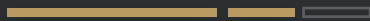


GEOGRAPHICAL SEGMENTATION FOR A CPG MAJOR



THE CLIENT PROBLEM

Our client wanted to segment Brazil into **geographical clusters** based on **consumption, demographics** and other **economic indicators**, so that specific **growth strategies** for each segment could be developed.

THE AQ SOLUTION

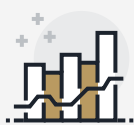
Our engagement process can be broken up into four phases.

UNDERSTANDING THE OBJECTIVE A THE DATA



THE DISCOVERY PHASE

In this phase we understood the objectives of the project, collected available data from Kantar and IBGE and developed an approach plan.



DETERMINING INPUT METRICS

We integrated, cleaned and harmonized the various data sources and then finalized the input metrics for the model. We worked with the client to choose the specific variables which could be included in the segmentation algorithm. The objectives of our study and the outputs of the factor analysis determined the choice of variables.

SEGMENTATION & OUTCOME



CREATING SEGMENTS

We created segment profiles based on consumption patterns, demographics, geography and lifestyle. We used hierarchical clustering for this analysis.



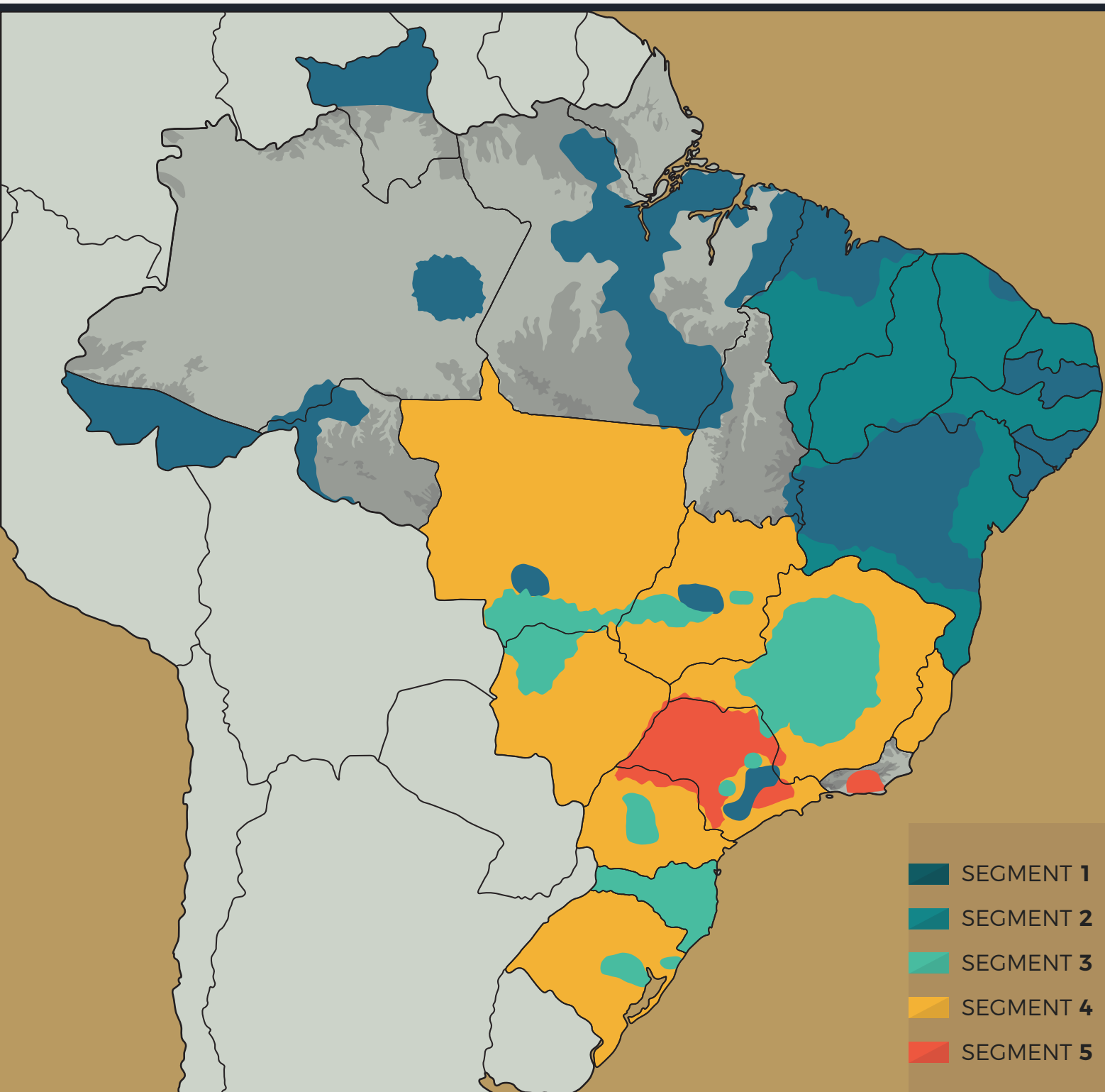
VALIDATING SEGMENTS

We used the overall F and predictive techniques to validate the clusters.



