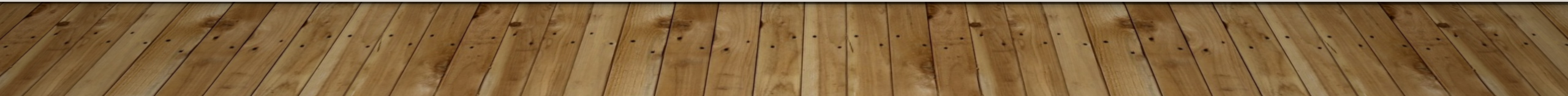


# PURCHASING PROCESSES AND BRAND LOYALTY

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NOVEL MARKET SEGMENTS FOR DIRECT MAIL PROMOTION



# THE PROBLEM

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- Demographic analyses alone is not allowing CRISA to deploy promotion budgets as effectively as possible.

In order to maximize the applications of CRISA's available data, an analysis with a new focus on the consumer purchasing process and brand loyalties will give deeper insight into the opportunities for targeted promotions. This should result in both lower advertising spend and a better response from customers.

- After analysis of 600 households, customers were classified into four likely segments based on their historical brand loyalty and purchasing behavior.
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#### **Group 1 (n=226)**

Has the lowest aggregate education of all segments as well as the fewest household members and the lowest on the Affluence Index. May try other brands but spends a large proportion in one brand category. They spend mostly in price category 2 or less and have the lowest in average price and total value of all the customer groups. They are not susceptible to promotions.

#### **Group 3 (n=192)**

Is average in many areas, but is the most educated and among the youngest customer segments. Customers average 4.17 people in the household and have an average rating on the Affluence Index. This segment the lowest brand loyalty of the 4 groups, and buys mostly from price category 2 or 1.

#### **Group 2 (n=102)**

Is almost entirely female, and is the oldest of the customer groups. They have an average of 6.5 people in the household, and are well above average on the Affluence Index. They switch brands often, are not very susceptible to promotions, and shop mostly in price category 2 and 1. They have the lowest average price but by far the greatest total value – more than twice that of the nearest segment.

#### **Group 4 (n=80)**

Is older and has an average of 3.77 members in the household with a high likelihood of children in the home. The group is high on the Affluence Index and is by far the most susceptible to promotions. Will try multiple brands but maintains long stretches of brand loyalty, and spreads their purchases across price categories 1, 2 and 4. They have the highest average price and an average total value.

# CONCLUSIONS

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- Conclusion: Due to their high susceptibility to promotions and a wide preference for price categories as well as a willingness to try new products, Group 4 would be the ideal to train a classification model intended for a direct mail campaign highlighting promotional offers.
- Additionally, this process had a defined focus of brand loyalty and purchasing behaviors, but could easily be replicated with a focus on any emerging interests that CRISA may have in the future, for example: capturing a segment of customers high on the affluence-index; identifying demographic patterns of the highest average spenders, or tracking behavior of vegetarian consumers.