

Marketing Mix Modeling

Volume decomposition helped a leading CPG brand identify inefficiencies in Marketing spend and ways to revive the declining sales

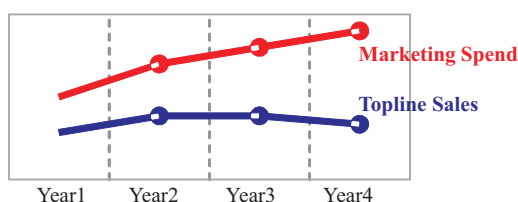
SUMMARY

- **Client**
A CPG giant*
- **Challenge**
To make marketing spend more effective and regain market share
- **Solution**
Volume decomposition through Marketing Mix Modeling
- **Result**
 - ➔ Revised Media plan to generate 35% more volume
 - ➔ Overall opportunity to improve brand sales by over \$ 5 million keeping the same marketing spend

* This case study is based on a Fractal client that has requested anonymity

The Business challenge

A leading CPG brand was experiencing a decline in both its volume and its market share, though the category was on a smooth rise year on year. This was in spite of the increasing expenditure behind the brand (that grew 22% over the last two years). Majority of this spend was behind promotions and TV advertising that included both equity support and initiative (new product introductions, repositioning, new messages and promotional events) support.

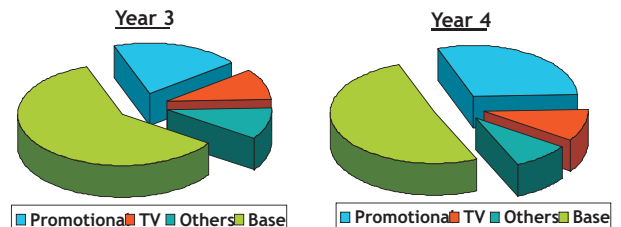


Entire category was highly driven by promotional activities. There were frequent sales promotional events in terms of heavy discounts along with off-shelf displays and catalogue features, by all brands, and the frequency was on the rise. Even the mass media, with TV being most prominent, was cluttered with numerous messages by all brands. There was increasing activity by all key brands but still declining SOV.

It became imperative to judiciously allocate the marketing spend on specific support activities to get maximum out of it in order to revive the brand and regain the lost market share.

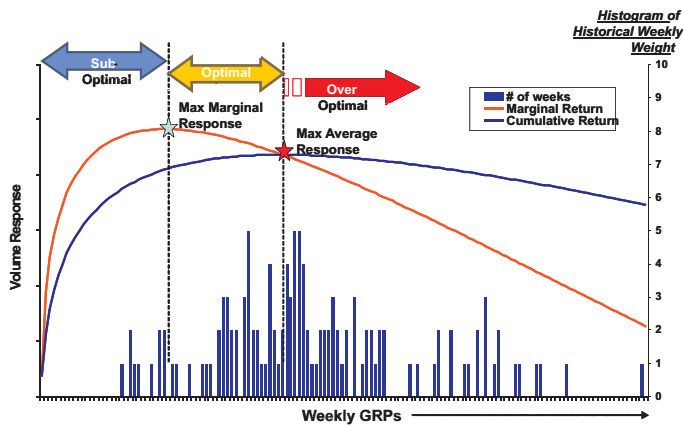
The Solution

The marketing mix models decomposed the sales volume into buckets, each resulting from specific support activities, and measured ROI from each. This helped identifying as to what activities have worked in the past and to what extent.



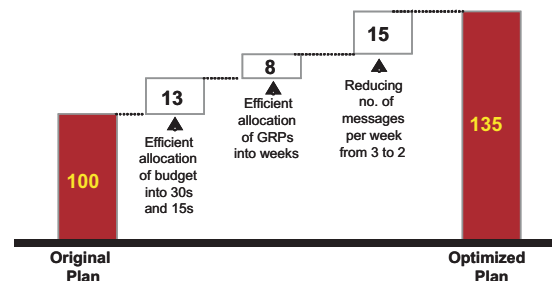
We quantified the impact of new product launches on overall brand portfolio, while identifying the cannibalized and additional volume.

We highlighted huge inefficiencies in the execution of Promotional activity and media support in terms of spend going into less lucrative arenas, mistiming of activities, non-optimal level of media support, etc.

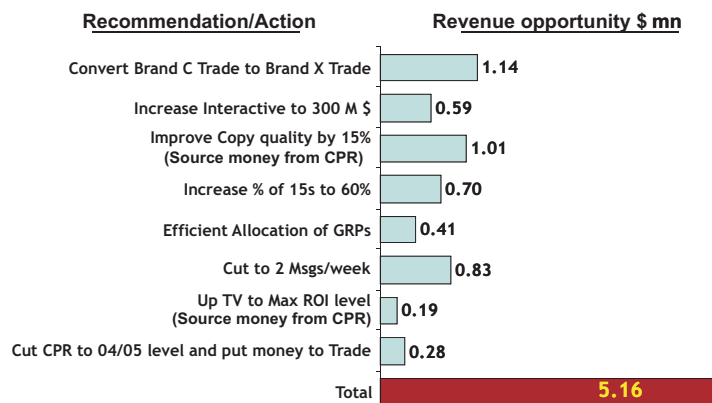


The Results

Considering diminishing returns, copy wear-outs, differential ROI from ads of different duration, optimal number of messages on air, halo impact and business requirement constraints, we redefined the media plan to realize an overall increment of close to 35% in the volume generated through TV activity.



For overall marketing budget over the next financial year, we identified a Sales-Value opportunity of over \$5 million, keeping total spend same, through various reallocations and revised activities.



About Fractal

Fractal is a leading provider of customer analytics to consumer banks, credit card issuers, CPG companies and telecom companies. Fractal's analytical solutions have helped companies across the globe enhance profitability by powering their customer management efforts with scientific decision making.



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