



## Impressive Modeling

We recently heard a presentation that probably has little direct relevance to the rest of us, but which was still a very impressive example of marketing analysis.

Boeing—which makes airplanes—is in the midst of a multi-year, multi-million dollar effort to model passenger behavior. They incorporate an array of data on actual bookings for market pairs (e.g. Peoria to Wichita), the characteristics of each market, flight availability, costs, lead times, consumer trade-offs, airline pricing management practices, and much else.

Boeing does not fly people, but their customers (the world's airlines) do. It is thus in Boeing's interest to model and forecast future market trends and possibilities. Their model permits them to answer such questions as:

- Will passengers pay more to go faster, and how much?
- How much more revenue could an airline realize by offering faster flights? How much? Between which market pairs?

If nothing else, this is an extremely good example of research which benefits both the firm and its customers.

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## Paul Gone

Consider this advance notice that Paul Riedesel will be unavailable between Tuesday, August 24<sup>th</sup> and his return to the office on Tuesday, September 7<sup>th</sup> (after Labor Day Monday).

## Demographic Peeves

You would think that some (major) research companies still have their heads in the 1950s when it comes to standard consumer demographic questions. Two practices seem especially mindless.

For most marketing purposes, does it matter at all if a 34-year old living alone has never married, has been divorced five times, is separated, or is widowed? Likewise, if two adults share a home, bed, and checkbook, why would a marketing survey care if they are legally married? Unless a client has a good reason to ask more, we are most content asking a respondent if he/she is "married or living with a partner" or not.

Then there is occupation. Yes, governmental agencies have a detailed classification structure that is decades old. Coding job titles into these classifications is laborious and inexact, even when done by experienced hands. To ask ordinary people to place themselves in now-aging categories such as "operatives" is begging for useless data. "Sales" covers the cashier at Target and the Medtronic sales engineer earning five times as much.

How people earn their living is certainly important to their outlook and consumer behavior. Yet it is no simple matter to accurately capture what a given person does, much less reduce the welter of occupations to a few meaningful categories. We do occasionally include "occupation" questions, but they are tailored to the client's needs and are made as consumer-friendly as possible.

## Are Your Heavy Buyers Most Loyal?

Not as much as you might think, or hope, according to a study we recently worked on. The client is a major retailer that had conducted an extensive analysis of internal sales data. One outcome was the identification of a segment of frequent shoppers whom they deemed to be highly loyal, dedicated to their store.

Alas, broader survey research revealed that this supposedly super-loyal segment does a lot of shopping around. They spend a lot of money everywhere. That was not especially surprising, nor is it an argument against mining your sales data. The problem was inferring that heavy buyers are highly loyal and not susceptible to the wiles of competitors. The heavy buyers were more loyal than average, but by no means were they captive.

Since there is very little "cost" to the consumer for shopping around in this category, a normal person can be expected to have a repertoire of preferred stores. The goal of marketing is to get your brand into that small consideration set. But it is futile and unrealistic to aspire to be the only choice in this context.

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## Statistical Fit

We are completing work on an interesting project for an Undisclosed Apparel Manufacturer. They acquired syndicated data on the physical measurements of around 10,000 Americans and asked us to analyze it.

Clothing has to be sized to certain "average" consumers, but those dimensions and proportions can change over time. We were able to identify disparities between the client's current cuts and the shape Americans are actually in. Brands with different demographic targets can do a better job of providing a comfortable fit by factoring in age and ethnic differences in body shapes.

Maybe you can be too thin or have too much money, but you can't have enough data!

## TURF Analysis

We recently had reason to dust off a venerable technique known by the above abbreviation, which stands for Total Unduplicated Reach and Frequency. Its origins were in media buying, where the goal was to buy a set of magazine titles or TV shows that would maximize both the reach of the message (percent of consumers exposed) and the frequency with which they would be exposed.

However, there are numerous other applications of the basic method. A common one is the selection of a line of, say, flavors. It is easy enough to measure the individual popularity of those flavors. But you cannot make line decisions on that basis alone. Say an ice cream vendor can stock three flavors, and the research shows the following purchase interest ratings:

- 4.78 chocolate
- 4.65 chocolate fudge
- 4.49 fudge brownie
- 4.12 vanilla

Chances are it would be a mistake to carry only the three chocolate flavors; TURF would almost certainly show that adding vanilla would extend the "reach" of the product line.

While there is no single method for doing TURF, it always involves statistical evaluation of combinations of, say, flavors (though using ratings of those individual flavors). If you want to pick five out of twenty possibilities, there are over 15,000 such combinations!

As you might expect, it is common to find numerous combinations that are almost as good. You, the client, need to know what those combinations are, and then apply other criteria to making final choices. For instance, there could be significant differences in the cost of implementing various combinations. You can't do TURF with crosstabs or even a tool such as SPSS. It requires specialized software. (Need we mention that we have written the necessary programs?)