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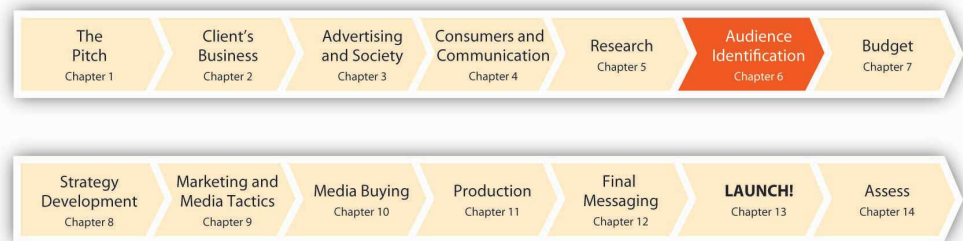
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## Chapter 6

# Segment, Target, and Position Your Audience: SS+K Identifies the Most Valuable News Consumer

Figure 6.1 *Nine Months to Launch!*



Good advertising is all about hitting customers where they live. But before you can craft a killer message to send, you have to know what address to send it to. Here's a profound idea: *people are different*. A message that turns one person on may leave another cold. And, of course, not everybody's likely to be interested in any idea, product, or service your client wants to sell (OK, maybe eternal youth...).

1. The process of identifying the types of people who are most likely to want your product and then tailoring your efforts to satisfy their unique needs.
2. Process that 1) segments or subdivides the population to help you think about who are and are not the potential customers for your product and the potential audience of the advertising; 2) targets or picks the segment(s) for the campaign that will be the focus of the advertising; and 3) positions or determines how to think about the relationship between your product and the customer/audience, with the purpose of distinguishing your product from the competition.

Before an advertiser can decide what a campaign should say, the advertiser needs to devote a lot of thought to identifying the target of the message. **Target marketing**<sup>1</sup> is the process of identifying the types of people who are most likely to want your product and then tailoring your efforts to satisfy their unique needs. We do this when we use the **STP (Segmenting, Targeting, Positioning)**<sup>2</sup> process, which consists of these three steps:

1. *Segmenting* subdivides the population to help you think about who are and are not the potential customers for your product and the potential audience of the advertising.
2. *Targeting* picks the segment(s) for the campaign that will be the focus of the advertising.
3. *Positioning* is how to think about the relationship between your product and the customer/audience, with the purpose of distinguishing your product from the competition.

In short, STP gives you a framework for understanding: Who are your customers?  
How many customers are there? Where do they live? How do they spend their time?  
Why do they buy?

## SS+K Spotlight

*“The key turning point of this whole thing was when we started thinking about explorers and addicts and junkies.”*

- —Russell Stevens

*“Really, all research and planning is telling a good story.”*

- —Account Planner Michelle Rowley

Figure 6.2



*Michelle Rowley is one of the main planners in charge of articulating the characteristics of the consumer and of the marketplace. She works in what SS+K calls the “Asymmetric Intelligence Unit,” or the research and planning group.*

One of the primary jobs of the account planner is to develop an empathic understanding of the target consumer, to get under their skin and understand their rational and sometimes irrational attractions to brands. This task comes naturally to Michelle, who describes herself as a “failed actor” who fell into her job—and then fell in love with it. Michelle and her colleagues need to identify the most relevant audience for the msnbc.com branding message, get “under their skin,” and then figure out how to align their client with what these viewers want. That’s the segmenting, targeting, and positioning process in a nutshell.

## Video Spotlight

*Michelle Rowley*

[\(click to see video\)](#)

*Watch as Michelle Rowley explains her role in the agency and in the campaign process.*

## 6.1 Segment Your Market: Who's Out There?

### LEARNING OBJECTIVES

After studying this section, students should be able to do the following:

1. *Recognize* the target marketing process that includes segmenting, targeting, and positioning.
2. *Describe* the key characteristics of market segments by examining the demographic, geographic, psychological/lifestyle (psychographic), and behavioral variables found in those segments.

**Segmentation**<sup>3</sup> is the process of dividing a larger market into smaller pieces based on one or more meaningful and measurable shared characteristics. It's crucial to slice up the pie so you can focus your resources on customers whose needs you have the best chance of satisfying. These are the benefits of a segmentation approach.

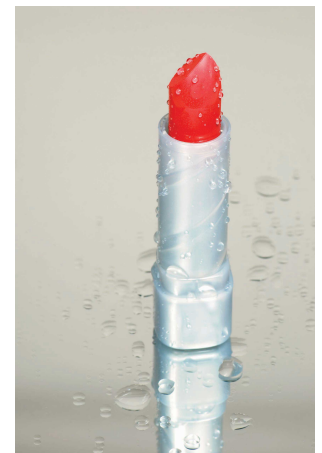
Segmenting the population gives you a concrete vision of your potential customer. For example, targeting upper-income unmarried men with a college education gives you a more specific vision of the intended audience than does simply advertising to "people."

