

Using Data Analysis to Understand Consumer Behavior



June 2019

WHO IS A CONSUMER ???

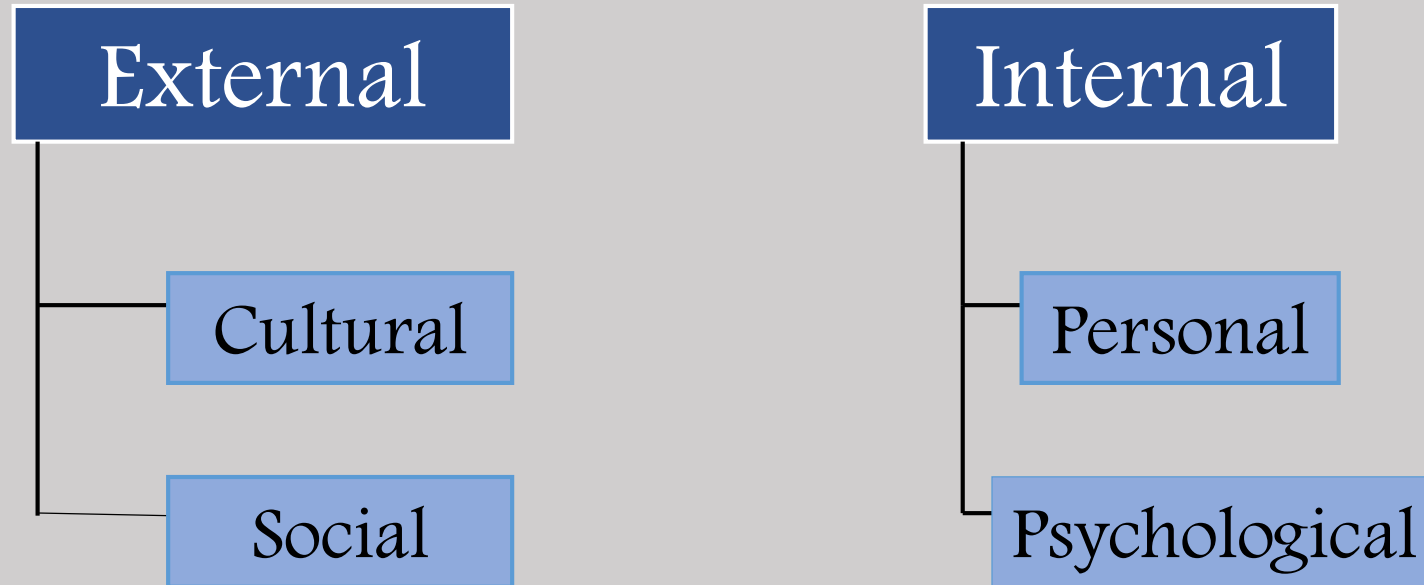
Consumer may be whoever is engaged in evaluating, acquiring and using of services

CONSUMER BEHAVIOUR

Consumer Behaviour can be defined as process whereby individual decides whether, what, when, where, how and from whom to purchase goods and services

FACTORS AFFECTING CONSUMER BEHAVIOUR

Consumer Purchases are highly influenced by two factors.





