



## Who's Minding the Store?



Due to a press of personal business, Paul Riedesel will probably be minding the store only until 3:00 each day through February. What needs to get done will get done, as always. We appreciate your understanding.

## The Long Tail of Purchase Frequency, or Why Lost Buyers May Not Really Be Lost

Marketers of frequently purchased goods and services find it useful to classify study participants as "lost buyers" if they report no purchases in a specified period of time. They then want to know what the problem is/was so it can be fixed.

This often amounts to being fooled by randomness. Even if the average number of annual purchases is, say, three, that hardly means everyone buys predictably on four month intervals. 1) Households differ in their purchase frequency (times per year). 2) And there is a further random distribution of intervals among those who average  $n$  purchases per year.

Consequently, a certain percentage of consumers who really are still in the market or consider themselves brand users simply haven't

made a purchase in a long time. They aren't lost and there may not be a problem to fix.

Marketing scientists led by Andrew Ehrenberg figured this out decades ago. What is known as the Dirichlet model of purchasing captures both sources of variation. Purchase panel data are the ideal basis for estimating this model, but survey data can give you an idea as well.

In terms of research we might do together, we have a couple of pointers. While there is nothing wrong with wanting to understand problems that cause your brand to lose buyers, we shouldn't assume that non-recent-buyers are upset. Let them explain that there are no big issues—they just don't have need that often.

Also, we like an approach (as do some clients) that focuses on attitudes more than literal purchase frequency. Someone who answers that they used to buy a brand but no longer do is lost. Some will say they buy occasionally but admit it has been a year or more; they aren't lost, just infrequent buyers. Truly lost buyers merit different diagnostics and response than do those who still regard your brand favorably but haven't had a need for a while. The latter are just out there on the tail of purchase (in)frequency.

## It Could Be Worse

As this issue is being put to bed, we were reminded of the all-time record low in Minnesota: -60 up on the Iron Range on Groundhog Day in 1996. And most of the territory of Canada is to the north of us! Any self-respecting groundhog would stay put.



## What Flavor of Awareness?

"Awareness" is one of our most-basic metrics. We apply it regularly with respect both to brands and advertising. The conventional yes/no (aware/not aware) format lacks nuance, but can still be useful.

Wise use does entail knowing which flavor to apply. For a brand-new product, "unaided awareness" is usually too low to bother with. Aided awareness (aka "recognition") is a better tracking metric at this point of the product life cycle.

In contrast, aided awareness of mature brands can approach 100%, telling us nothing. Unaided awareness or even first-mention are more relevant to tracking brand health in these circumstances.

In the case of advertising, we put a lot more credibility in recognition of actual spots or print ads. Heavily advertised brands are subject to high levels of false awareness prompted by brand name alone. Showing examples of current ads as a prompt gets us more accurate measures. Online research is tailor-made for testing recognition.

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### "The Pillsbury Model"

The packaged goods researcher probably does not exist who has not used a new product trial formula derived from what many around here still call "The Pillsbury Model."

"Everyone" knows about the five-point purchase intent scale. This model and its progeny take the percentages for each scale point and multiply them by some weight (e.g. 0.78\* % Definitely Buy). The sum of the products is understood as a surrogate for first year penetration under ideal conditions. It may be adjusted further, but that is the idea.

The original research behind this model was conducted at the long-gone Pillsbury Company

in the 1970s. The marketing science types behind it moved on to other companies such as Burke. A. C. Nielsen now owns the "BASES" system—an extension of the original "Pillsbury Model", and long associated with Burke.

What fewer know is how little data lay behind the original model. As told to your scribe in his days at Pillsbury, they scared up just enough funding to follow a handful of new product introductions (fewer than five, I think) and measure actual penetration as a function of the five-point purchase interest scores. That was very little data considering how many researchers we have known who still surreptitiously use the "Pillsbury weights."

Any firm specializing in new product forecasting—and we won't do any free advertising for them here—has much more sophisticated models today with deep datasets. Yet most have roots that trace back to a now-tired office building at 608 Second Avenue South in Minneapolis.

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## Social Media

Marketers are all atwitter about the emerging forms of social media. Research within them is necessarily qualitative in our opinion and thus outside the scope of what we do. It will be interesting to observe whether or not effective protocols emerge for monitoring and learning from this new dimension of e-reality.

We are more sure that efforts to manipulate opinion within social media will accelerate, and just as sure that this will backfire now and then.

For better or worse, the ability of firms and their advertising agencies to control messages is slipping. It was never total, but communication power is diminishing at the top and diffusing in ways we have yet to understand. It should be an interesting decade.