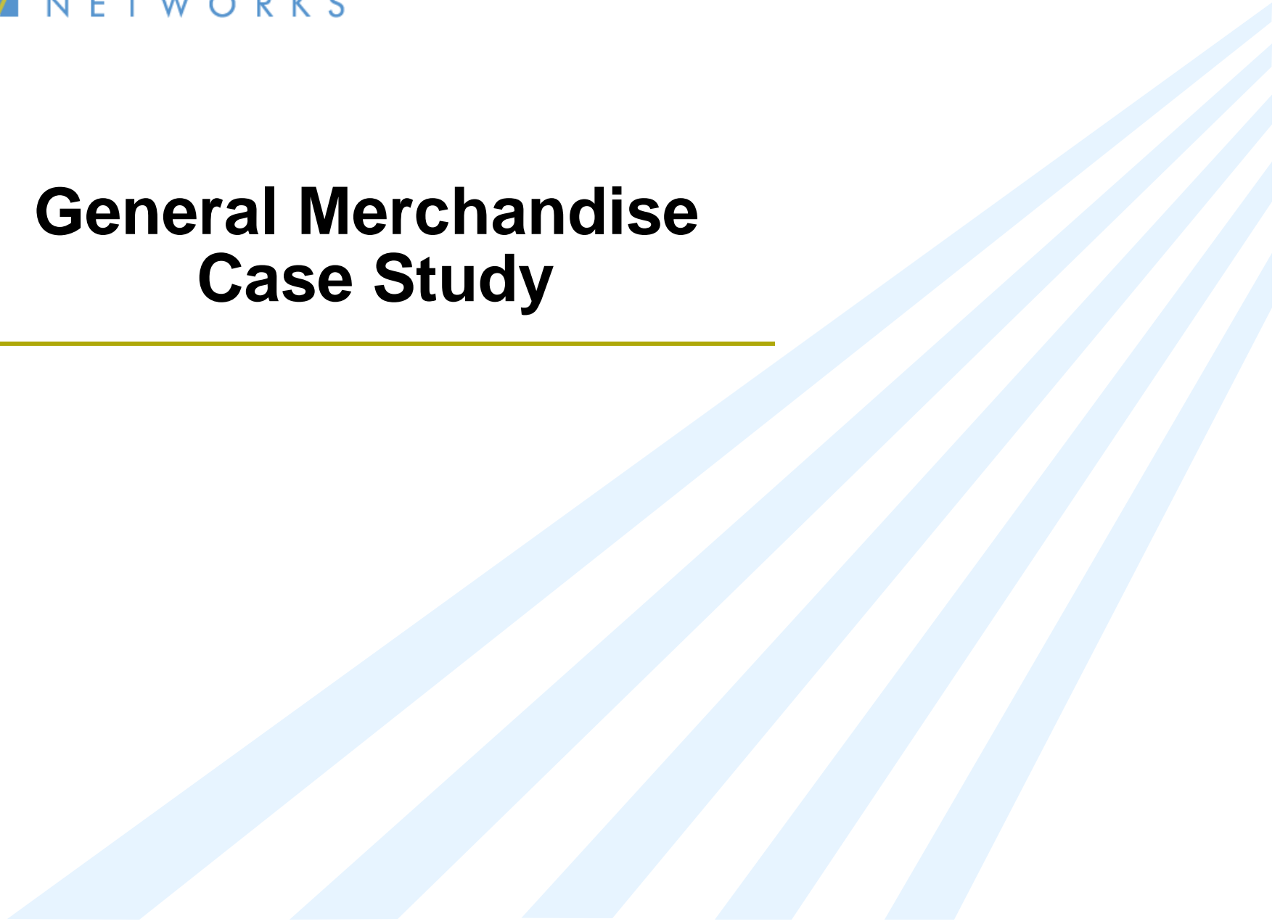
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Likely if two of three have changed:

- **Sizes** of segments
- **Essence** of segments
- **Economic value** of segments

# General Merchandise Case Study

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# Review the Key Questions That Ultimately Drove Your Segment Breaks

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## Key questions used to classify respondents into segments

Likelihood to purchase the brand that is the "highest quality product"

