Zvyšování efektivity pomocí modelovaní trhu

Média: TV, Print, Rádio, Outdoor

Cena

Spořebitelské promoce

Letákové akce

Jak jednotlivé části marketingového mixu ovlivňují prodeje?

Na co bychom se měli zaměřit?

Co bychom v každé oblasti měli udělat?

Růst kategorie

Zákaznické promoce

Distribuce

Konkurence

Cena, Reklama

Zaměřit se na oblasti s nejvyšším ROI, ušetřit a celkově zlepšit výkonnost

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Big Brand case study

One CEE country one UL category
(figures changed)

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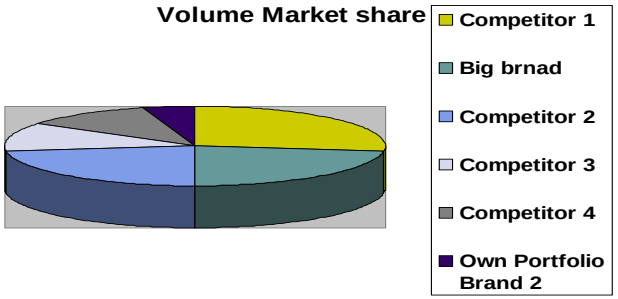
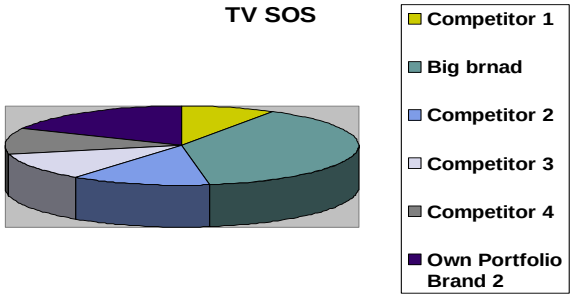
Key Burning Questions

- What are the key drivers of our business, how does advertising help (competitors are often using a different business model...)
- What is the role of promotions in our growth
- Are we priced right?
- Distribution seems to be an issue, can we significantly grow through increasing it?
- What is the importance of various media channels (e.g. Competitor 1 uses more print vs TV and is able to grow share);
- For TV - if we say it does not work for Big Brand - what are the reasons? Is it that the channel is not important or the quality of communication is poor?

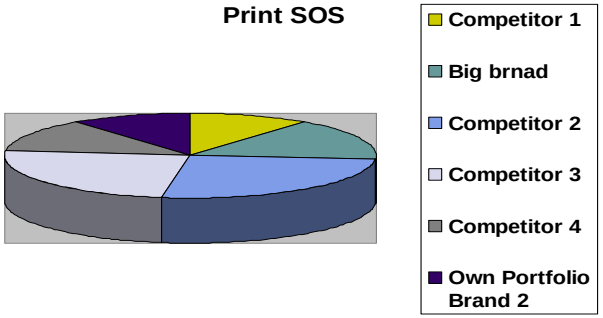
Background of Big Brand



- Volume wise Big Brand is #2 on the market
- In value market share leader (priced premium to others)



- Big Brand leader in TV SOS



- Big Brand #3 print spender
- Category Print spends 5x smaller than TV

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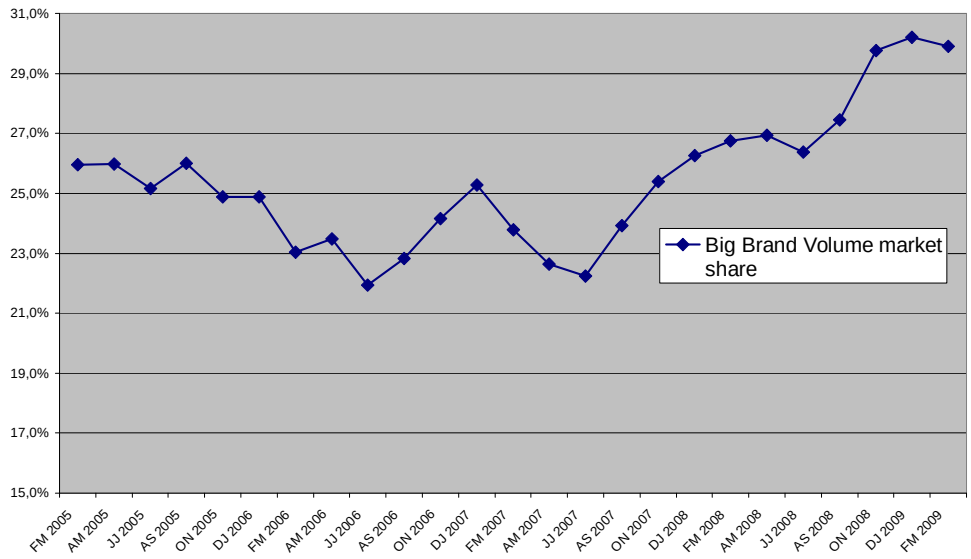
So what do we do …?

