Paper 115-2010

Addressable Minds: Determining the Best Marketing Message(s)

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INTRODUCTION

Addressable Minds is an automated process which defines how to design, test, modify and segment alternative ideas, packages or products in an automated way, so that companies discover what appeals to the customer, even when the customer cannot articulate the need, much less the solution. Addressable Minds is completely scalable for organizations of any size, locally or worldwide, even for those with limited budgets. Addressable Minds is a proven solution with direct, major impact for those managers with bottom-line accountability. It is a very fast, cost-effective, and importantly intuitively obvious and direct way for executives and managers to stay well ahead of the customer demand curve. Addressable Minds generates databases that feed directly into the analytic data warehouse to create innovative customer understanding for targeted sales.

In today's hyper-competitive world, it is not enough to know how to make products and offerings better. Organizations must be able to anticipate what consumers want before consumers realize that they cannot live without it. The Addressable Minds method may well change the way you think about selling to your present and future customers. Addressable Minds is a solution that offers companies of all sizes worldwide an actionable tool to give competitive differentiation, and a means to outpace their competition on a consistent, knowledge-driven basis.

BUSINESS PROBLEM

The 'new' realities are that everyone is connected. Multi-tasking destroys focus; competition is always 'there'. Search is king. How might one 'cope' with these harsh new realities? We found that the old advertising models do not work as well as they used to. There are too many channels and messages. There are not enough people per channel to make it worthwhile. People want to get what THEY want and not what YOU want to offer them. They want to get what they want in the way THEY want it. The question is what do you offer and how do you offer it?

In today's world, there are too many offerings for the human mind to comprehend. Your message just cannot be everywhere it needs to be, and when it needs to be.

Today we must think 'medical' models, focused and targeted deliveries. We need a magic bullet that is like the targeted drug that goes right to the disease site to do its work. We must narrowcast, delivering the right message to the targeted mind segment at the right time.

Traditional and even some of the 'new' advertising and direct sales follow a knowledge path similar to taking family history in medicine. Did anyone in your family ever suffer from diabetes? If so, then you possibly have a high likelihood to be diabetic in your lifetime. Marketers think that way. Marketers look at previous behavior to determine propensity to buy. They analyze a person's choice and make new offers based on similar choices by other people, such as the Amazon model. They look at segmented membership and offer what might appeal. They use the traditional 'males 25-34' concept of segmentation,

which is not scientifically proven segmentation, just simple demographics.

We propose a different approach, based on the way today's medicine is practiced. Consider a method, once statistically proven segments are defined, that offers scratch tests or blood tests, not of the body but of the mind to determine what segment someone is in at that point in time. Our goal is to identify the algebra of a specific person's mind at a granular level for a specific area, and then identify clusters of similar minded individuals. We then create a 'typing' tool for this mind-set allowing us to discover this mind-set in the population. Knowing that a prospect has a particular mind-set allows for better-targeted messages in terms of content and style. We call this Addressable Minds™.

For example, in today's Advertising Paradigm for retailers, traditional advertising messages are targeted to large audiences based on simple classification descriptors, and what they purchase. This is how media is bought. The Advertising strategy assumes and hopes homogenous groups exist. Messages are created for those groups. Men want 'X' and women want 'Y'. The result: Many messages are used without regard to what motivates each individual customer. Consider a traditional advertising example 'Vacation Cruises this winter starting from $899 per person double occupancy'. This message does not target a specific segment at all. This is a 'spray and pray' shotgun approach. The Addressable Minds methodology is a targeted approach based on an individual's perceptions of the offer.

The Addressable Mind™/IdeaMap.Net solution is different. For each message campaign, segments are discovered through an online panel process by presenting combinations of ideas in experimental design to test many concepts. Each individual respondent generates a model showing what elements drive responses. Segments with similar patterns of responses to the granular elements of the topic emerge from the individual models. After this segmentation process, one can identify a limited number of concept elements, which when tested as single ideas and rated by a prospect, put the prospect into one of the segments. Addressable Minds now 'knows' what elements appeal to this individual because it has identified the segment membership. It becomes straightforward to deliver the appropriate message with the appropriate emotional tonality to the particular mind that has been typed. Every word and phrase is instrumental to turning a segment on, off or doing nothing for a segment.

Now the question is who are YOU 'the customer'? We perform a self-administered scratch test to determine which segment are you in so we can deliver to you the perceived optimal message. In addition, when the Addressable Minds database comprises several related studies, each with its own topic and granular elements, one can type an individual on several such databases, each by its own typing test. The outcome is a profile of the mind-set of each individual on several related topic areas, e.g. the DNA or the genome of the person's mind.