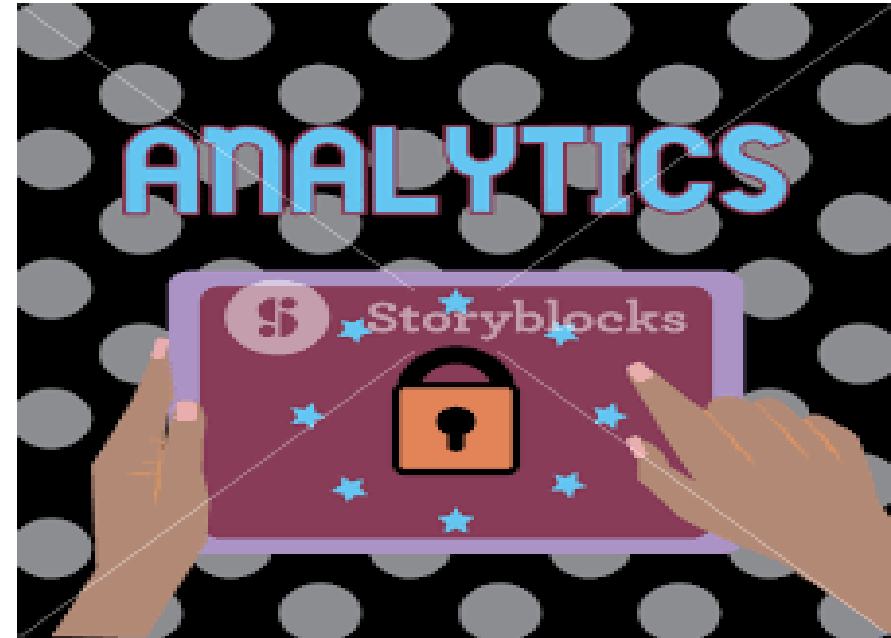
Data is the new oil- and the best way for companies to access and understand it is to digitize their processes. Digitizing customer interactions can provide troves of information, which companies can feed into strategy, sales, marketing, and product development. Detailed and granular data can enable companies to micro-target their customers and to personalize their products and services. Further internal digitization generates data that managers can use to improve their operations, including routing and transportation, resource allocation and scheduling, capacity planning and manufacturing. These trends are also causing many companies to converge their “Business Intelligence” and “Operation Research” units on the common ground of predictive and advanced analytics. Both communities are now using statistical and mathematical techniques to attack strategic business problems and systemize decision making.



Data analytics, with its far reaching use cases and diverse applications, is now emerging as the keystone of strategic business decision making. From enabling businesses to make consumer oriented marketing decisions to helping them address key operational inefficiencies, analytics is radically changing the perception towards the importance of data.

Advanced statistical models are furthering this cause by providing valuable insights out of unconventional data sets and by enabling companies to explore new business territories. The next few sections explore the vast and diverse opportunities that data and analytics bring to businesses today.

Data and analytics are disrupting existing business models and ecosystems. Proliferation of new data sets and introduction of massive data migration capabilities are undermining existing information and technological silos. From using granular data to personalize products and services to scaling digital platforms to match buyers and sellers, companies are using business analytics to enable more faster and facts based decision making. In fact, studies show that data driven organizations not only make better strategic decisions, but also enjoy high operational efficiency, improved customer satisfaction, and robust profit and revenue levels. Recent research also shows that data-centered organizations are twenty three times more likely to acquire customers, six times as likely to retain those customers, and nineteen times as likely to be profitable as a result.



Analytical practitioners today have a vast array of analytical capabilities and techniques at their disposal. These range from the most fundamental techniques, “descriptive analytics”, which involve preparing the data for subsequent analysis, to “predictive analytics” that provide advanced models to forecast and predict future, to the top-notch of analytics called “prescriptive analytics” that utilize machine based learning algorithms and dynamic rule engines to provide interpretations and recommendations. With their diverse use cases and applications, it is no longer a surprise that these techniques are now finding way into customer, workforce, supply-chain, finance and risk strategies at an organizational level.

Practical Example of Using data analytics in FMCG.