Segmenting the population provides focus and specificity on those people most likely to buy your product. It's better to find the five million people who are 80 percent likely to buy than it is to find the eighty million people who have a 5 percent chance of buying.

Segmenting the population lets you estimate the number of people in a given category (such as "Affluent Retirees"), which gives you an idea of your potential market size. Knowing how many potential customers you'll have influences your sales estimates, your total marketing budget, and the advertising media you use. For example, if you'll be targeting Hispanic consumers in Phoenix, your total market size will be 1.36 million people. Kevin Downey, "Phoenix: Ad Budgets Soar in Newly Enconced 8th-Largest Latino Market, But Immigration Remains a Concern," *Marketing y Medios*,

3. The process of dividing a larger market into smaller pieces based on one or more meaningful and measurable shared characteristics.

Figure 6.3



October 22, 2007, [http://www.marketingymedios.com/marketingymedios/market\\_profile/article\\_display.jsp?vnu\\_content\\_id=1003661213](http://www.marketingymedios.com/marketingymedios/market_profile/article_display.jsp?vnu_content_id=1003661213)  
(accessed November 5, 2008).

*Revlon, Maybelline, and Cover Girl use segmentation strategies in order to target their predominant consumers: women.*

## Demographic Segmentation

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**Demographics**<sup>4</sup> are measurable aspects of a population. Each key variable is usually defined in terms of a small number of categories or ranges. For example, age data might record the number of thirty- to forty-year-olds in aggregate, rather than separately tallying each age group of people who are thirty, thirty-one, thirty-two, thirty-three, and so on.

These are widely used demographic measures:

- **Gender** of the individual or head-of-household (e.g., Female)
- **Age** (e.g., 18–24)
- **Life stage** (e.g., empty-nest parents who have more time for each other now that their kids are in college)
- **Household income** (e.g., \$30,000–\$40,000 per year)
- **Education** (e.g., college graduate)
- **Occupation** (e.g., banker)
- **Race/ethnicity** (e.g., African American)
- **Religion** (e.g., Buddhist)
- **Socio-economic status** or SES (e.g., DINKs—“double income, no kids”)

4. Measurable aspects of a population.

## SS+K Spotlight

While demographics can be an effective way to begin to understand your potential consumers, msnbc.com and SS+K knew that they would need to dig deeper to identify the specific audience for their branding campaign. While some product categories can move forward with demographic information only, services such as news, entertainment, and sports media need more information to fine-tune their targets. For example, the Bravo network, which has successfully created numerous high-style reality shows that revolve around upscale pursuits like gourmet cooking, fashion modeling, or home design, recently developed for advertisers a one-off (that is, one-time publication) magazine it called *Bravo Affluencer*. Each of the two people on the cover represented a distinct psychographic segment that is key to Bravo's targeting strategy: an attractive man and woman, both in their late twenties, shopping bags and PDAs in hand, passports visible in pockets, dressed casually but stylishly. These two models are reminiscent of the popular stars of the sitcom *Will and Grace*—and that's no accident. Bravo executives actually use the phrase "Will and Grace" to describe two of their key viewer segments: urban gay men and single female professionals. Many of the network's most popular shows such as *Project Runway* and *Top Chef* attract these viewers in large numbers. Susan Dominus, "The Affluencer," *New York Times Magazine*, October 30, 2008, <http://www.nytimes.com/2008/11/02/magazine/02zalaznick-t.html?partner=rssnyt&emc=rsscc> (accessed November 5, 2008). As we learned in [Chapter 5 "Know Your Audience: SS+K Learns All About msnbc.com, Inside and Out"](#), SS+K and msnbc.com had done significant segmenting and research to identify their target audience, the *News Explorer*.



## Dig Deeper

MySpace recently launched a separate version of its site to reach twenty-eight million Americans who are Spanish speakers at [latino.myspace.com](http://latino.myspace.com). Users can still become friends with MySpace users across the network of sites.

Nielsen//NetRatings reports that MySpace is one of the top five Web sites U.S. Hispanics visit. Emily Burg, “Do You Want To Be My Amigo? MySpace Launches En Espanol,” *Marketing Daily*, April 26, 2007, <http://www.mediapost.com> (accessed November 5, 2008). How do U.S. advertisers appeal to non-English speakers on social networking sites? What else might they do to broaden their reach?

