

MAPPING OUT DEMAND SPACES BY CONTEXT

A roadmap to growth

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START THE JOURNEY BY STEPPING INTO CONSUMERS' SHOES

We have been told that successful brands focus on the needs of consumers. This truism, however, requires an addendum. Successful brands look at needs by context.¹ Context is what's happening in people's lives and the world around them.

Understanding context is critical to empathising with consumer expectations.

Our research indicates that contextual influences account for over 50% of brand choice drivers, depending on the category.² There are two types of context:

1. **Macro-context**, which includes dimensions such as societal and cultural values, climate change, political conflicts, and inflation. These can all influence consumer choices.
2. **Micro-context**, which is about what is going on at a *moment* of consumption: when and where a brand is consumed, with whom and while doing what, and the functional, emotional, and societal needs in that specific moment.

To illustrate context, let's consider the two hypothetical individuals in *Figure 1*.

For weekday work lunches, Jane and Claudia focus mostly on convenience. On weekends, however, their food needs change. It is not surprising that people have different food needs. What we sometimes overlook, however, is that a person's needs can also vary across context. Jane and Claudia's demand for food can be said to be context-dependent.

Understanding demand – what consumers choose to buy and why – is the foundation

for any marketing strategy. But if consumers' needs change across context, then we need to consider more than one dimension if we want a full understanding of what drives consumer demand.

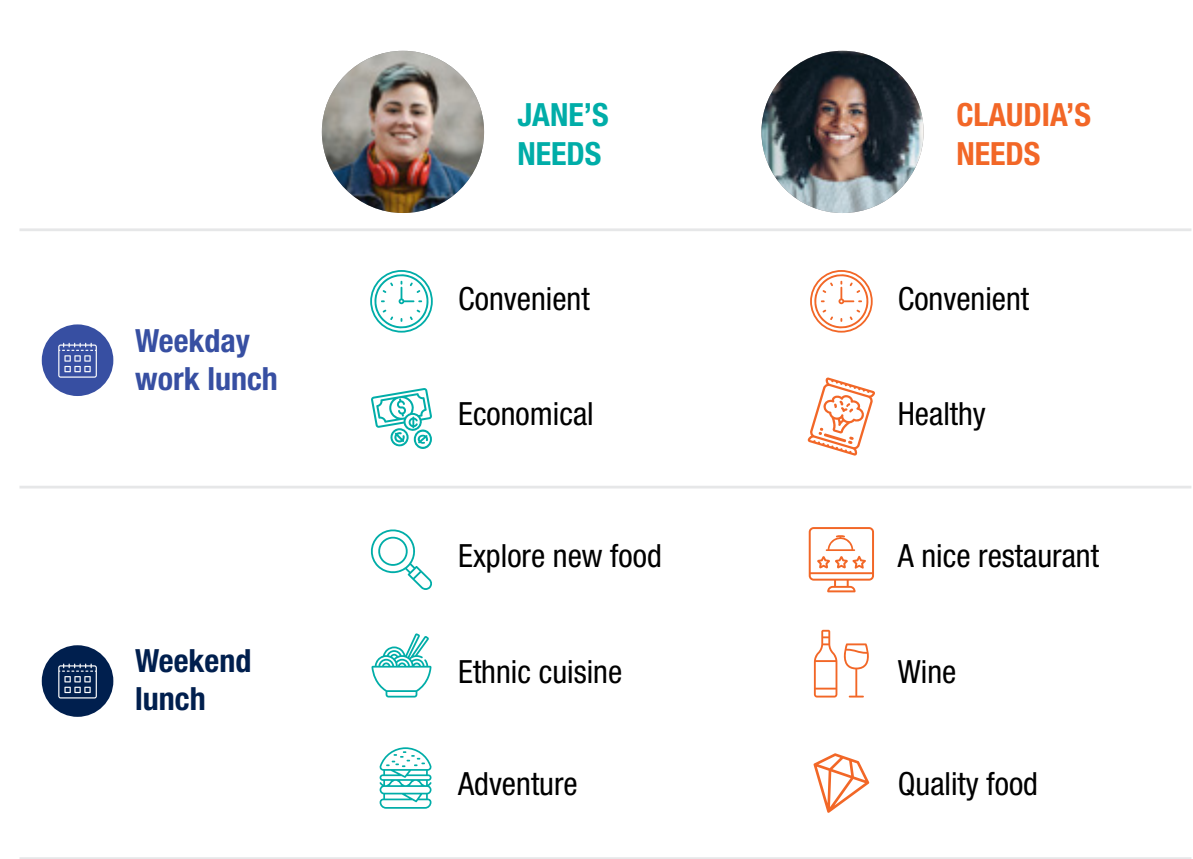
Our example shows that a single individual can have different needs in different contexts. In our example, the workday lunch meal and

the weekend lunch meal represent different contexts.