Case Study~ INNOVATION

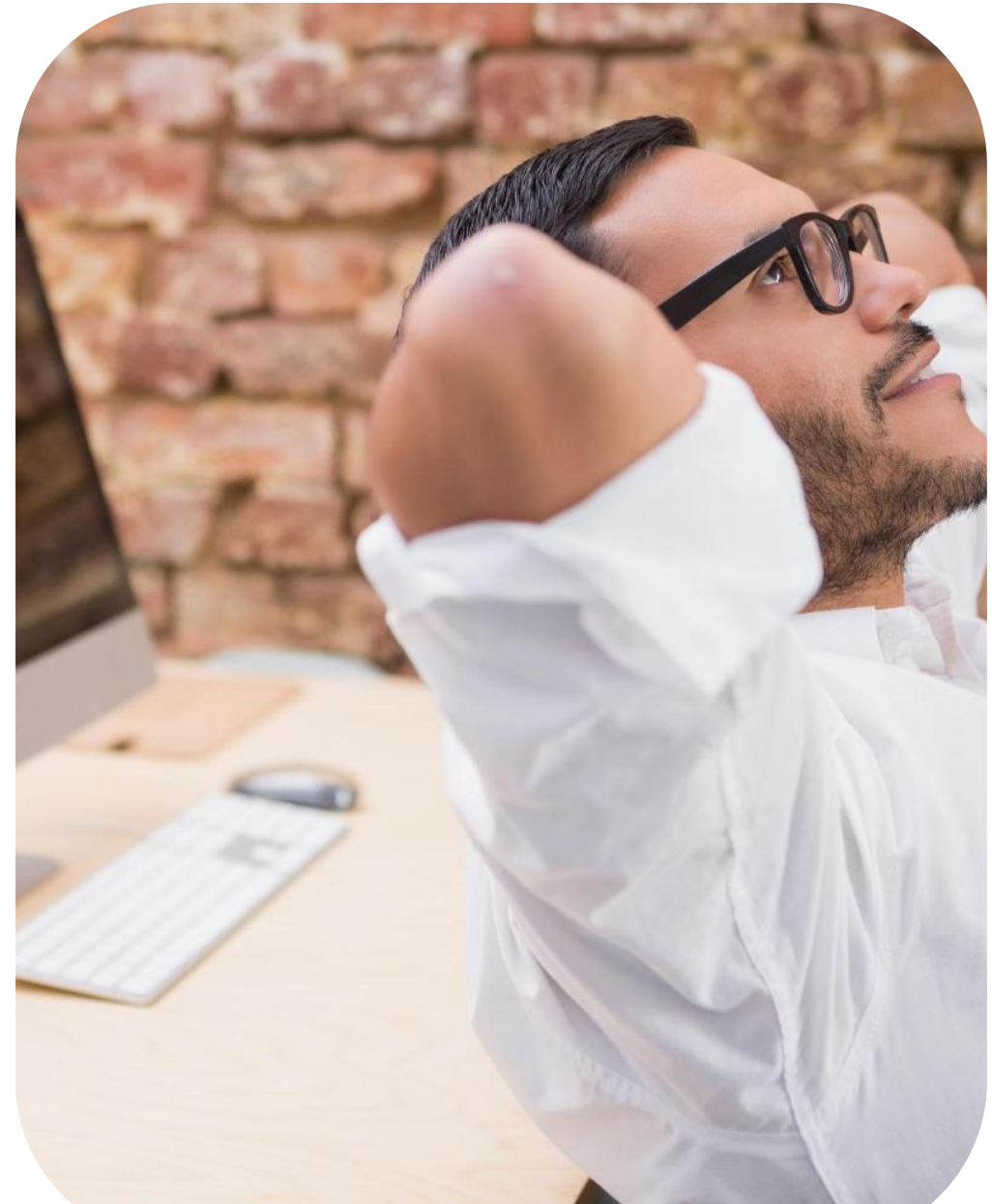
The following principles explains the actualization of a desired goal in any sector. It explains the usage of data in giving direction.

❑ Issues, Opportunity & Benefit

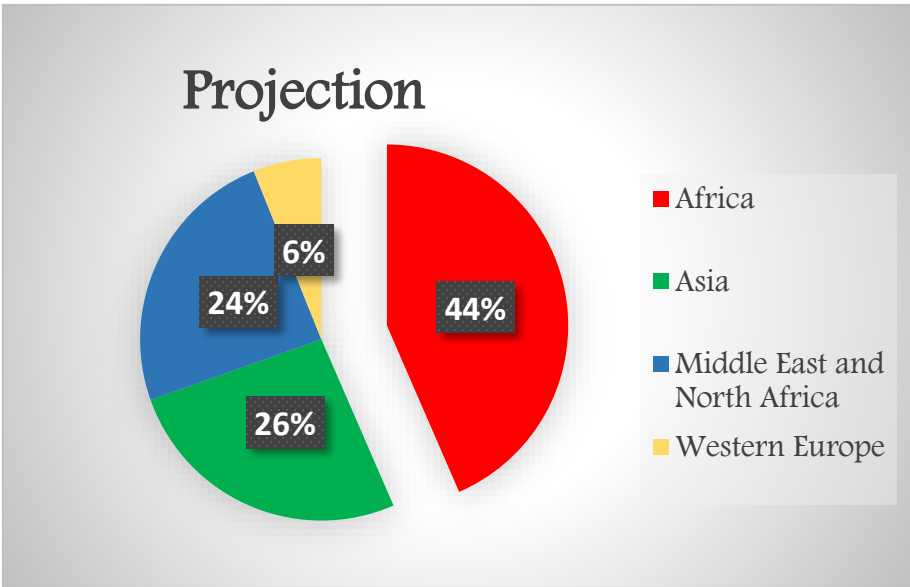
Data should be channeled towards **ISSUES** that bothers to consumer's needs, which will in turn give room to **OPPORTUNITY** to develop a solution that will **BENEFIT** both the inventor and the consumer.

