



Nielsen Insights in Action: Understanding the Consumer

Nielsen Helps Hormel® Identify Core Consumers,
Increase Market Penetration by Two Percent



Company
Hormel Foods

Knowing your customer is one thing; understanding what, how and why they buy requires a deeper level of analysis. When your company produces and sells more than 500 different consumer food products, having an in-depth consumer understanding is essential for making informed and strategic marketing and promotion investments.

That's a challenge facing Hormel Foods, one of the nation's oldest and most respected food companies. Founded in 1891, Hormel® food and meat products are best known for their quality, value and innovation. Today, Hormel® products span multiple categories and include over 500 different items, including Hormel® Pepperoni, Hormel® Chili, and Bacon Bits.

Company Facts

Hormel Foods

- Headquartered in Austin, Minnesota, Hormel Foods employs nearly 19,000 people nationwide
- 2009 net sales totaled \$6.53 billion. Popular Hormel® brands include Hormel® Chili, Natural Choice, Compleats, Hormel® Pepperoni, SPAM and CHI-CHI'S

The Business Issue

With so many different products, Hormel Foods leverages their marketing and promotional spending across brands to achieve the greatest return on investment (ROI). Rather than attempt to support each product with its own advertising and promotion campaign, the company recently moved to an integrated umbrella brand strategy that emphasizes the trusted Hormel® brand. Hormel® selected Nielsen to help truly understand their consumer segments and develop an investment approach that maximized ROI and business performance.

Nielsen Insights in Action: Optimize Promotion, Achieve Category Growth

Case Study



The Solution

To kick off the project, Nielsen created a detailed market penetration study to get a clear picture of Hormel®'s consumers, where they live, and which and how many Hormel® products they purchase on a regular basis. Analyzing over two years of consumer purchase data, Nielsen established a baseline and identified two specific consumer groups that consistently purchase the most Hormel® products. In addition, Nielsen was able to identify which Hormel® products are most frequently purchased together, which was new information for Hormel Foods.

A Win-win Outcome

Based on Nielsen's category penetration and multi-category purchase data and analysis, Hormel® now targets its integrated marketing and promotional investment on the two consumer clusters that deliver the greatest ROI. While in the past, each product group would direct its own advertising media buys, they now work together across product groups to ensure that all marketing and promotion campaigns are squarely centered on the identified targets for greater effectiveness.

As result of a tighter consumer focus, Hormel® has increased household penetration by 2 percentage points in the last two years. The average number of categories purchased has also risen .03 points in 2010, with each .01 point increase potentially worth millions of dollars.

“We always had a good understanding of who was buying which products, but now we could fully see how our products interacted with each other at the consumer level. Nielsen's research showed us the overlap of consumers across categories and across products, highlighting new marketing and cross-promotional opportunities for the first time. Today, as a direct result of this work, 'multi-category purchase' is now a new key metric for the company.”

--Scott Weisenbeck, Integrated Marketing and Planning

To learn more about how Nielsen can help you improve your marketing ROI, contact sales.us@nielsen.com or visit www.nielsen.com.