## Geographic Segmentation

**Geography**<sup>5</sup> plays three roles in the target marketing process:

1. *Customer and market characteristics.* Geography defines key aspects of climate, culture, and customer density. Think about where people buy snowshoes, the time of year Midwesterners hold backyard barbecues, or the differences between laid-back Southern Californians and ambitious New Yorkers. News items and ads served on [msnbc.com](http://msnbc.com) when possible need to be relevant to the geographic profile of a registered user; a web surfer in Florida probably isn't too interested in today's ski conditions.
2. *Advertising channels.* Some advertising strategies, such as newspapers and direct mail, are strongly tied to geography. For example, automobile companies tailor their ads by geography. Automakers purchase TV time on local cable stations and tailor the ads based on where people live. People who live in zip codes located in the suburbs see ads for SUVs, while those in the cities see commercials for cars—during the same programs. As you'll learn in the media planning chapter, [msnbc.com](http://msnbc.com) made very strategic geographic media and messaging decisions in order to maximize the value of their buy. “For car marketers, local cable ads are spot-on,” *Automotive News*, May 28, 2007, 26F.
3. *Product distribution:* Many companies, especially small and medium-size businesses, have a regional scope. Even national companies like Wal-Mart want to assess how many people live within ten miles of a store that carries a product that they will promote.

5. Defines key aspects of climate, culture, and customer density.

Most geographic segmentation schemes use definitions the government created for census, postal, and economic forecasting purposes.

- *Zip code.* **Zip codes**<sup>6</sup>, as defined by the U.S. Postal Service, identify each of roughly forty-three thousand neighborhoods. Other countries, too, have analogous postal code systems. Zip codes are often the basis for direct mail advertising. Car dealers use zip code information as a proxy for income, making different offers, such as lease-to-own or cash incentives, to entice potential buyers in different neighborhoods.

### Dig Deeper

In addition to other applications, a widely used system called **PRIZM**<sup>7</sup> helps clients to fine-tune their advertising by directing mailings to specific types of customers based upon where they live (“birds of a feather flock together”). PRIZM (Potential Rating Index for Zip Markets) classifies all U.S. neighborhoods into sixty-two distinct clusters based upon very detailed data about the products and media people who live in different neighborhoods consume relative to the national average. PRIZM offers a little something for everyone, with groups like Urban Gold Coast (elite urban singles and couples), New Empty Nests (upscale suburban fringe couples), and Norma Rae-ville (young families in biracial mill towns).

Visit PRIZM’s Web site and look up your zip code to see what category you fall into. Do you agree with this classification? (<http://www.claritas.com/MyBestSegments/Default.jsp?ID=20&SubID=&pageName=ZIP%2BCode%2BLook-up>)

6. As defined by the U.S. Postal Service, zip codes identify each of roughly forty-three thousand neighborhoods. Other countries, too, have analogous postal code systems. Zip codes are often the basis for direct mail advertising

7. Classifies all U.S. neighborhoods into sixty-two distinct clusters based upon very detailed data about the products and media that people who live in different neighborhoods consume relative to the national average.

8. The U.S. Office of Management and Budget (OMB) defines 363 MSAs in the United States. MSAs are defined using census data at a county level (or a group of economically linked contiguous counties) with at least one urbanized area of fifty thousand or more population.

- **MSA. Metropolitan Statistical Areas (MSAs)**<sup>8</sup> are important for local advertising channels (e.g., newspaper, radio, outdoor, local broadcast TV, and cable). The U.S. Office of Management and Budget (OMB) defines 363 MSAs in the United States. MSAs are defined using census data at a county level (or a group of economically linked contiguous counties) with at least one urbanized area of fifty thousand or more population. One MSA, called the “New York-Northern New Jersey-Long Island, NY-NJ-PA” MSA is the most populous MSA in America and contains approximately nineteen million people.
- *Civil boundary regions.*

- *City.* Of U.S. cities, nine have a population over one million, and 254 have a population over one hundred thousand.
- *County.* There are 3,066 counties in the United States. [http://www.naco.org/Content/NavigationMenu/About Counties/Data and Demographics/Data and Demographics.htm](http://www.naco.org/Content/NavigationMenu/About%20Counties/Data%20and%20Demographics/Data%20and%20Demographics.htm) (accessed November 15, 2008).
- *State.* Identifying customers by state can be important because laws may vary from state to state, especially for industries such as financial services (like insurance), tobacco, and alcohol. These regulations can affect advertising strategies. For example, California law heavily restricts distribution of coupons for cigarettes.
- *Census regions and divisions.* Four broad regions (West, Midwest, Northeast, and South) further divided into nine divisions.
- *DMA codes. Designated Market Areas (DMAs)*<sup>9</sup> are markets in the United States that are within range of a particular broadcast television station. The term was originally defined by Nielsen Media Research to identify TV stations whose broadcast signals reach a specific area and attract the most viewers. A DMA consists of all counties whose largest viewing share is given to stations of that same market area. Nielsen gathers data to verify DMAs four times a year; there are currently 210 nonoverlapping DMAs in the United States.
- *Sales or distribution regions.* Many companies create their own geographic subdivisions, which vary by company. For example, a product might be sold through a specialty retailer that only operates in the Northwest.
- *Climatic.* Some products are specific to or more prevalent in areas with a specific client. For example, Minnesotans buy more snowshoes than do Texans.