The phases of Innovation processes can be divided into four main steps which are:

1. **Idea:** Collection of innovation potentials, derivation of ideas, evaluation and release of ideas.
2. **Concept:** Extensive analysis and derivation of concepts for the solution, implementation and marketing.
3. **Solution:** Development and testing of the solutions to the finished business.
4. **Market:** Arouse and fulfill a customer's needs by implementing in procurement, production and logistics as well as marketing and sales.



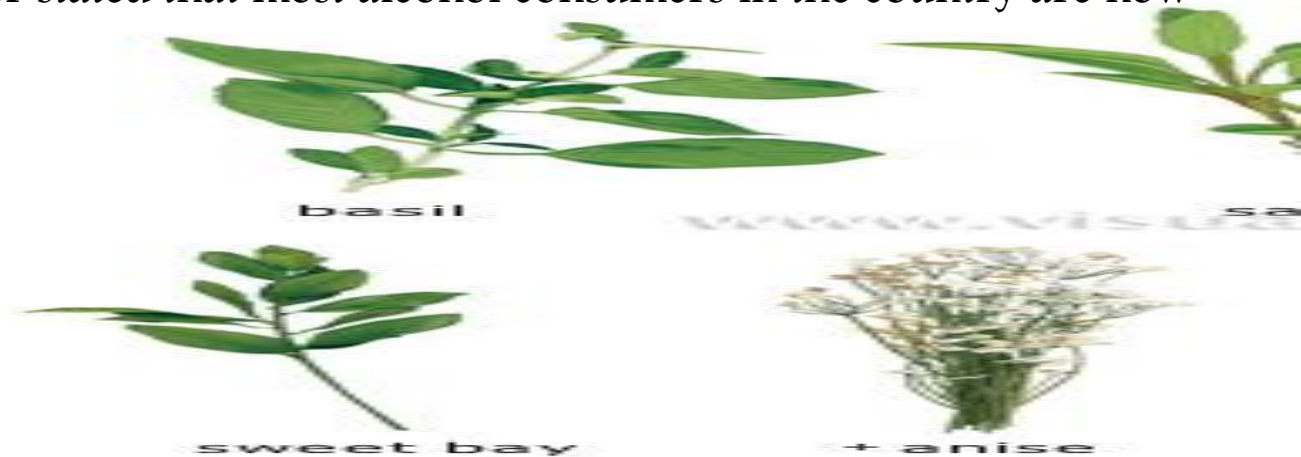
ANALYZING IDEA TO GENERATE CONCEPT



According to the report, **beer consumption in Africa is estimated to grow by a five percent (5%) annual growth rate (AGR) between 2015 and 2020. The figure is the highest growth rate across all continents in the world.**

Asia's beer consumption is projected at three (3%) percent, **Middle East and North Africa** 2.8% and less than one per in the **Western Europe**. With an average beer consumption of 12.28 litres per year, **Nigeria** leads the top 10 biggest beer drinking countries in Africa. This is by virtue of her population, which technically translates to higher volume and litres consumed per year.

In research also conducted by a Nigerian-based marketing research company, **MRIC**, in November 2015, the report indicated high alcohol among Nigerians. The report further stated that most alcohol consumers in the country are now switching to **herbal mixed alcoholic drinks**.



