Selling Snowboards in Sapporo, Japan

Mark Streer

METIS (DS/ML)

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Physical marketing is omnipresent in Japan

Tissue Packs

Billboards ・ Posters

Flyers

Physical marketing is omnipresent in Japan, but inefficient

$$反響率 = \frac{30}{10,000} \times 100 \ (\%)$$
$$= 0.3$$

Low Response Rates

Stiff Competition

Wasteful

The Client

- Snowboard retailer in Sapporo, Hokkaido

- Wants to increase revenue

- Limited marketing budget

Impact Hypothesis

Focusing flyer distribution within neighborhoods where higher percentages of {target audience} live will result in yen earned per yen spent on ads.

Let Data Science Help!

1. Collect customer demographic data

   A. Currently registered rewards members

   B. Survey people who give contact info (questionnaires)

2. Determine {target audience} for ad campaign using data science

   A. What kinds of customers make frequent and/or expensive purchases?

   (regression)

   B. Do my customers consist of unique groups with predictable shopping behaviors?

   (clustering)

Young adults
aged 20-29

Parents with
children aged < 7

IT labor force
(情報通信業)

Let Data Science Help!

3. Identify districts with greatest membership in target audience

- Data source: Census of Japan (国勢調査)
  - Portal Site of Official Statistics of Japan (National Statistics Center, Statistics Bureau, Ministry of Internal Affairs: eSTAT.go.jp)

- Statistics available:
  - Population (residents, households)
  - Age   (5-year bins)
  - Household type
  - Occupation/industry (agriculture, management, clerical, etc.)
 - Family income, education, migration…
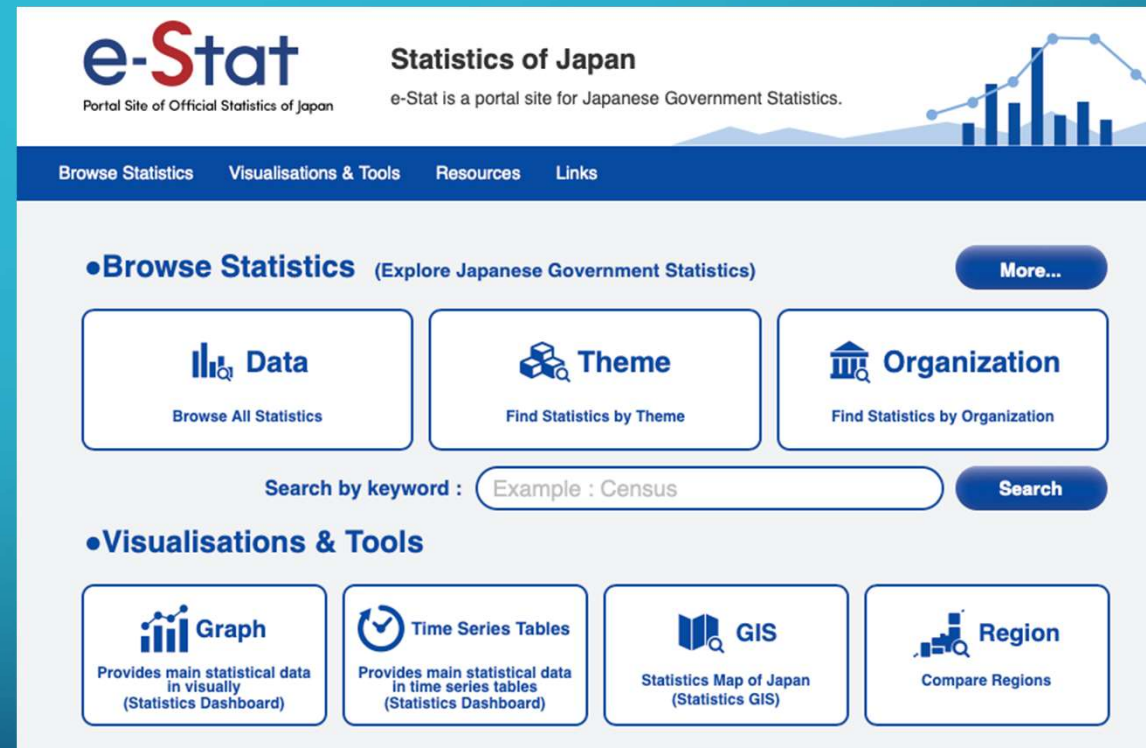
Let Data Science Help!