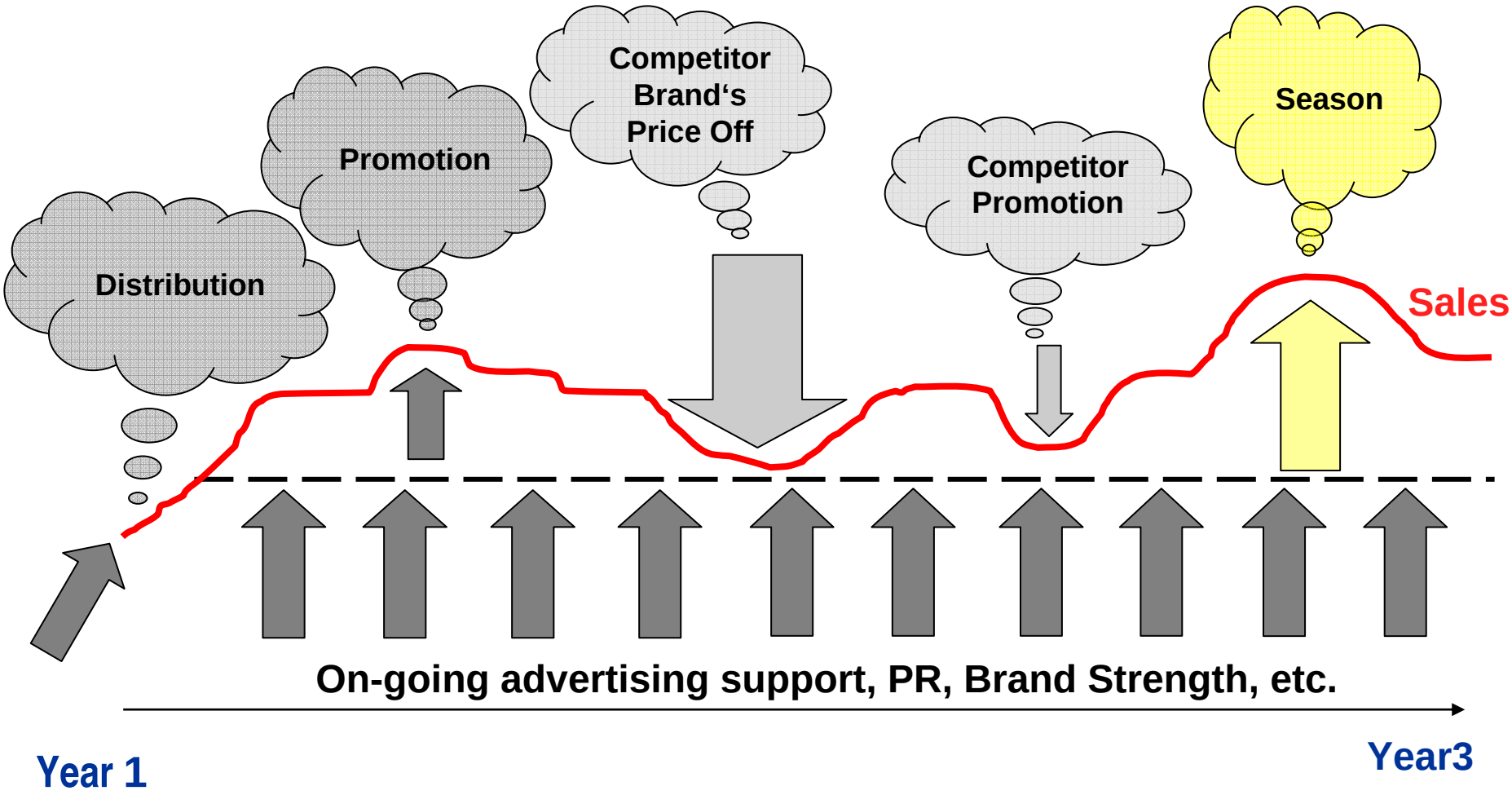


… we start with measure of success

- Share/Sales data of us and competition (price, distribution, volumes)
- Media data of us and competition (TV, Print and outdoor)
- Financial data of us trade promo and consumer promo
- Other