Extensive Analysis

Few of the below bullet points summarize how an innovation works

- Volume Build Up
- Distribution Build up
- Rate of Sales
- Brand Equity Performance

CASE STUDY-


A variant of a brand (lager) was to be launched, the ideation stage came and 2 different Stock Keeping Units (SKUs) were proposed.

- 45cl Bottle
- 35cl Bottle

With this Idea, the organization carried out a market survey to determine the better chance of investment which will unlock more market share.



CONSUMER RESEARCH / MARKETING SUMMARY

Who	Male lager drinkers who are bold to make the smart choice
What	<p>An Innovation lager that is a 5.3% ABV, specially brewed and extra filtered for a rich and refreshing taste. It is made from Sorghum and Malted barley</p> <p>Available in 45cl RGB for N150 and 325ml for N100 → Description of brands</p>
When	<p>Casual get together occasions. Including:</p> <ul style="list-style-type: none"> • Socialising after work with friends • Social events
Where	<p>Predominantly on trade: All outlets that Value lager is sold in. (Home base and Lower Jollity)</p> <p>Off trade: Supermarkets, Shopping malls, kiosks, open market, places where value lager is sold. We will leverage current BEER foot print for distribution.</p>
Why	<p>Emotional Gift: Innovation lager is extra matured for the confident man who is not afraid to stand out of the crowd by making smart choices.</p> <p>Functional Gift: A mature brew for a rich and refreshing taste.</p>
Instead of	Competing with other Value lager beer.
Wow Factor	<ul style="list-style-type: none"> • The only beer currently being sold at N100 a sweet and accessible price point • Its more value for N200 <p>Diagram: N100 (circled) → Innovation Brand; N200 (circled) → Competition</p> 

Volume Build-up

Nationwide	Outlets	Target	Lead	ROS Target	FY1 (ACTUAL case)										
Channel/segment	Universe	Pen %	Format	cases / mth	Pipe-fill	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 1
Home base	48,620	80%	20cl	0.5		49	88	119	156	197	243	321	408	474	2,054
Jollity	6,994	65%	75cl	1		-	-	-	-	-	-	-	-	-	-
Night Clubs	108	20%	75cl	1		-	-	-	-	-	-	-	-	-	-
Premium/Lounges/ Fine Dining	977	10%	75cl	1		-	-	-	-	-	-	-	-	-	-
Neighbourhood /convenience/	14,337	80%	4.5cl	2		459	826	1,124	1,468	1,858	2,294	3,028	3,854	4,473	19,384
Open Market	3,499	100%	All	15		2,362	3,674	5,249	4,724	5,905	7,217	9,447	11,940	13,777	64,294
Supermarket (Chain/Independence)	1,001	100%	75cl	5		-	-	-	-	-	-	-	-	-	-
Wholesale (Beer)	2,704	40%	20cl	3		-	-	-	-	-	-	-	-	-	-
Pipeline					14,350										
Total Volume						2,869	4,587	6,492	6,347	7,960	9,754	12,796	16,203	18,725	100,082

This specifies the projected volumes of an Innovation over the period of the project.