The key takeaway: choice of brands or category can be driven by many dimensions, some of which are contextual. Demand space analysis requires a solid understanding of what ALL the key drivers of choice are.

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Figure 1: Lunch needs of two hypothetical individuals



Source: Ipsos

MAPPING OUT THE DEMAND SPACE ROADMAP

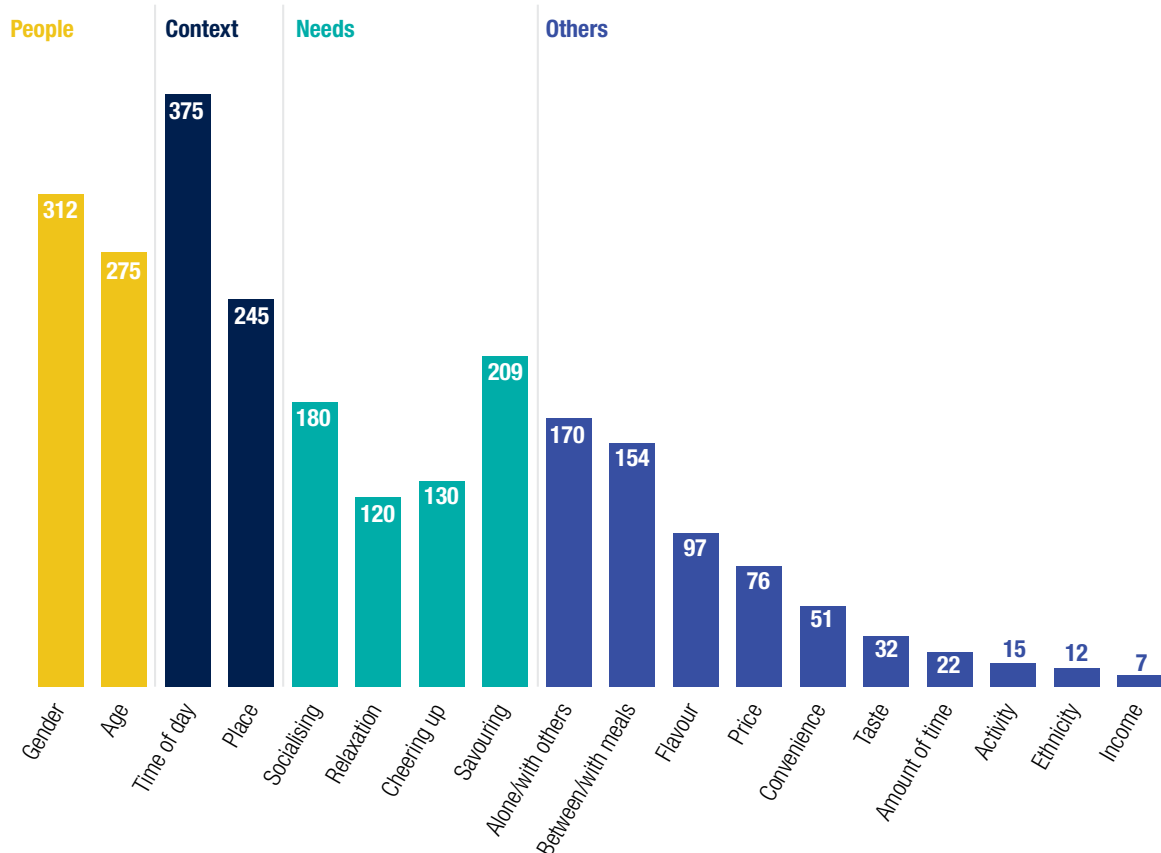
Mapping demand spaces should start with a determination of what dimensions drive choice. A wide net should be cast to ensure all possible dimensions are considered. Traditionally, the focus has been on needs and demographics, but behavioural science has shown that contextual factors can also drive choice (e.g., time of day, location). At Ipsos, we use machine learning tools to identify what the key drivers of choice are and to map out demand spaces.

Let's assume we have, using supervised machine learning (e.g., Random Forest),

determined the relative impact of different dimensions on choice of beer brand (see *Figure 2*). We see that time of day and place are key contextual drivers, gender and age are key demographic drivers, and socialising and savouring are key functional and emotional needs.