… we look how the mix elements simultaneously effect our sales

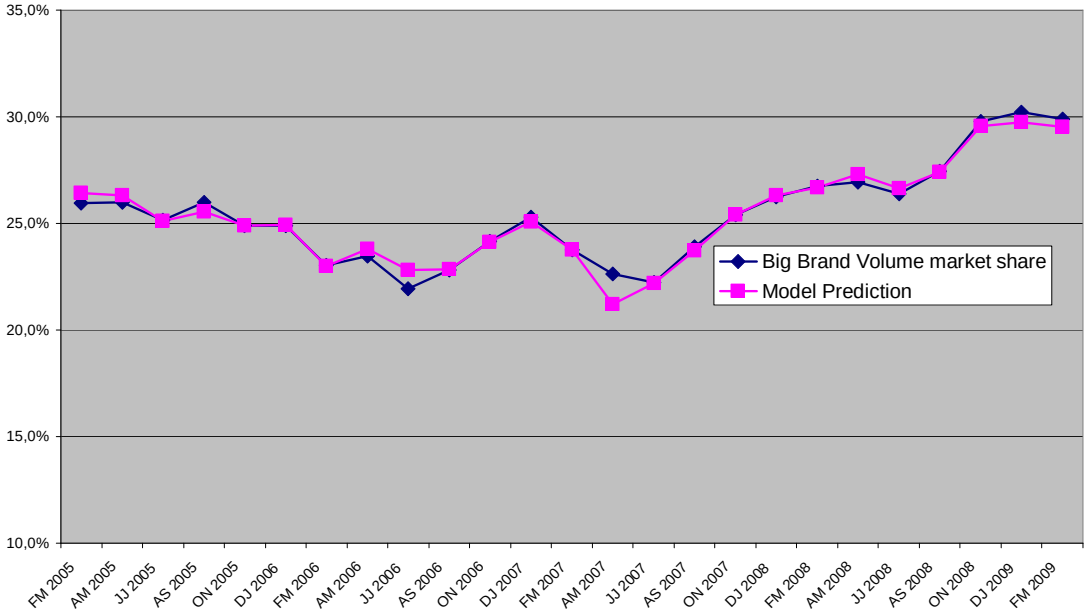
Examples of Influencing Factors



… and we build a model

- **Variables are picked up** after number of models is tried
  - Model must explain the growth and decline of the brand and predict the market share well enough when compared to the real market share figures.
- **Weights of each variable** are calculated form the model

Actual vs. Model predicted volume market share



- Model explaining 90% of total variance
- All statistical hygiene checks like F test, T stat, DW, test of residuals normality …done

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Framework of analysis and interpretation of elasticities

Mkt Share (Vol)t = α + β1advertisingt + β2 trade promotion t

+ β3 price t + β4 consumer promotiont

+ β5 distributiont + β6 categoryt + …… + ε (error)

- All variables are studied in a regression framework to establish causal relationships, the magnitude and significance of the causality.
- Model is a dynamic model, incorporating lags and time (t, t-1…)

Big Brand Model description

	Elasticity @ 5%	Learning based on benchmark comparison
RPI to total category	-3,4	Bellow unit price elasticity
BB Print	0,6	BB Print as total working above the average. TV as total over 4 years not contributing to growth and decline of the brand. Competitors Print working very well. Brand 2 of ours TV very slightly cannibalizing BB.
BB Outdoor	0,3	
Competitors Print	-0,6	
Own Brand 2 ours brand TV	-0,1	
Consumer promo	0,2	One of the brand growth drivers. But trade promo not having an significant effects on contributing to growth and decline of the brand over time.
BB distribution	3,2	Increasing distribution by 5% bring 3,2 additional volume