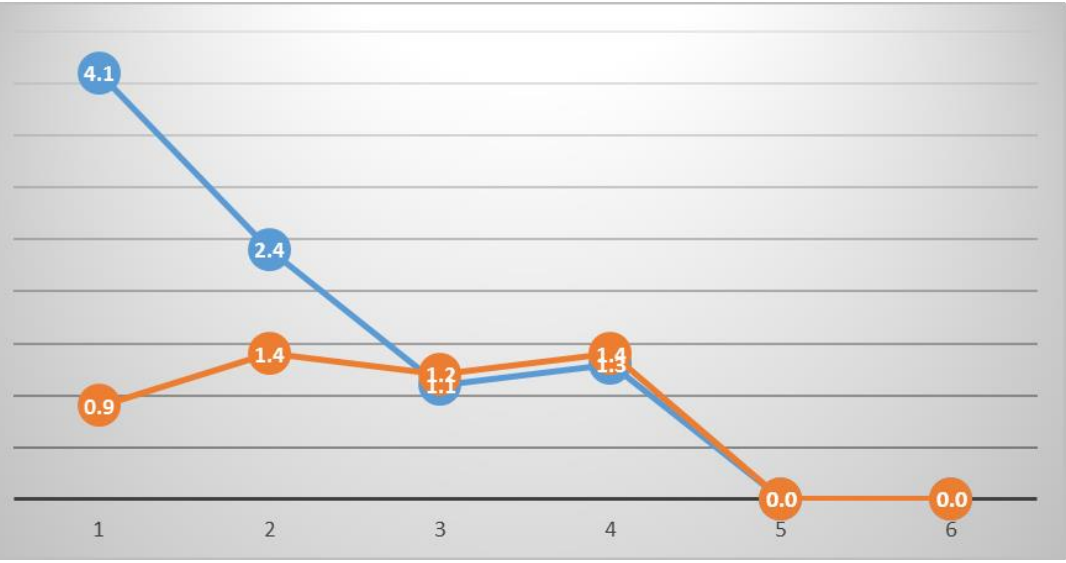
Also in the build up, the specified channel/segment is called out to give direction to the Sales Force and the business as a whole.

Emphasis was laid on the 35cl SKU considering the price, target market and brand equity performance.

Commercial Execution Tracking Board

- In the summarized picture, the above performance shows that the performance of the 35cl SKU
- The performance shows that there is no effective traction on this particular SKU

Shipment and Depletion Trend



Distribution shows better trend with increment month on month.

Period	Active Distribution ('000)			ROS Builds-Bottles/Week			Commercial KPI Performance			
	Actual	Target	% var	Actual	Target	var	KPI	Actual	Gate	var %
Jul							Distributors Stocking	86	100	-14%
Aug							Pricing	500	500	0%
Sep							W/S Distribution	1,721	2,799	-39%
Oct										
Nov										
Dec										
Jan	3.1	9.0	-66%							
Feb	13.7	12.0	14%	0.9	3.0	-70%				
Mar	13.8	14.9	-8%	0.8	2.0	-62%				
Apr	14.7	18.0	-18%	0.8	3.0	-72%				
May	15.2	21.0	-28%	1.1	3.0	-62%				
Jun	16.9	24.1	-30%	0.4	3.0	-88%				
YTD Total	12.9	16.5	-22%	0.8	2.8	-71%				

Brand Equity Performance				
KPI	Actual	Gate	var %	
Trial		5		
Saliency		10		
L4W		2		

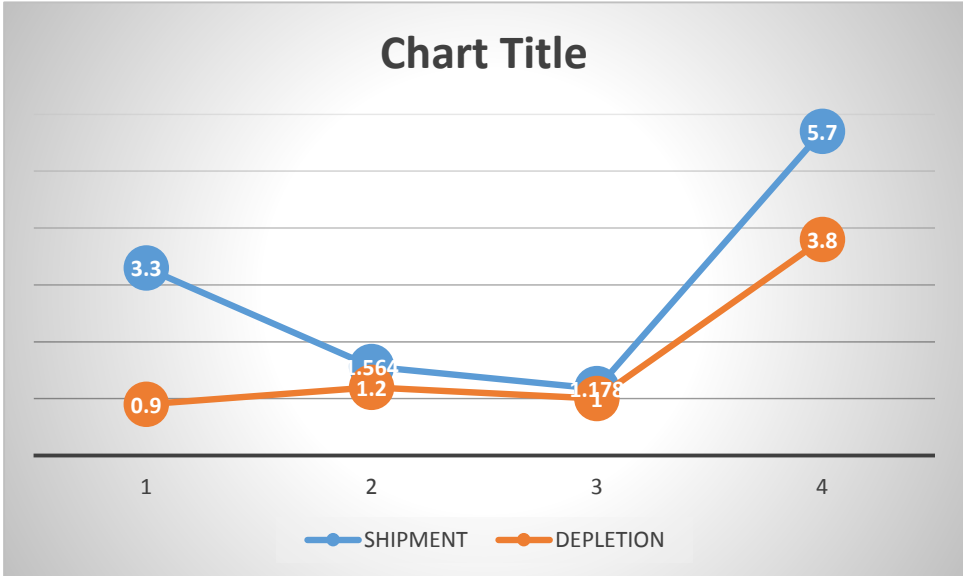
Period	Depletions ('000)			Shipment ('000)			WEEKS			SIT (EU'S)		
	MTD Actual	Target	% var	Actual	Target	var	Actual	Target	var	Actual	Target	var
Jul												
Aug												
Sep												
Oct												
Nov												
Dec												
Jan	0.9	0.0	0%	4.1	10.2	-60%				3.1	3.0	3%
Feb	1.4	5.3	-74%	2.4	5.5	-57%	22.48			4.2	3.0	40%
Mar	1.2	7.7	-85%	1.1	6.6	-83%	14.23			4.1	3.0	38%
Apr	1.4	2.9	-53%	1.3	2.9	-56%	11.59			4.0	3.0	34%
May	1.8	3.7	-52%	0.8	3.7	-79%	6.68			3.0	3.0	0%
Jun	0.1	3.7	-97%	0.1	3.7	-97%	23.46			3.0	3.0	-1%
YTD Total/A	6.8	23.4	-71%	9.7	32.7	-70%				3.6	3.0	19%

