

# Marketing Mix Modelling

## FrieslandCampina | Key Takeaways

Presented by:



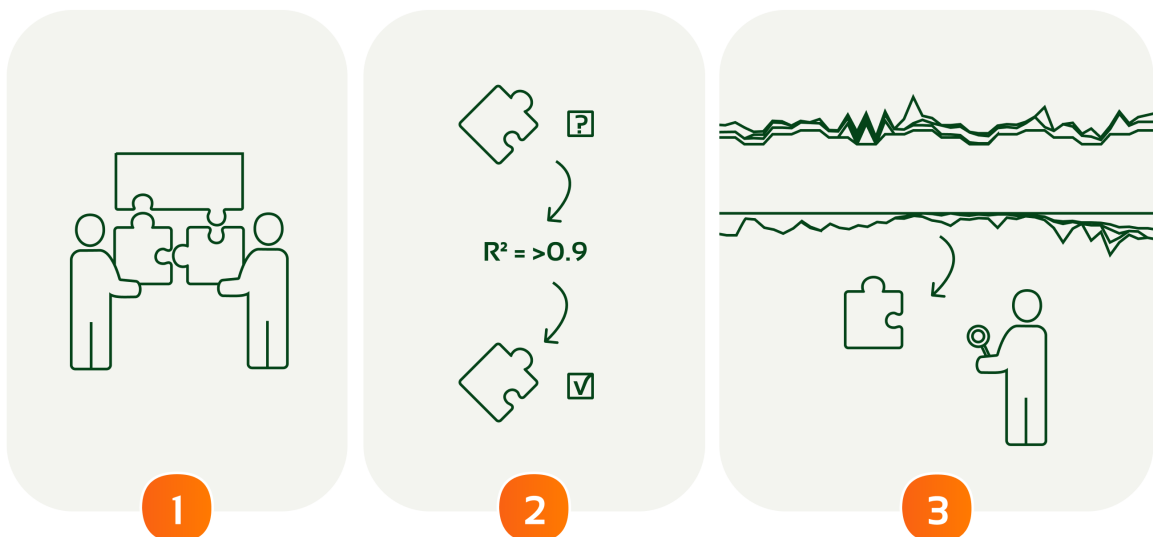
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Everyone wants to answer the one-million-dollar-question: **how can you invest each euro as optimal as possible?** Marketing Mix Modelling (MMM) helps FrieslandCampina to understand the key drivers behind their sales. Not solely focused on the influence of their media since competitor data is included as well: think of their distribution (how widely their products are available), pricing over time and the used media strategy. We as Digital Power - have helped FrieslandCampina to set up Marketing Mix Modelling and embed it into their data-driven decision-making process. **Wondering how to kickstart your own MMM journey?**

### The MMM journey



 Flip the page to learn more about each phase..

## 1 Data collection

To be able to predict our sales well, we need to include all factors often referred to as "features", that influence our sales. We will include the drivers we can influence directly like price, product portfolio and your executed media plan. As you know, your performance is determined by the interplay between the competition. Therefore, it is recommended to buy a retail dataset which contains information of your competition. We can't control events happening in the world around us so don't overlook including general data such as weather and holiday information. Combine all sources into what we call the 'model dataset'.

## 2 Model development

Not all collected features will be of importance to our sales prediction. Therefore, we assess the importance of each feature and only include those which pass the evaluation. Through experience, you'll develop an intuition for which features will be important. To quantify, we use **the R-squared** which shows how much of the variance present in the sales data is captured by your model. Be cautious about overfitting by limiting the number of features included in the model as this can lead to capturing unnecessary variance.

## 3 Identify key drivers

The contribution chart acts as a compass, pointing out the key drivers of sales over time based on your historical sales data. This provides guidance to determine your future strategy and making the most out of every euro you invest. It is highly recommended to do a deep dive on each identified driver since this allows you to understand the underlying dynamics and what you can change. This gives insights into the current price elasticity or determines the return on investment of your recent media campaign.

Scan the QR code to receive more information!



### Want to discuss the possibilities?

Curious about the potential Marketing Mix Modelling can bring you?  
Plan a free 30 min call with Stefan to explore the possibilities.  
Visit [www.digital-power.com](http://www.digital-power.com) to see more of our expertise.