Figure 6.4



9. Markets in the United States that are within range of a particular broadcast television station. A DMA consists of all counties whose largest viewing share is given to stations of that same market area.

*Snowboard manufacturers like Burton, K2, and Lamar focus their distribution strategy on climates where winter sports are prevalent.*

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## Dig Deeper

Like it or not, global warming is here to stay—at least in our lifetimes. Warmer (or at least more unpredictable) temperatures will have many consequences—some you may not have thought about. For example, think about how these changes will affect the \$200 billion American apparel industry. Will we still think about “winter clothes” versus “summer clothes” in a few years? At least a few companies are thinking ahead. Liz Claiborne hired a climatologist to help the company better time the shipments of seasonal garments to retailers. For more information, see [http://topics.nytimes.com/top/news/business/companies/claiborne\\_liz\\_inc/index.html?inline=nyt-org](http://topics.nytimes.com/top/news/business/companies/claiborne_liz_inc/index.html?inline=nyt-org). Target created a “climate team” to provide advice on what the retailer should sell throughout the year (hint: think lighter-weight fabrics). For more information, see [http://topics.nytimes.com/top/news/business/companies/target\\_corporation/index.html?inline=nyt-org](http://topics.nytimes.com/top/news/business/companies/target_corporation/index.html?inline=nyt-org). Weatherproof, a coat manufacturer, went so far as to take out a \$10 million insurance policy against unusually warm weather. Michael Barbaro, “Meteorologists Shape Fashion Trends,” *New York Times Online*, December 2, 2007, <http://www.nytimes.com/2007/12/02/business/02weather.html> (accessed July 11, 2008).

How will this new weather reality influence the way seasonal industries like apparel plan their advertising campaigns?

## Psychographic Segmentation

While demographics are useful, advertisers often need to slice and dice even further. Traditional demographic segments (such as gender, age, and income) provide only a rough estimate of the attitudes and desires of different groups, so

marketers often give consumer groups labels that capture something about their lifestyles and motivations as well.

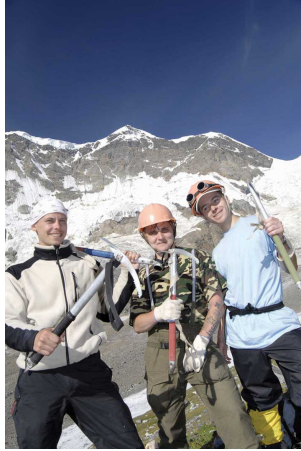
Imagine an advertiser that defines a segment as *recent moms*. This label implies that all women who have recently given birth are fairly similar and that they all will respond the same way to an advertising message—how accurate is that assumption? Bloomingdale’s Quotation, a store-within-a-store, instead calls its target market “yummy mummies.” These are women age thirty-five to forty-five who have gained weight after their babies but don’t want to look matronly. They are affluent, suburban, and casual yet fashionable. Bloomie’s research department provided further insight into the target customer: she thinks classic sportswear like Jones New York is too formal but contemporary sportswear like Juicy Couture is too young. The mom wants clothes that look pretty and feminine and have flair but offer a generous, not-too-tight fit. Elizabeth Woyle. “What Do 35-Year-Old Women Want?” *BusinessWeek*, April 2, 2007, 66.

**Psychographics**<sup>10</sup> refers to dimensions that segment consumers in terms of personality, values, attitudes, and opinions. While demographics can divide people along specific (often quantitative) dimensions, psychographics captures the reasoning and emotion behind people’s decisions. This information also enables advertisers to capture the themes, priorities, and “inside meanings” that a specific taste culture identifies with. For example, Svedka Vodka targets urban party people who are out drinking until three o’clock in the morning three nights a week. This target market is irreverent, and Svedka’s ads speak their language. The ads feature futuristic imagery and lines like “Svedka says ‘thank you’ for making the gay man’s fashion gene available over the counter in 2033.” Dan Heath and Chip Heath. “Polarize Me,” *Fast Company*, April 2007, 59.