With these six key drivers, we map out demand spaces using unsupervised machine learning. Using these drivers, we may, for example, find that demand space segment 1 is a space occupied mostly by younger males, where

Figure 2: Relative impact on choice of beer brands

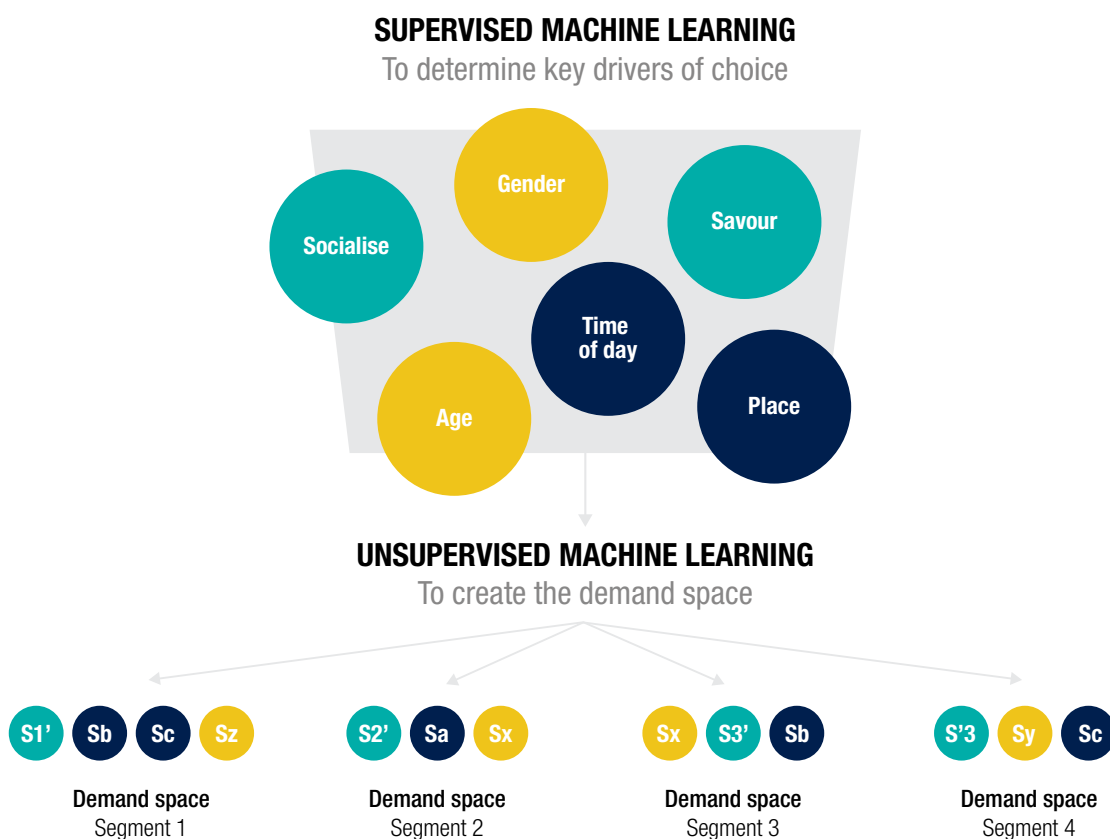


Source: Ipsos

beer consumption happens mainly at home, on weekday evenings, and the primary need is savouring (see *Figure 3*). Demand space segment 2 could be a space where consumption is happening mainly during the weekends, at bars, and the primary need is socialising. Mapping demand spaces using key drivers of choice ensures they reflect reality and, more importantly, allows us to understand what levers to pull, what to communicate, and who to target for each space.