4. Distribute flyers to mailboxes in target neighborhoods

    A. "5% off your purchase if you mention the flyer"

    B. Encourage visitors to become members for better profiling

5. Determine success in terms of <u>ROAS</u> (return on ad spending) per

    A. Fiscal quarter   (ex. Q4 2021 v. Q4 2019)

    B. Season   (ex. Nov-Apr 2021v. Nov-Apr 2019)

6. Iterate

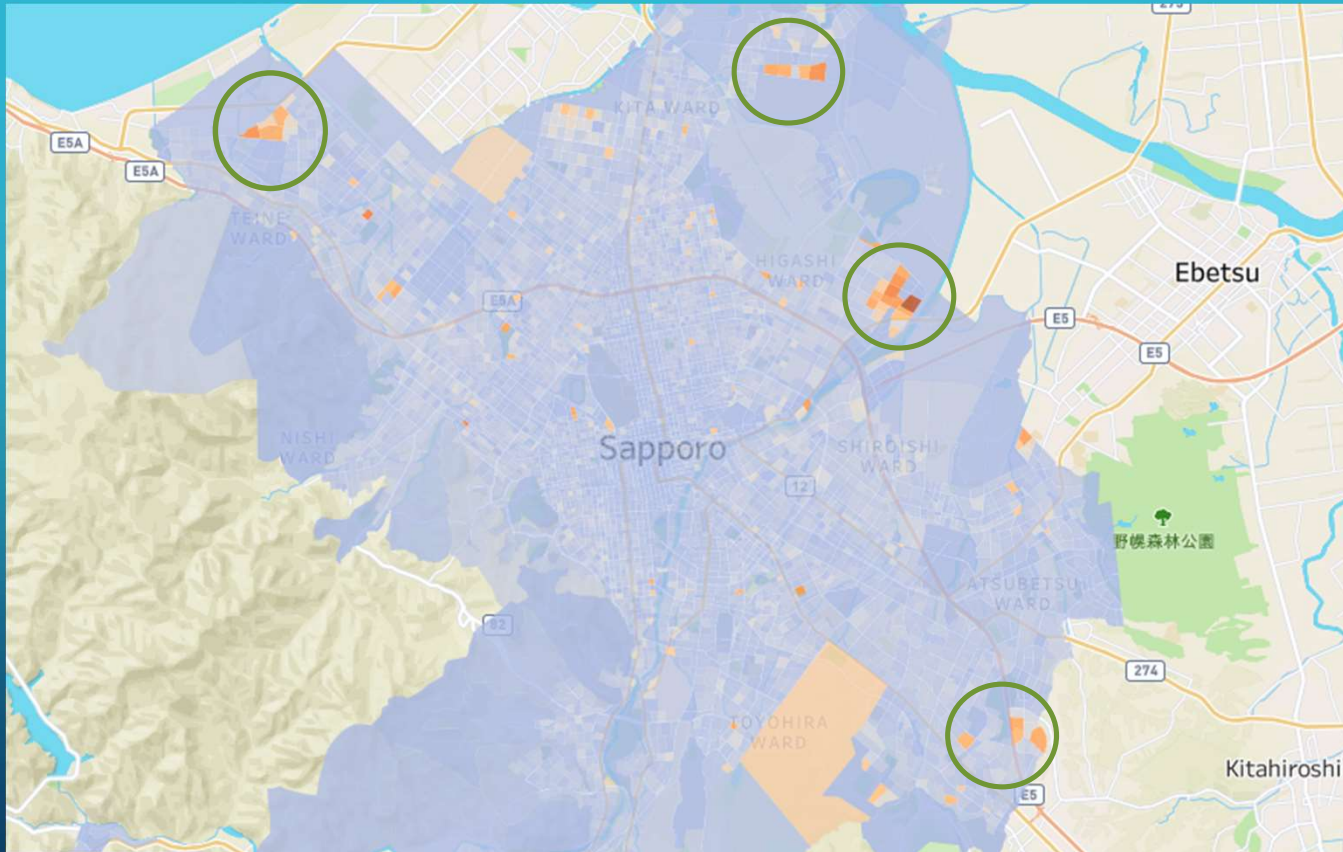# Ex. 1   % Residents aged 20-29
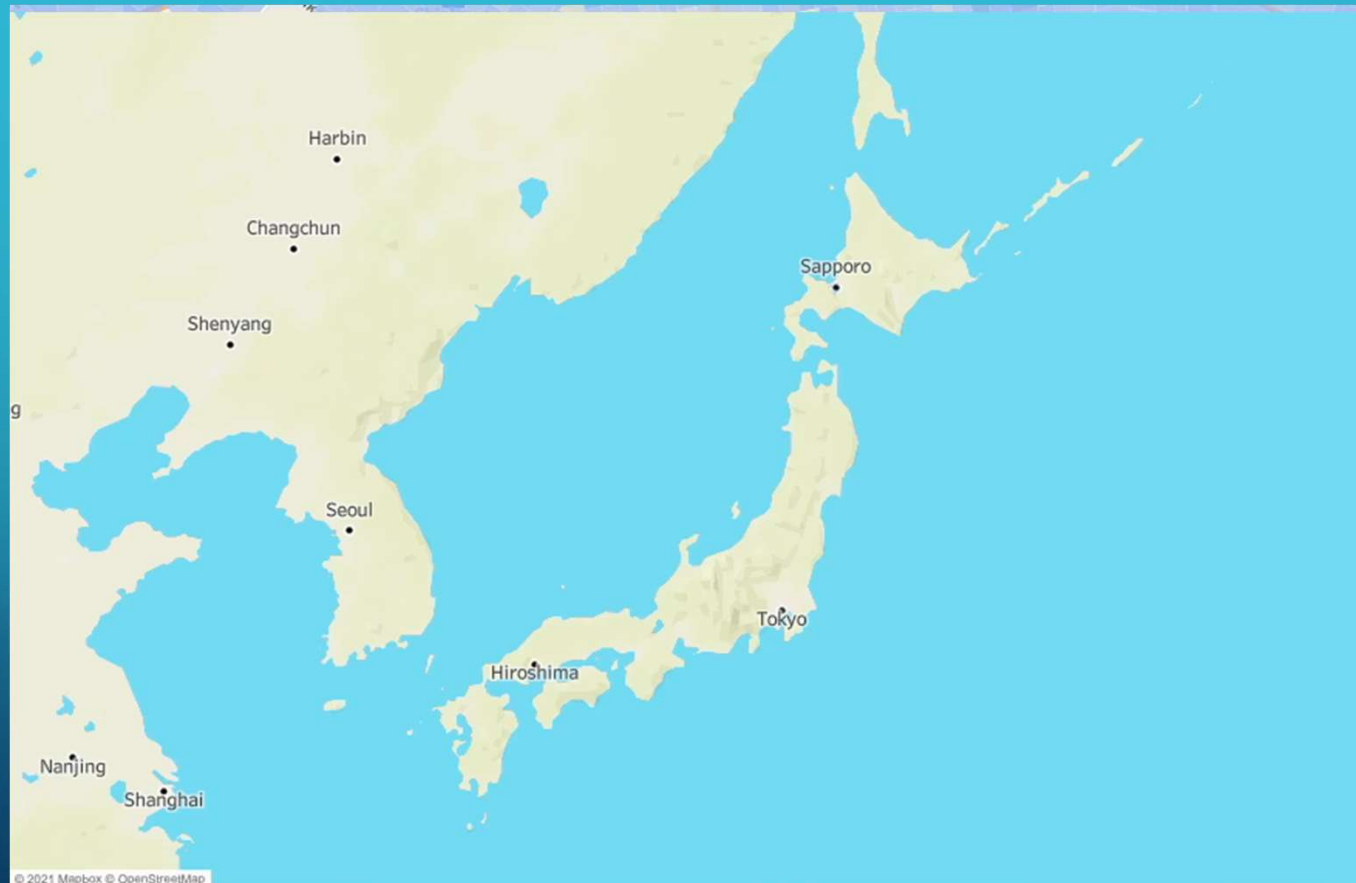
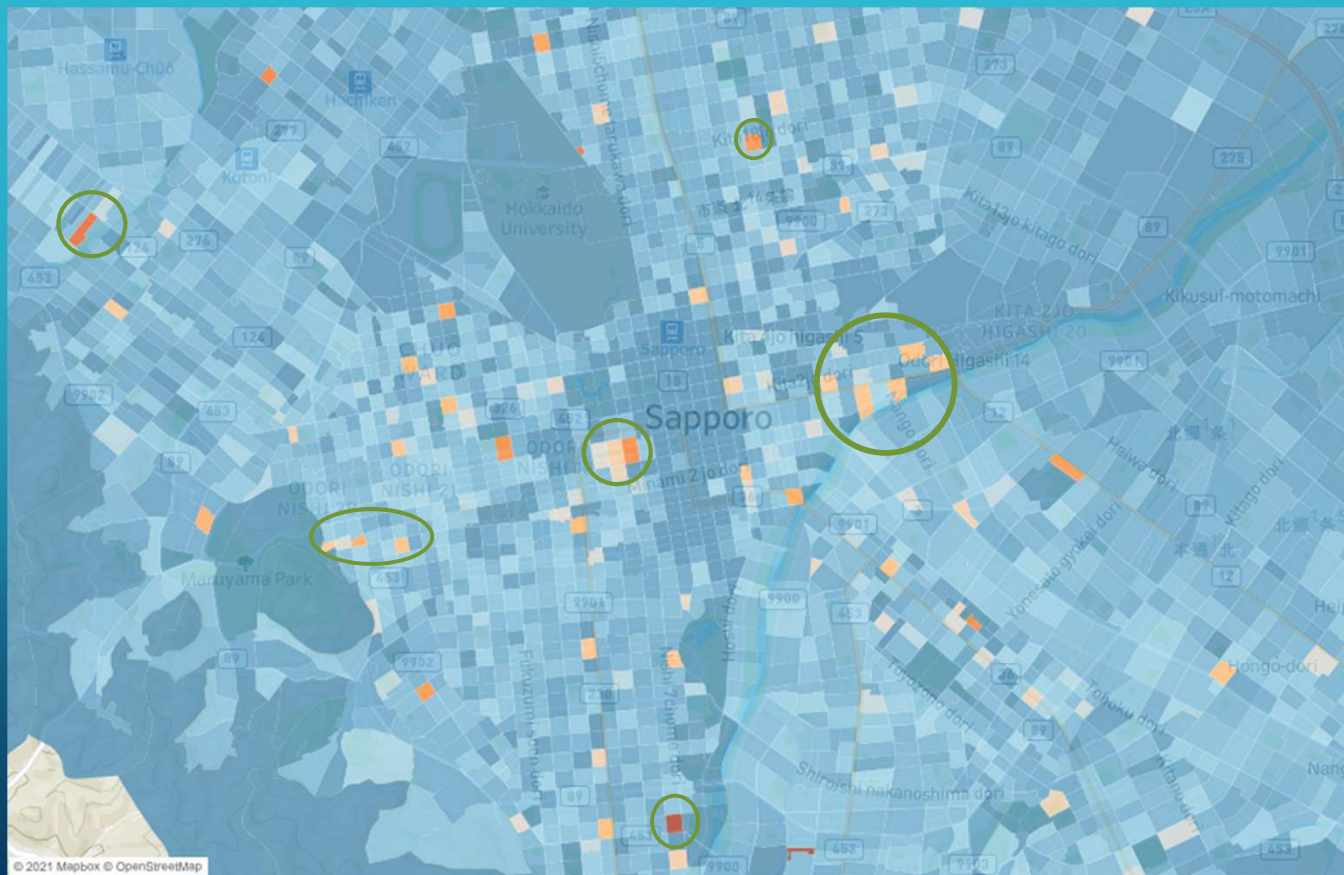Red threshold: 33%