10. Dimensions that segment consumers in terms of personality, values, attitudes, and opinions. While demographics can divide people along specific (often quantitative) dimensions, psychographics captures the reasoning and emotion behind people’s decisions.

**PRIZM NE classifies psychographic segments based on where they live.**

Figure 6.5 *God's Country*

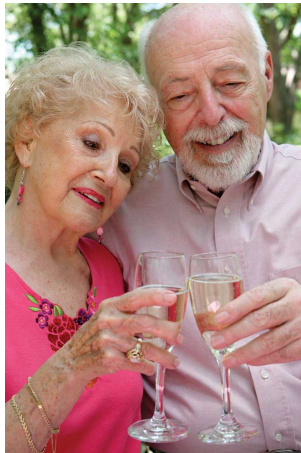


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Affluent people who live in wealthy exurban (beyond suburban) areas make up this segment. They like their space and their conveniences. They are typically Baby Boomers who balance their lives between high-powered jobs and laid-back leisure.



They are mostly college-educated Whites between the ages of 35 and 54 with a median household income of \$84,851. They are most likely to travel for business, take a golf vacation, read *Skiing* magazine, and drive a Toyota Land Cruiser.

Figure 6.6 *Gray Power*



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Older, middle-class seniors who live comfortably in the suburbs characterize this segment. These retired homeowners are opting to stay in their homes rather than move to a retirement community. The mostly White, college-educated suburbanites have a median household income of \$51,367. They are most likely to shop at Lord and Taylor, belong to a veterans' club, watch the U.S. Senior Open on TV, and drive a Buick LaCrosse.

|   |   |
|---|---|
| <p>Figure 6.7 <i>Kids and Cul-de-Sacs</i></p>  <p>© 2010 Jupiterimages Corporation</p> | <p>This segment includes upper-middle-class suburban couples, with children, who enjoy focusing on their families. They live in a large home in a subdivision. Their white-collar profession and young age (25–44) provides them the means to have it all.</p> <p>The segment includes a growing number of Hispanic and Asian Americans. The median household income is \$70,490. They are most likely to shop at The Disney Store, eat at Chuck-E-Cheese, watch Nickelodeon TV, and drive a Nissan Armada SUV.</p>                 |
| <p>Figure 6.8 <i>Boomtown Singles</i></p>  <p>© 2010 Jupiterimages Corporation</p>   | <p>Young, working singles living active lifestyles in sprawling apartment complexes in fast-growing satellite cities compose this segment. They are under 35, ethnically diverse, and hip, and they want it all. Nightlife, restaurants, and convenience products and services are important to them. Their median household income is \$38,910. Since they don't have children, they are very active. They are most likely to go snowboarding, watch Fuse network, read <i>The Source</i> magazine, and drive a Nissan Sentra.</p> |

Sometimes marketing and advertising firms create psychographic segmentation systems with cute names or acronyms for the segments, such as DINKs (double

income, no kids), who are good targets for yuppie products like expensive roadsters and exotic vacations, or even DINKWADs (double income, no kids, with a dog), who are like DINKS but would add in lots of treats for a pampered pooch. msnbc.com, for example, termed its new target audience the *News Explorer*.

These are some well-known psychographic segmentation tools that advertisers use to divide up their markets:

- **VALS2™<sup>11</sup>** (Values and Lifestyle System): According to its parent, SRI International, “VALS reflects a real-world pattern that explains the relationship between personality traits and consumer behavior. VALS uses psychology to analyze the dynamics underlying consumer preferences and choices.” For more information, see <http://www.sric-bi.com/VALS/>. VALS2™ divides U.S. adults into eight groups according to what drives them psychologically as well as by their economic resources.

The system arranges groups vertically by their resources (including such factors as income, education, energy levels, and eagerness to buy) and horizontally by self-orientation. Three self-orientations make up the horizontal dimension.

1. Consumers with a *principle* orientation make purchase decisions guided by a strong internal belief system.
2. People with a *status* orientation base their decisions on what they think their peers think.
3. *Action*, or self-oriented individuals, buy products to have an impact on the world around them.

*Actualizers*, the top VALS2™ group, are successful consumers with many resources. This group is concerned with social issues and is open to change. The next three groups also have sufficient resources but differ in their outlooks on life: Martha Farnsworth Riche, “VALS 2,” *American Demographics*, July 1989, 25. Additional information provided by William D. Guns, Director, Business Intelligence Center, SRI Consulting Inc., personal communication, May 1997.

11. VALS2™ divides U.S. adults into eight groups according to what drives them psychologically as well as by their economic resources. The system arranges groups vertically by their resources (including such factors as income, education, energy levels, and eagerness to buy), and horizontally by self-orientation.