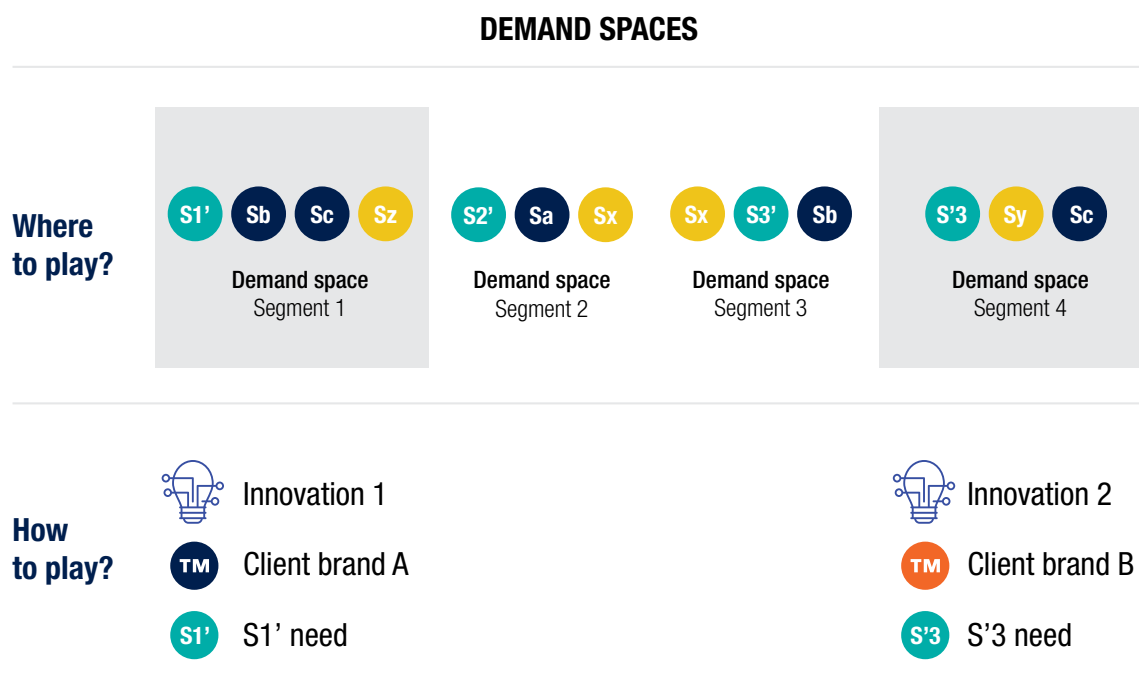
While demand space segmentation varies in how it is done and is known under many names (e.g., demand landscape, need state segmentation), the common thread through all approaches is the mapping of demand spaces using multiple dimensions such as demographics, contextual variables, functional needs, emotional needs, and psychographics. Because of the multi-dimensional aspect, demand space approaches are often also associated with the five Ws (where, what, whom, when, and why). At Ipsos, we define demand spaces as the intersection of people, context and needs—recognising the important role context plays in many categories.

Figure 3: Using key drivers of beer choice to define demand spaces



Source: Ipsos

Figure 4: Demand spaces answer the questions of where to play and how to play



Source: Ipsos

USING THE DEMAND SPACE ROADMAP FOR STRATEGY

A demand space map provides guidance on where and how a company should play within each demand space (see *Figure 4*). A company may decide, for example, that segments 1 and 4 are the spaces to target and prioritise. The spaces may be selected because of their revenue potential, growth trajectory, and fit with the company's core competencies.

Based on an understanding of needs, a company can also create specific innovations and align brands from its portfolio for each space. Business needs will differ for each client. Demand space studies can be customised as required.

Ensuring you have a clear roadmap to guide the marketing actions of your company becomes increasingly important. The map you have today may be outdated tomorrow. ”



DO YOU NEED A DEMAND SPACE ROADMAP?

At the core of demand space segmentation is a *full understanding* of what drives choice. Is it demographics? Is it functional and emotional needs? Is it the place or context your consumer is in? Do issues in the broader cultural context drive choice (e.g., climate change)? If you are not able to answer these questions for your business, a demand space analysis can be helpful in shedding light on these questions.

Demand space is also about identifying spaces in the market to guide your innovation, renovation, marketing communications, and portfolio strategies. Does your company have a clear view on where to play and how you can grow in the future? If the answer is no, demand space segmentation can provide the insights, clarity and direction needed for growth.

Demand space segmentation is not just for consumer packaged goods, although that is

where the approach originated. *How a person uses a product is context.* A person who uses a mobile phone mostly for work has different needs than a person who uses a mobile phone mostly for personal use. A person who uses a car mostly for short trips around the city will have needs that are different than a person who uses a car for long commutes or travelling. When we started this paper, we said that the journey begins by stepping into consumers' shoes. This means fully understanding the context in which a product or service is used.

As our world continues to change and evolve from the impacts of global events (e.g., climate change, inflation, political upheavals, pandemics), ensuring you have a clear roadmap to guide the marketing actions of your company becomes increasingly important. The map you have today may be outdated tomorrow.

REFERENCES

1. <https://www.ipsos.com/en/brand-success>
2. <https://www.ipsos.com/en/brand-success/contextual-brand-choice>

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This paper forms part of our three-part series on **understanding the impact of context on brand choice**. The series focuses on the importance of identifying the context in which consumers make brand choices and using these insights to drive brand growth. Understanding context should be a high priority for marketers – they need to find ways to capture context in their research, interpret it, and leverage it to their advantage. This series of papers aims to help marketers address these challenges and think about brand research in new ways.



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