Ex. 1   % Residents aged 20-29
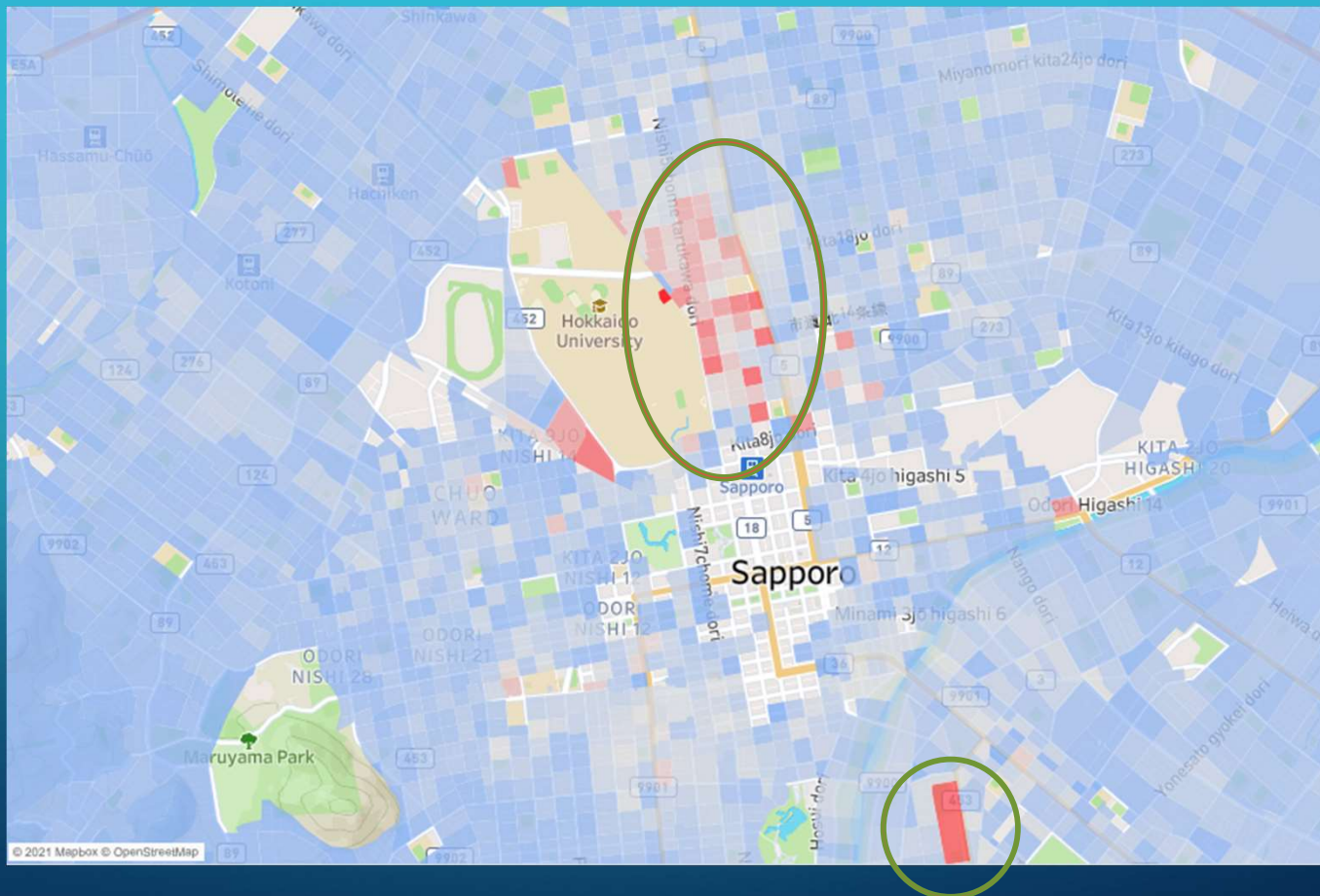
flyers needed to cover
top 20 districts: ~3,200