* Confidential *

Commercial Execution Tracking Board

- In the summarized picture, the above performance shows that the performance of the 45cl SKU
- The performance shows that positive trend on the bigger bottle and better acceptance by the consumer compared to the smaller bottler

Shipment and Depletion Trend



Period	Active Distribution ('000)			ROS Builds-Bottles/Week		
	Actual	Target	% var	Actual	Target	var
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
Jan	3.0	9.0	-67%			
Feb	13.2	12.0	10%	0.2	0.5	-57%
Mar	14.6	14.9	-2%	0.2	0.5	-70%
Apr	16.2	18.0	-10%	1.1	0.5	111%
May	16.9	21.0	-20%	0.8	0.6	29%
Jun	17.4	24.1	-28%	0.4	0.7	-36%
YTD Total	13.6	16.5	-18%	0.5	0.6	-6%

Commercial KPI Performance				
KPI	Actual	Gate	var %	
Distributors Stocking	81	100	-19%	
Pricing	1,700	1600	6%	
W/S Distribution	2,134	2,799	-24%	
Brand Equity Performance				
KPI	Actual	Gate	var %	
Trial		5		
Salience		10		
L4W		2		

Period	Depletions ('000)			Shipment ('000)		
	TD Actu	Target	% var	Actual	Target	var
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
Jan	0.9	0.0	0%	3.3	1.9	74%
Feb	1.2	1.0	25%	1.6	1.0	56%
Mar	1.0	1.5	-34%	1.2	1.3	-9%
Apr	3.8	4.3	-12%	5.7	4.3	32%
May	4.4	5.9	-26%	4.6	5.9	-21%
Jun	0.7	6.4	-90%	0.6	6.4	-91%
YTD Total/A	12.0	19.1	-37%	16.9	20.8	-19%

Period	SIT (WEEKS)		SIT (EU'S)		
	Actual	Target	Actual	Target	var
Jul					
Aug					
Sep					
Oct					
Nov					
Dec					
Jan			2.4	4.0	-40%
Feb	8.74		2.7	4.0	-32%
Mar	11.90		2.9	4.0	-27%
Apr	5.07		4.8	4.0	20%
May	4.64		5.1	4.0	27%
Jun	7.67		5.0	4.0	25%
YTD Total/A			3.8	4.0	-4%

Insights from the Innovation:

- Analysis: Consumers accepted the innovation considering all performance indicators. Consumers preferred the bigger SKU (45cl) not minding the price and brand equity performance to the smaller SKU (35cl)
- Research: Effective research was carried out thereby releasing a great concept that could help win more market share for the organization
- Creativity:



Effect of Data Analytics to Organization

- Identifying New Opportunities
- Understanding consumer behavior
- Becoming more agile and outperforming the competition
- Help Manage Spend on the