1. *Fulfilleds* are satisfied, reflective, and comfortable. They tend to be practical and value functionality.
2. *Achievers* are career-oriented and prefer predictability to risk or self-discovery.
3. *Experiencers* are impulsive and young, and they enjoy offbeat or risky experiences.



The next four groups have fewer resources:

1. *Believers* have strong principles and favor proven brands.
2. *Strivers* are similar to achievers but have fewer resources. They are very concerned about the approval of others.
3. *Makers* are action-oriented and tend to focus their energies on self-sufficiency. They will often be found working on their cars, canning their own vegetables, or building their own houses.
4. *Strugglers* are at the bottom of the economic ladder. They are most concerned with meeting the needs of the moment and have limited ability to acquire anything beyond the basic goods needed for survival.

VALS2™ helped Isuzu market its Rodeo sport-utility vehicle by targeting Experiencers who believe it's fun to break rules. The company and its advertising agency promoted the car as a vehicle that lets a driver break the rules by going off road. One ad showed a kid jumping in mud puddles after his mother went to great lengths to keep him clean. For other examples of applications see "Representative VALS™ Projects," *SRI Consulting Business Intelligence*, <http://www.sric-bi.com/VALS/projects.shtml#positioning> (accessed February 29, 2008).

- Trend analyst Faith Popcorn's firm BrainReserve refers to segments based on life stages like MOBYs (mommy older, baby younger), DOBYs (the daddies); former yuppies divided into PUPPIEs (poor urban professionals) and WOOFs (well-off older folks); latchkey kids, sandwichers (adults caught between caring for their children and their older parents); and SKIPPIEs (school kids with income and purchasing power). The company also groups consumers based on special interests, like global kids (kids with strong feelings about the environment plus strong influence over family purchase choice); and new health age adults (consumers who consider their health and the health of the planet to be top priorities).
- Mediamark Research (MRI) divides the wealthiest 10 percent of U.S. households ("the upper deck") by lifestyles: the good life, well-feathered nests, no strings attached, nanny's in charge, and two careers.

### SS+K Spotlight

The additional insights msnbc.com uncovered about the site's users, as a result of the psychographic information the company obtained in its primary and secondary research, allowed its analysts to start with broad demographic segments and then further slice these groups into smaller but more meaningful psychographic segments. As the company did the research described in [Chapter 5 "Know Your Audience: SS+K Learns All About msnbc.com, Inside and Out"](#), it was able to discriminate, for example, between News Explorers and News Junkies.

### Behavioral Segmentation

**Behavioral segmentation**<sup>12</sup> slices the market in terms of participation or nonparticipation in an activity. Sometimes this involves identifying the different ways consumers use products in a category. Mattel introduced a new brand it calls Barbie Girls to attract the increasing number of girls who spend a lot of time online in virtual worlds instead of playing with real dolls in the physical world. It features a free Web site, [BarbieGirls.com](#), that will allow children to create their own virtual characters, design their own room, and try on clothes at a cyber mall. It's following up with Barbie-inspired handheld MP3 music devices. "Mattel Aims at Preteens with Barbie Web Brand: Toymaker Turns to Tech as Sales Slump for Iconic Fashion Doll," *Associated Press*, April 26, 2007, <http://www.msnbc.com> (accessed April 26, 2007).

Segmenting by behavior often singles out heavy users of a product, because even though these consumers may be relatively small in number, they often are key to sales in a category. Indeed, there is a lot of truth to the so-called **80/20 rule**<sup>13</sup>: this is a rough rule of thumb that says 20 percent of customers buy 80 percent of a product. Sure enough, for example, Kraft Foods began a \$30 million campaign to remind its core users not to "skip the zip" after its research showed that indeed 20 percent of U.S. households account for 80 percent of the usage of Miracle Whip—"heavy" users (pun intended) consume seventeen pounds of Miracle Whip per year! Judann Pollack, "Kraft's Miracle Whip Targets Core Consumers with '97 Ads," *Advertising Age*, February 3, 1997, 12.

12. Slices the market in terms of participation or nonparticipation in an activity.

13. This is a rough rule of thumb that says 20 percent of customers buy 80 percent of a product.

Information sources that can pinpoint heavy users in a brand or product category include:

- **Industry group reports** (for example, the National Golf Foundation tracks the number of golfers in the United States and the extent of their participation in the game).
- **Surveys** of consumer behavior (for example, the number of people who eat fast food more than three times per week).
- **Product sales** (install base): Owners of particular products can be an affinity group. For example, a company can choose to target owners of Apple iPods either with accessories or with a brand image that resonates with that population.