Red threshold: 33%

Ex. 2   % Households with children aged 0-6

flyers needed to cover
top 20 districts: ~2,000

Red threshold: 25%

Ex. 3   % Workers in IT sector

flyers needed to cover top 20 districts: ~1,000

Red threshold: 15%

Food for Thought

#visithokkaido

Food for Thought

Generalizable approach to physical marketing

Appendix

Geographic Segmentation

Profiling groups of people living* in similar regions to effectively increase revenue or service usage by customizing them to improve product-market fit and customer awareness

Users	Objectives	Useful data (open-source)
Private sector	• Establish local presence • Predict cost-benefit and revenue • Avoid market oversaturation	• Demographic data (population, household size, income, age distribution, etc.) • Location data for competing or complementary businesses
Public sector	• Determine unmet needs • Define scope for NPO bids	• Location data for public facilities (parks, schools, childcare centers, etc.)

*working, shopping, browsing, etc.

Think Global · Act Local

Geographic Segmentation

Think Global・Act Local

Solution paths (traditional)

- Distribute flyers near store, in mailboxes or by hand
  - Audience already in vicinity of store, but…
  - Physical proximity != buying likelihood for expensive goods
  - Distant buyers overlooked
- Advertise online using Facebook or Google Adsense
  - Expansive reach and affordable price, but…
  - Black box difficult to trust/interrogate
  - Targeting specific audiences = ¥ ¥ ¥