SEGMENTATION

One major use of consumer research on motivation is to provide several different bases for segmentation (e.g., life style, benefit).

I. Segmentation

A. The issue is how to best recognize and exploit heterogeneity in the marketplace. How does one focus marketing efforts and select a target? How will non-targets respond?

B. Criteria include size, accessibility, differential response of targets and non-targets (technology is making even "segments" of an individual more and more possible - e.g., one-to-one marketing, personalized bicycles in Japan; garments). There is great debate about the degree to which one-to-one and relationship marketing implies that segmentation in the broader, aggregate sense is outmoded.

C. Many different segmentation bases are possible, based upon characteristics of the person, what people want, and how people behave; we will focus on motivation-based, usage

II. Psychographic or Lifestyle Segmentation

A. The goal is to describe segments more fully, use the information to write copy
   1. The same demographics can conceal different lifestyles.
   2. Psychographics attempts to uncover differences in lifestyles and emphasizes the relationships between people, products, and settings; examines product usage patterns and consumption constellations.
   3. Methodology
      a. Questions – AIO (activities, interests, opinions), product and media usage
      b. Sample, size of questionnaire (750 or so questions, 3000+ respondents)
      c. Custom vs. syndicated

B. One major use is to develop customer types
   1. DDB Needham - five male and five female types; used actors and actresses to portray this typology; used typology to develop new lines of lingerie targeted at different types.

   2. VALS and VALS2 - proprietary, so hard to assess; the technique yields 8 segments, and they attempt to characterize each segment (see http://future.sri.com/vals/valsindex.shtml to determine your own VALS classification)
      a. VALS used for Merrill Lynch - Bullish on America showed a herd of bulls, more for Belongers; Merrill Lynch’s target was the Achiever, so they switched to a lone bull (A Breed Apart)
      b. VALS2 - Transport Canada used to survey travelers at Canadian
airports, found high proportion of Actualizers, who want to express taste, independence. Used results to suggest types of stores that might do well in airports (e.g., Nature Company, Sharper Image)

Isuzu Rodeo – focus on Experiencers, fun to break rules without endangering others. Campaign based on this theme increased sales.

3. Mobil K
   a. Segmented into five types of gasoline buyers
   b. They decided to target Road Warriors (16% of buyers), True Blues (16% of buyers), Generation F3 (27% of buyers) with increased service, quality of snacks and other products

4. These are general life style segments, may not be appropriate for all uses.
   a. The multiple aspects of self notion implies that people will not be in the same segment for all products or even for the same product used in different situations.
   b. General segments may be too coarse to allow recommendations for specific products. In many cases, specific segments are examined for a category or brand.

C. Specific segmentation using lifestyle
   1. Targeting upscale consumers
      a. Lifestyle profiles of arts, culture, some sports enthusiasts are the same as desired for many products
      b. By sponsoring events, hope to "create emotional bond at the lifestyle level"

   2. Irish Spring
      b. Did psychographic study of the bar soap market, found three segments: Independents, Rejuvenators, Compensators.
      c. Independents tended to be male, confident, forceful, wanted new, fresh soap
      d. Designed, positioned, and advertised Irish Spring for that niche.

D. Uses of lifestyle
   1. Ad context – choosing the ad setting, characters, music, clothing, "props" (e.g., depicting the prototypical consumer - BBDO Worldwide Photosort)
   2. Communication style - nostalgic, fear vs. security, etc.
   3. Media selection
   4. Related products - consumption constellations
   5. Problems - data, media buyers

III. Benefit Segmentation

A. Are there groups who differ in benefits sought? Focus on causes of preferences. Groups can differ in relative importance of benefits. It may be that segments based upon similar benefit preferences are more congenial with one-to-one
notions.

B. Examples
1. Tourism in China
2. Often there are person/situation segments – the same person can prefer different benefit packages for different situations (e.g., sunscreen - differences in need for protection, staying on in water, container size, etc. - see pp. 306-307 in the text)
3. Provide comprehensive benefits (e.g., Colgate's Total toothpaste)

C. Uses
1. Ad content - what to say vs. how to say it
2. Complementary with lifestyle
3. Can suggest new products or services for different benefit segments

IV. Usage Segmentation

A. Consider segments based on usage - users vs. non-users, heavy users, etc. (80-20 rule - 17% of people consume 88% of beer, for example).

B. Whom do you target - heavy, light, non-users?
1. Heavy users may be more receptive, but may have less "room to expand" - depends on category (e.g., toothpaste vs. yogurt vs. Waldenbooks). May also be targeted as part of a strategy of focusing on long-term relationships with core customers (Campbell's Soup).
2. Light users, non-users
   a. The critical issue is what are the reasons for current non-use or light use – are there deeply seated negative beliefs or is it inertia or some other reason such as lack of knowledge of the benefits or of usage situations? (e.g., Grey Poupon a function of positioning)
   b. There is often a trade off between untapped potential and ease of reaching and persuading
   c. Non-users are often crucial for public and not-for-profit (e.g., cancer checkups, public transit, arts organizations)
3. Options
   a. Non-users - perceived new benefits, new offerings
   b. Light users - perceived new benefits or usage situations
   c. Heavy users

V. Other Segmentation Bases

A. Geographic – new technologies allow more segmentation at local level (e.g., foods, packaging, fashions); geodemography (PRIZM); regional auto marketing

B. Demographics
1. Age - Baby Boomers affect marketers as they age because they are such a large and relatively prosperous group (Dockers), elderly, teens (decline in Europe and effect on movies), tweens, "Generation X," "Generation Y"
(see Business Week, 2/15/99, pp. 80-88).

i. Age cohorts share many experiences, some brands and products evoke what defines that cohort. For example, research has shown that memories and musical preferences are greater for events that happened when consumers were aged 15-25.

ii. Verisimilitude very important; trends can sometimes be hard to assess (e.g., teens)

iii. Trying to attract consumers of a different age segment than your current customers can be difficult (consumers’ evaluations and perceptions can be influenced by their views of your current prototypical consumer - e.g., Taurus, liquor)

iv. Resistance to targeting - "Generation X" (Coupland’s famous chapter title in the original novel – “I am not a target market”); the elderly (some consumers do not use age-related discounts because they have to show their card in front of others - this happens especially for those 50-54); singles (some resist buying single-serve food items because it reminds them and others of their unattached status). Recall the point made under motivation about hesitancy in disclosing information about oneself via one’s behavior.

2. Gender (e.g., targeting toys to girls and boys)

3. Each of these groups is reasonably diverse, with different subsegments (e.g., see pg. 477 in text for subsegments of Gen Xers, pg. 486 for subsegments of the elderly)