## Video Spotlight

SS+K

[\(click to see video\)](#)

*Michelle Rowley explains how behavioral segmentation of the audience led to understanding the difference between a CNN.com user and an msnbc.com lover.*

## B2B (Business to Business) Segments

Many clients sell products used by businesses rather than (or in addition to) end users. B2B advertisers also segment their markets, but the dimensions they use are different. In addition to data the government collects about businesses, trade organizations often offer data about their members. In addition, services like Hoovers Online provide detailed breakdowns about many companies. Relevant dimensions include these: For more information, see <http://www.hoovers.com>.

- *Company size.* This comprises such things as revenues or headcount.
- *Industry.* Marketers often use the **North American Industry Classification System (NAICS)**<sup>14</sup>, a numerical coding of industries the United States, Canada, and Mexico developed. The NAICS reports the number of firms, the total dollar amount of sales, the number of employees, and the growth rate for industries, all broken down by geographic region.
- *Geography.* This comprises such things as location of headquarters, sites, or geographic focus of distribution.
- *Buying cycle.* Companies often have a deliberative process for buying with known intentions to buy within a certain number of months.
- *Buyer role.* Advertising often targets specific people within an organization (e.g., those who influence, specify, and make buying decisions).

14. A numerical coding of industries the United States, Canada, and Mexico developed. The NAICS reports the number of firms, the total dollar amount of sales, the number of employees, and the growth rate for industries, all broken down by geographic region.

## Dig Deeper

Encryption-product maker GlobalCerts targets companies that have one hundred to one thousand employees. When GlobalCerts began its direct mail campaign, it collected information on its key prospects, including their needs, buying cycle, and decision makers' contact information. Knowing the buying cycle of an organization is important because decision makers need different kinds of information, depending on where they are in the buying cycle. Early on, decision makers are looking for more general information about solutions that meet their business needs. In later stages, they want very product-specific performance information. Having a salesperson call a potential customer too early in the buying cycle will likely annoy the customer—they're not ready to buy—and waste the time of the salesperson. Elias Terman, "Name Dropping," *American Printer*, January 1, 2007, v124.

## SS+K Spotlight

Defining the audience is a job for both the left brain and the right brain. We use this expression because in general the left side of our brains is more rational and fact-oriented while the right side is more emotional and artistic. Some people tend to be more logical when they approach problems while others are more creative and emotional. For fans of the original *Star Trek* TV series, just think of Mr. Spock and Dr. McCoy and you'll get the difference immediately.

So, SS+K needs to combine both rational and emotional factors when they think about their target market. Even the most comprehensive demographic profile seldom communicates a sufficiently nuanced understanding of any group of consumers. At SS+K, the account planners and researchers that make up the AIU are charged with acquiring information beyond current user demographics that will allow the account, media, and creative team to visualize and understand the consumer. An insightful and comprehensive target profile should enable the writers and art directors to imagine the target consumer so well, in fact, that the creatives can develop an empathic understanding of that consumer's relevant needs and wants. The more complete the creatives' understanding of the audience, the more likely the team will be able to craft a message that speaks in an authentic, compelling voice to the target consumer.

## Video Spotlight

*Michelle Rowley: Primary Research Informs User Differences*

[\(click to see video\)](#)

*Listen as Michelle describes the process of working with Energy Infuser and what the triads uncovered.*

If an agency relies on simple demographics to define its target market, the risks of oversimplification and naïve projections are considerable. The job of an account planner like SS+K's Michelle Rowley is to dig deeper; to see, understand, and report significant differences among potential target markets on the basis of characteristics that aren't immediately apparent to just anyone with access to a marketing database.

The profile provided Michelle with a basic understanding of the msnbc.com user. In addition to some telling demographics, Michelle had a good sense of how users describe their technological acumen and online news-gathering behavior and preferences.

After analyzing a veritable mountain of proprietary research already collected by the client, Michelle and her colleagues identified a trio of expectations consumers brought to their online news and information experiences. First, the online news audience assumed “the cost of entry” for credible sources was an ability to provide breaking news in a *timely* fashion; research indicated that consumers considered this a generic attribute and not a point of differentiation for any news provider. The second and third expectations were also considered essential *parity characteristics* (i.e., elements that any competitor would need): a *well-organized site* that provides ease of access and a *multi-faceted* presentation of text, photos, and video. Users said the most important attribute for news and online information providers was to provide *trusted* coverage.

Beyond that, there were still some significant gaps in the research that Michelle and company had to fill before they were prepared to commit fully to a target audience and position the brand in the marketplace. SS+K wanted to better understand the factors involved in making a choice for news and information:

- What role does news and information play in the lives of online consumers?
- What were the emotional drivers in choosing a source?
- Who was likely to influence others' choice of a news site, and how was this influence exercised?