I plan to purchase product before I go shopping

I don't plan ..., but do so if I see them in the store and if they are on sale

I look for the product with the latest features

Brand names aren't worth the extra money

I tend to shop around for the best price on this product

I often buy "brand name" of this product category

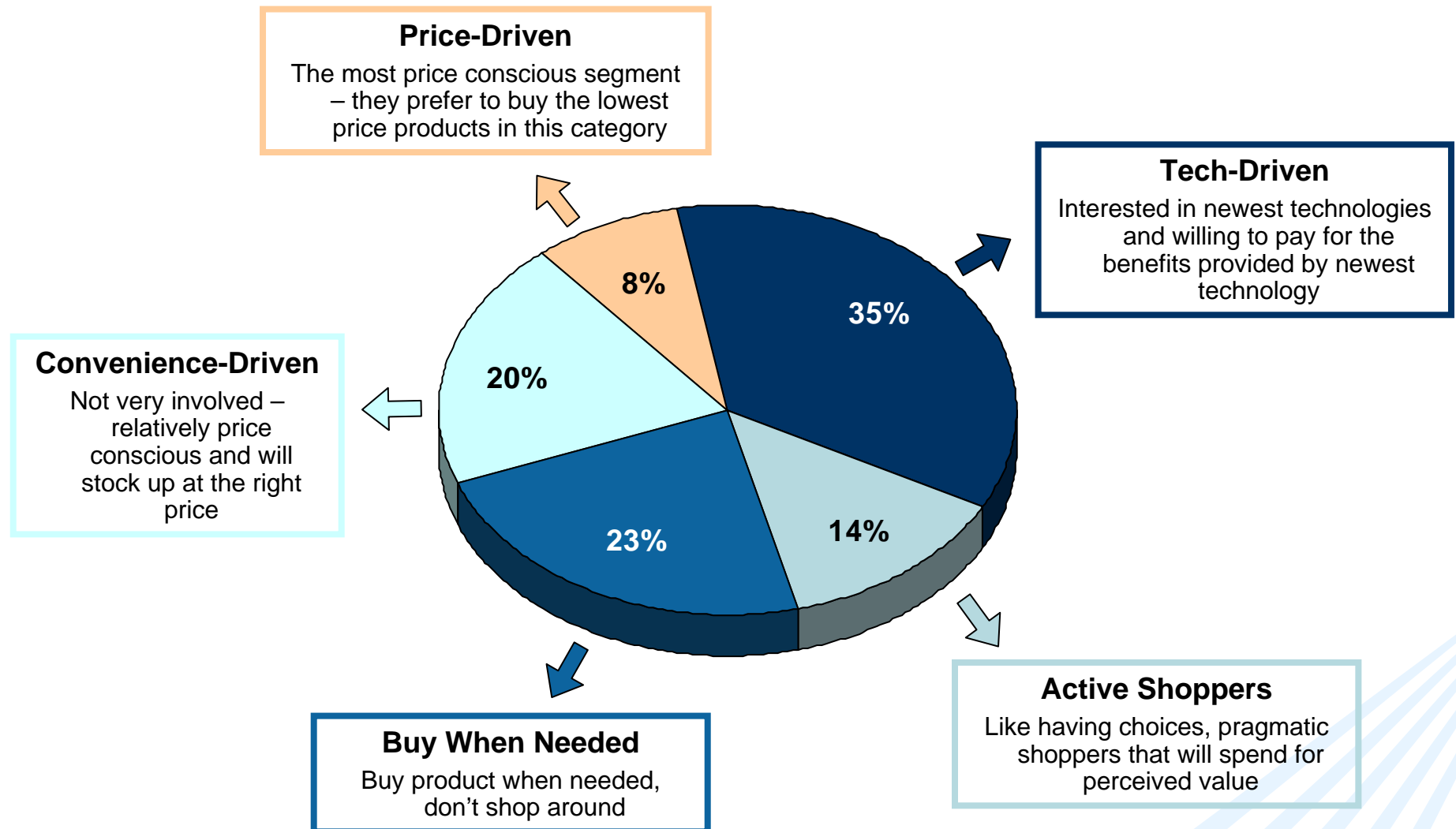
I generally buy the lowest priced product in this category

