

# ACTIONABLE INSIGHT INTO THE CONSUMER LANDSCAPE

## NIELSEN SPECTRA CONSUMER ATTRIBUTE MODEL

### What Is It?

The Consumer Attribute Model (CAM) is a proprietary model which predicts product sales potential at the trade and geography level. Drawing information from consumer panel and diary data, the model uniquely identifies and appropriately weights a set of demographic attributes that drive consumption variance for a given product. The resulting demographic profile is matched to a store or geography, thereby identifying high opportunity areas.

By evaluating a range of data sources, including Nielsen Homescan panel, disaggregated at the most granular level, our researchers discovered patterns in consumption behavior. From the patterns that emerged, they aligned the behavioral shifts with life events that affect households' consumption across a wide array of fast moving consumer goods (FMCG) products. The result became cohesive yet distinctive consumer analysis named BehaviorStages.

### How Does It Work?

Spectra's proprietary CAM model includes the identification and weighting of demographic attributes that best describe the buyers or consumers of a product. For instance, Presence and Age of Children might determine consumption of some products in a household. For other products, Race and Ethnicity may be a determining factor. For any given product, CAM identifies these most important demographic attributes and assigns them an appropriate weight. The CAM model is not limited to products, categories and brands. A CAM model is also created for many activities and leisure items, durables, etc.

**Attribute Weighting:** Attribute weighting identifies the demographic attributes that best explain consumption differences for any given product and then assigns those attributes an appropriate weight in the Demand Index [DI] calculation. The resulting Demand Index calculation maps the product to those stores or geographies with a high percentage of the product's heaviest consumers.

### Key Benefits

Understand not just who your consumers are, what drives their purchasing behaviors and how to reach them.

Identify consumers at the most granular level with precision. Build this insight up to more efficient sales and marketing execution (i.e. clustering)

Identify the potential for your brand based on future potential vs. past performance.

Nielsen's Consumer Attribute Model helps answer key questions about your consumers, here are just three examples:

- Who is the consumer of my product or category?
- Who are my key consumers and which types of strategies will motivate my target consumer group?
- How do consumers' attributes differ across specific geographies?

## BUILDING A CONSUMER ATTRIBUTE MODEL

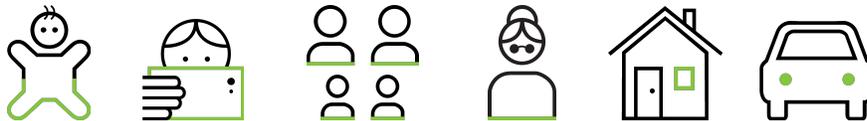
Spectra’s Demand Index Calculations are designed to predict a product’s potential sales within a store or geography. This paper details two phases of the model:

**Building a Consumer Attribute Model (CAM)** – this step includes the identification and weighting of demographic attributes that best describe the buyers or consumers of a product. For instance, Presence and Age of Children might determine consumption of some products in a household. For other products, Race and Ethnicity may be a determining factor. For any given product, CAM identifies these most important demographic attributes and assigns them an appropriate weight.

**Calculation of Demand Indices** - involves the identification of stores and geographies where the distribution across the most important attributes defined in the CAM model most closely matches that of a product. For instance, if Race/Ethnicity is a key determinant of a product’s sales and that product is widely bought by Hispanic households, stores and geographies with high concentrations of Hispanic households will have high demand indices.

### CAM Attributes

Spectra has two sets of CAM attributes – each designed to cover the range of demographic factors that explain consumption for either households or adults within households. Like Spectra’s BehaviorScape Plus Frameworks, the CAM attributes include microsegments that are specific to households (Presence and Age of Children, Household Size) and are descriptive of neighborhoods in which households reside(Lifestyles).



#### Household CAM:

- Race of Head of Household
- Number of Persons
- Household Income
- Age of Head of Household
- Age and Presence of Children
- Housing Tenure
- Education of Head of Household
- Spectra LifeStyle
- Age of Oldest Child
- Occupation of Head of Household
- Marital Status of Head of Household
- Household Composition
- Number of Vehicles in Household

#### Adult CAM:

- Race
- Household Size
- Household Income
- Age by Sex
- Age and Presence of Children
- Housing Tenure
- Education
- Spectra LifeStyle
- Age of Oldest Child
- Occupation
- Marital Status
- Household Composition
- Number of Vehicles in Household
- Employment Status by Sex

### Terminology

For a better understanding of the CAM process, it is important to be familiar with the following terms:

**Attribute** – refers to a set of demographic microsegments within CAM. Examples include: Education, Income, Lifestyle, etc.

**Microsegment** – one segment within an Attribute. Examples within the Education attribute would include High School education, College Graduate, etc.

**Consumption Index** – the panel consumption measure for individual cells which is indexed against total product consumption

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