In our example above, we may determine one mind-set segment to be Retired Traveling Couples (RTC) and another mind-set segment to be Young Family Getaway (YFG). The concept for RTC might be 'Visit European Countries and Explore the Roman Ruins, (picture of an active, senior couple drinking wine with a view of the Mediterranean coastline in the background). The concept for YFG could be 'Family memories for life', (picture of a father racing his daughter down a ski slope), Family cabin rentals, 7 days for $1700.

Think about this notion of mind-set segments as transcending the conventional ways of dividing people, and the discovery of people in the segment by active intervention measurement (typing) rather than by the more traditional passive histories (data mining of previous behaviors and other purchasable, general data indicators). Just because a prospect (non-purchasing customer) lives in the same neighborhood with the same demographics as a purchasing customer does not mean that prospect responds the same way. One of the biggest challenges is that people may look the same, but their minds are different. The goal is to target the best messages to each segment and do it by manufacturer and retailer.

This approach has been widely applied to consumer goods and manufacturing. Design 'what' the mind-set segment wants. We are now applying this method to advertising and direct marketing.

There are seven basic steps to the process

Step 1 – Raw material. Identify groups or classes of features that constitute the target product (offering, etc.) For example, in the case of a credit card offer, the variables could be APRs (annual percentage rates), Rewards Options, and so on. Every such variable (also called a 'silo' or a 'bucket' of ideas) comprises several APRs, Rewards Options, etc.

Step 2 – Experimental design. Mix and match the elements according to an experimental design to create a set of prototypes or test concepts. The second step is usually done automatically by a tool that creates a unique individual design plan for each respondent, allowing for individual models of utilities for each respondent. Unique individual design plans reduce the possibility of bias in experimental design by forcing the evaluation of many combinations across people. The design approach also allows for the discovery of synergisms among elements of the test concepts.

Step 3 – Run the study. Show the prototypes to consumers and collect their responses on a rating question (e.g., "How likely would you be to buy this product?"). Other attributes may be rating 'emotions', measuring response time, asking amount that a person would pay for the test prototype, and the like.

Step 4 – Create individual level models, and store utility values in the database. Analyze results using a regression module. One of the key differentiating points is individual models of utilities for each respondent. This allows for patterns discovered in the data, across elements and respondents to generate rules for more targeted optimization as well as uncover all meaningful two-way synergisms and suppressions between the elements. We use ordinary least squares, dummy variable regression to estimate the absolute values of the utilities, which in turn captures the results in a data warehouse. The warehouse of data allows for meaningful comparisons of the element utilities in one study, and across multiple studies, which then track the consumers' minds across studies and time.

Step 5 – Discover latent clusters, i.e., mind-set segments, at a granular level for the specific topic. Identify naturally occurring attitudinal segments of the population that show similar patterns of the utilities for the particular product or service being studied. That is, segment from the bottom up, from the specifics where there is a meaningful concreteness.

Step 6 – Create 'what's best' and alternatives. Optimize. Uncover the optimal product; find the best combination that has the highest sum of utilities.

Step 7 – Apply the learning. Apply the generated rules to create new products, services, offerings, and so on.

Key advantages of Addressable Minds

- The structure of Addressable Minds imposes the discipline of thinking results in a higher success rate than other methods. Many marketers report that just preparing for Addressable Minds (seven steps above) helps them to better understand the problem and find possible solutions.
- Individual models for each respondent allow more robust and rich data to generate rules. Some of the advantages of individual models include:
    - o Pattern-based discoveries (Step 5, segmentation) to generate rules for more targeted optimization (also called attitudinal segmentation or latent segments)
    - o Simulation of market share and choice analysis
    - o Discover any and all meaningful pair-wise interactions between the elements
    - o Analyze how one element 'drives' responses to another element using scenarios (e.g., in case of a category containing a brand's name, the researcher can compare the utilities of other elements when each of the brands is kept constant).
- Addressable Minds uses a variation of dummy variable regression to estimate the absolute values of the utilities, which in turn allows for warehousing the result, tracking the consumers'

minds, and easy comparison of all the utilities within a single study, across studies, and across time.

CONCLUSION

In conclusion, Destiny Corporation and Moskowitz Jacobs have worked together to support their client's efforts to gain a better understanding of their client's customers. The increase in the return on promotional investment has increased significantly for clients who use this approach. This presentation will discuss real life examples, results and finer aspects of Addressable Minds™ and Addressable Minds methods.

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