I feel that most of these products are essentially the same

I generally look for this product when it is on sale or promotion

I'm often willing to spend more to buy a well-known, nationally advertised brand

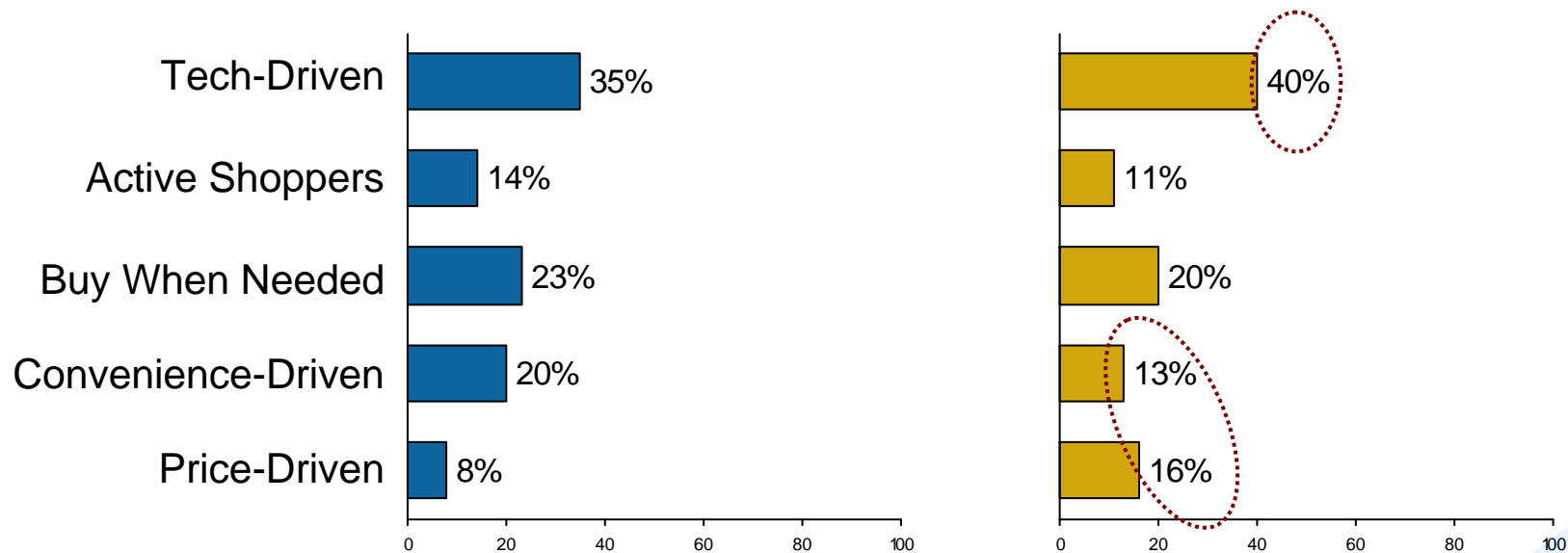
# Key Segments Identified in 2007



# The Typing Tool Tracked a Shift in Segment Sizes Over Time

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**Segment Sizes**  
– 2007 vs. 2009 –



# Questions to Ask in Determining if Refresh Is Enough

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Have the target segments changed in size?

Who has migrated in/out of these segments?

Do these targets still look the same? Are the target segments now fundamentally different?

Are there different target segments?

Have the key category and market drivers been altered?

- For example, do you now need to think about green issues, conspicuous consumption and social responsibility?

Is there a new group of consumers that were not “baked” into the original segmentation? How will you reach them?

Do you need to rethink your media and retail strategies?

# Backed by KnowledgePanel®

- Online & representative of the U.S. population
- Includes cell phone-only households with Address-Based Sampling
- Spanish-language-dominant households are included
- Captures the 25% of U.S. without Internet access by providing those panelists with a laptop and ISP
- Probability-selected, nationally representative
- Extensive background data on panelists attitudes, opinions and behaviors



# Let's Continue the Discussion

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