Elasticity at 5% is percentage change in volumes for a 5% change in mix element

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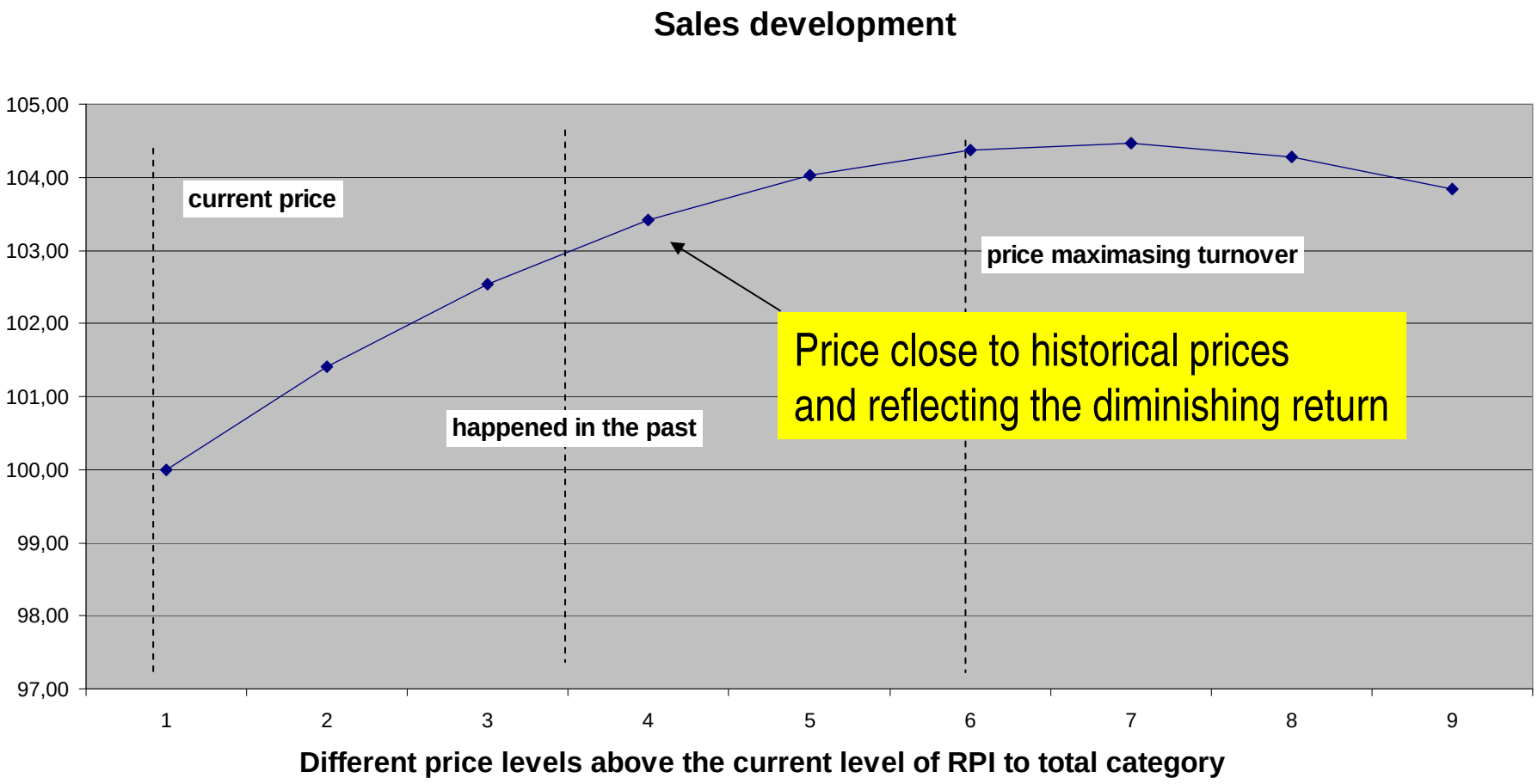
Pricing


Sales development
105,00
104,00
103,00
102,00
101,00
100,00
99,00
98,00
97,00
current price
happened in the past
price maximasing turnover
Price close to historical prices
and reflecting the diminishing return
1
2
3
4
5
6
7
8
9
Different price levels above the current level of RPI to total category

ROI

Return on Investment in the different parts of the marketing mix

	print	*outdoor*	*consumer promo*
Incremental GP for incremental investment in the mix	150%	130%	85%

MMM* results and recommendations

	Elasticity @ 5%	Recommendations
RPI to total category	-3,4	Increase the price above the current level of RPI to level 4
BB Print	0,6	Move up to 20% of TV budget behind print in short term. Fix the effectiveness of your TV in long term.
BB Outdoor	0,3	
Competitors Print	-0,6	Watch differentiations towards your own brand 2.
Own Brand 2 ours brand TV	-0,1	
Consumer promo	0,2	Increase Consumer promo spend Cut on Trade promo and fix Trade promo efficiency
BB distribution	3,2	Increase distribution to previously highest level of 85% in 2008. .

Elasticity at 5% - Percentage change in volumes for a 5% change in mix element

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***Market Mix Modeling**

Key Burning Questionsm. Did we answer them?

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Improved brand performance and saved money at the same time.

Jak tedy modelovat?

Statistika

Marketing background

Zkušenost se strategickým plánováním

Srovnání s benchmarky

Data (každý má)

Věřit v „scientific decision making“

„Naslouchat datům“

Zaměřit se na oblasti s nejvyšším ROI, ušetřit a celkově zlepšit výkonnost