How to use MOSAIC to predict and understand potential consumer behavior

What are MOSAIC Consumer Behavior Profiles?

When you code your database and sum your customers by clusters (creating a MOSAIC profile), you see a particular pattern evolve – some clusters show a greater propensity to utilize your products or services and “pop” or show “lift” more than others. Of course, your own customer data is the best source for creating profiles tailored to your business. However, often other databases are rich sources of information on your customer’s lifestyles and media habits.

That’s why MOSAIC is linked to a host of consumer databases; allowing MOSAIC users to get detailed information about American consumers by using MOSAIC Consumer Behavior Profiles. In fact, “linking” disparate sources of data is one of the primary advantages of using MOSAIC and why thousands of companies utilize commercial segmentation systems like MOSAIC.

Once you know which clusters are best for your business, you can analyze information on other databases such customer surveys, Internet users, or prospect lists by MOSAIC encoding those databases and looking for similar cluster patterns. For example, you might do very well with clusters A02, B09, and C19. Using syndicated sources such as MRI or Simmons, you can learn more about what people in those clusters read, purchase, and enjoy.

You are not physically “linking” the databases (like a relational database), however, you are “linking” the information through association. Remember that segmentation systems are designed around the concept of “birds of a feather flock together”. That means that people on your file in type “X” have a great propensity to act like other people in type “X” on other databases.

MOSAIC Consumer Behavior Profiles are ready–to–use lifestyle data analysis. They are generated using databases such as:

- Syndicated data sources – Mediamark Research Inc.,
- Compiled behavioral databases – Behavior Bank (self–reported lifestyle activities)
- Compiled statistical databases – Vehicle Purchases, Census Geographies

In other words, the primary goal of a commercial segmentation cluster analysis is to unlock the power of many disparate and rich data sources as a way to…

1. Use the segmentation to answer multiple marketing questions simultaneously.
2. Link many data sources to MOSAIC in a strategic and actionable manner.

The strategy for identifying marketing targets is based on two tried and true observations:

- The best consumers of your product are like existing consumers. Your existing customers will share common characteristics with your best prospects, the identification of those common characteristics will a) enhance understanding of existing customers and b) allow for accurate targeting of new prospects.
• *Birds of a feather flock together.* In choosing a place to live, people tend to seek out neighborhoods compatible with their lifestyles, where they find others in similar circumstances with similar consumer behavior patterns. Once established, the character of a neighborhood tends to persist over time though individual residents may come and go.

MOSAIC Consumer Behavior Profiles enhance your understanding of both your existing customers and how to communicate with new prospects. The Profiles unlock the power of many different sources of data and paint a rich and vivid picture of consumer habits and behaviors. In short, MOSAIC Consumer Behavior Profiles are detailed, specific yet immensely actionable tools that can improve and refine your marketing activities.

**How are the Profiles created?**

Profiles can be created using any database that contains complete address information. Regardless of the source of data, some preliminary file processing must be done. All records are standardized and cleansed and then passed to a geocoder. The geocoder assigns identifiers to each customer record including block group, census tract, and county. The “linking” occurs when each cluster code assigned to each block group in the country is matched to the block group code assigned to each individual respondents.

Profiles are created by running custom cross tabulations of the data. For example, MRI measures magazine readership for Adults 18+. Using special tabulation software, all customers who read “Newsweek” would be sorted and grouped by the 60 individual neighborhood types, the 12 social groups, or the 13 global groups.

Three calculations are made:

**Composition** is a calculation that shows what percentage of the total viewer file belongs to a particular cluster (e.g. 15% of Newsweek’s readers are in Cluster X).

**Coverage** is the calculation that explains how much of the universe is reached by a particular audience (e.g. Newsweek reaches 2% of all Cluster X households.)

The **Index** reflects the relative importance of each cluster to “Newsweek” -- relative to the importance of each cluster to US as a whole. These indices provide an easy-to-comprehend method of defining the demographic and lifestyle “skew” of an audience, reader, or customer base.

An index of 100 conveys that the presence of a particular cluster type is in proportion to the distribution of the US Households as a whole. An index of 50 indicates that the distribution is about half of what one would expect in a profile which represents US norms. Finally, an index of 200 indicates that one is twice as likely to find this particular cluster in his/her own customer file as compared to the US distribution as a whole.
What are Target Groupings?

Although the MOSAIC profiles can be used to examine the performance of individual clusters it is customary to group individual clusters according to the similarity of demographics, consumption characteristics and lifestyles. These groupings, called Target Groups, aggregate data for those Clusters that are relevant to each network. Target Groups focus marketing efforts by collapsing the clusters into fewer groups for use in an actionable targeting strategy. Most importantly, they should be large enough to warrant a distinct marketing campaign yet not so large that they cannot be reached efficiently and effectively. Basically, Target Groups have the following characteristics:

- Behavioral Similarity
- Demographic Similarity
- Sufficient Size

Once the individual clusters are collapsed into Target Groups we can:

- Concentrate on those consumers with a predisposition to being your customers
- Identify geographic areas with high concentrations of the Target Groups
- Determine what percentages of available marketing resources should be allocated to each Target Group
- Develop creative messages and marketing strategies that will appeal to each Target Group
- Target advertising programs to reach the specified Target Groups

How do I use MOSAIC Propensity Profiles?

MOSAIC profiles from sources other than your own database can be used to enhance your knowledge about your customers without revisiting your customer base.

They can be used to:

- Describe media habits – radio, tv, cable, outdoor, yellow pages
- Describe Internet usage (dial–up, cable modem, satellite) Work or Home or Both
- Describe “pantry” contents and other shopping habits
- Link to attitudinal data
- Compare your customers to the competition
- Create prototypes of products and services

How can I deliver these Profiles?

The profiles can be used in:

MOSAIC Profiler Software
As a database to be used in Access or Excel
Within third–party profiling or analysis software

How can I create maps using Profiles?

One of the most common applications of MOSAIC Profiles is mapping out the data for a visual analysis. Data that is helpful in a spreadsheet really becomes extremely valuable when mapped.
Components

1. US MOSAIC License, Profiler software
2. Spatial Analysis software, geocoding capabilities
3. Survey data

Process:

1. Survey data is standardized and geocoded
2. Segmentation codes are appended at the block group level
3. Data is loaded into cross tabulation system to create 62 cluster profiles (tabulations using weights for proper projection)
4. Tabulations are loaded into the MOSAIC Profiler Software
5. Correct geographic bases are assigned, a "Market Potential Index" is calculated for desired geography. (The MPI compares the cluster distribution of the overall profile to the geographic area -- for example ZIP code. If geography has a greater concentration of high performing clusters, the geography receives a high score. (Indicating a high propensity for that product or service.) If the there are few well-performing clusters, the score is low.)
6. MPIs are loaded into mapping package at desired level of geography (block group, tract, ZIP code, county, MSA, DMA) and colors are assigned based on score. Some people prefer to see one color in gradations (see example below), and others prefer to use a temperature scale following “Red is hot, Blue is not”.

Example:
<80 = blue (low)
81-119 = green (average)
120 – 149 = orange (above average)
150> = red (high propensity)

Propensity to Eat Bagels by DMA

![Map showing propensity to eat bagels by DMA](image-url)