THE CLIENT BENEFIT

Our client could now develop growth strategies, according to the geo-economic clusters that we had identified. The complete segment summary and a detailed example of one profile created is shown below.



SEGMENT 1

SEGMENT 2

SEGMENT 3

SEGMENT 4

SEGMENT 5

REGION

▶ Populated and countryside municipalities of **North, North-East** and **Central** Brazil

▶ **Rural & low income** municipalities of the **North-East**

▶ **Urban municipalities** of **Central, South** and **South-East** Brazil

▶ Interior municipalities of **Central, South** and **South-East** Brazil

▶ **Highly populated metropolitans** and countryside regions of **Sao Paulo** and **Rio**

GROWTH

▶ **Highest** overall value growth

▶ **Lowest** value growth (0.25%)

▶ **Second highest** value growth among all segments

▶ **Moderate to Low** value growth

▶ **Moderate value** growth

CONSUMPTION

▶ **Moderate** consumption

▶ **Lowest** avg. consumption and avg. spend

▶ **Low** avg. consumption

▶ **High** consumption

▶ Consumption was the **highest** at > 5%

POPULATION

▶ **Highest** share of **rural** population

▶ **Low** avg. population

▶ The share of **rural population** was **higher** compared to other segments

▶ **Highest** share of **LSM 14-20** and urban population

HH SIZE & INCOME

▶ **Large** HH size with **low** avg. income

▶ The avg. HH income was the **lowest**

▶ **Medium** sized HHs with the **highest** avg. HH income

▶ **Populous** countryside regions

▶ **Small** sized HHs

CASH AND CARRY

▶ **Highest** share of cash & carry channels

▶ Shares of door to **door and traditional** channels were the **highest**

▶ Higher share of **LSM 14-20**

▶ **Highest share of modern trade** channels

MARKET SHARE

▶ The client's market share was **lower than avg.**

▶ The avg. market share of the client was the **lowest**

▶ The client's avg. market share was the **highest**

▶ The client's performance was **at par** with the overall market

▶ The client's performance was **at par** with the overall market

CONTRIBUTION

▶ **Highest** contribution to **personal care**

▶ **Highest** contribution to **personal care**

▶ All four categories contributed

▶ **Highest** contribution to **refreshment & food** category

EXAMPLE OF A CLUSTER PROFILE

SEGMENT 1

CONSUMPTION

STRATA VALUE SHARE



1.74%
(1.85%)
Average

VALUE GROWTH



37.08%
(15%)
Highest

AVG. SPEND



R\$ 821
(694)
High

PURCHASE FREQUENCY



Highest

AVG. VOLUME PER TRIP



High

AVG. PRICE



Average

AVG. VOLUME



Highest

MODERN TRADE %



16.64%
(30%)
Low

CASH & CARRY %



10.24%
(6.6%)
Highest

DOOR TO DOOR %



8.57%
(7.9%)
Average

KEY DEMOGRAPHICS

URBAN SHARE



94%
(84%)
High

LSM 1-7 SHARE



31.13%
(22%)
High

HH SIZE 5+



33%
(24%)
High

AGE GROUP 25-39



26.4%
(25%)
Highest

UNDER/POSTGRAD %



11.7%
(13%)
Low

AVG. INCOME



29,852
(33,729)
Low

CLIENT PERFORMANCE

AVG. MARKET SHARE



24.4%
(26%)
Low

VALUE SHARE



23%
Average

VOLUME SHARE



26%
Highest

VALUE GROWTH



35%
(15%)
Highest

MACRO CATEGORY HIGHLIGHTS

FOOD VALUE SHARE



23%

REFRESHMENT VALUE SHARE



22%

PERSONAL CARE VALUE SHARE



26%
Highest

HOME CARE VALUE SHARE



24%



Thank You

For any queries, get in touch with us.

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