Once these more global issues were better understood, SS+K could more effectively address how to position msnbc.com relative to its competition.

Understanding consumers' behaviors, as well as their motivations and gratifications for using particular sites, was a key focus of the next research phase. The ultimate goal was to find a voice, a tone, a way of presenting the brand that was relevant and clearly differentiated in the minds of the consumers as unique to msnbc.com. Michelle and her colleagues organized focus groups and interviews for further exploration of the opposing goals and perspectives suggested by the initial research. Among these were the following:

- Attraction versus retention
  - What is the relationship between what attracts you to a site and what keeps you interested once you're there?
  - Why are users accessing broadcast-related media online?
  - How can msnbc.com differentiate itself from MSN? What is the value of the association beyond driving traffic?
  - What type of content will motivate your current consumers to spend more time on the site?
  - Are light msnbc.com users clicking through on other sites?
- Credibility versus liability
  - What value do the NBC news brands bring to an online news site?
  - What is credible about the NBC brands?
  - How strong are the associations with NBC news personalities?
- Informed versus overwhelmed
  - What is the balance between knowledge as power and news as noise?
  - Do online news users want "all the news that's fit to print" or "enough information so I don't look stupid"?
  - Do your users want to know it all or just know enough?
- Entertained versus unfulfilled
  - What causes the negative reaction to the site among non-users? Are non-users reacting to the actual product or its reputation?
  - What is the appropriate balance between hard news and entertainment content?
  - How does the style of storytelling affect a user's perception of the content on the site?

SS+K needed answers to questions like these before the agency could identify the profile of the person most likely to be attracted to msnbc.com as a news source. That's where the targeting process comes in, so we'll turn to that next.

### KEY TAKEAWAY

It's very rare for an idea, product, or service to appeal to all consumers. Segmentation is the process of dividing the total population into groups that share important characteristics relevant to a client's product or service. These segments may be based on demographics, psychological/lifestyle characteristics (psychographics), or behavior (e.g., heavy users versus light users of the brand).

1. *Segmenting* subdivides the population to help you think about who are and are not the potential customers for your product and the potential audience of the advertising.
2. *Targeting* picks the segment(s) for the campaign that will be the focus of the advertising.
3. *Positioning* is how to think about the relationship between your product and the customer/audience, with the purpose of distinguishing your product from the competition.

### EXERCISES

1. Target marketing requires that we use the STP process, which consists of three steps. List and briefly describe those steps.
2. Demographics are measurable aspects of a population. There are nine widely used demographic measures. List and briefly describe five of those demographic measures.
3. Explain how advertisers might be able to use SRI International's VALS2™ to construct consumer ad campaigns.

## 6.2 Target Your Customer: Who's Going to Want It?

### LEARNING OBJECTIVES

After studying this section, students should be able to do the following:

1. *Identify* who customers are by following the targeting process.
2. *Review* the properties of a good market target in order to select the optimal target for marketing and advertising efforts.
3. *Examine* behavioral targeting as a means of determining what consumers want and like.

**Targeting**<sup>15</sup> increases the cost-effectiveness of advertising. Most advertising channels have a cost that is a strong function of the amount of exposure (e.g., the number of people who see the ad) regardless of whether audience members are potential customers or not. Targeting helps define who the customers are. This section explores how the advertiser can:

1. Profile segments:
  - a. According to buying power
  - b. According to likelihood of buying your product or service
  - c. According to likelihood of being attracted by a potential ad
2. Assess the attractiveness of each potential target.
3. Select segment(s) that are both attractive and likely to have a similar favorable response to a given advertising message.

### What Are the Properties of a Good Target?

- *Measurable*: Key variables easily (and accurately) identify and assess the target.
- *Accessible*: The target group must be reachable by advertising.
- *Profitable*: The target group must have sufficient size, willingness to buy, and ability to pay.
- *Distinguishable*: The target group must provide a clearly differentiated segment in terms of percentage of potential customers and coherence of response to potential advertising messages.

15. Defining who customers are in order to increase the cost-effectiveness of advertising.



### Dig Deeper

In 2007, Japanese auto maker Suzuki began aggressively targeting a new segment: female car buyers in India who now have the income to buy their own vehicles due to India's economic boom. The carmaker's Zen Estilo (Estilo means "style" in Spanish) sells for less than \$8,000 and comes in eight colors, including "purple fusion," "virgin blue," and "sparkling olive." For a more modern look, Suzuki gave the car a two-tone dashboard and a front grille design that makes the little car look like it is smiling. Style-conscious drivers can also add rear spoilers, side skirts, and extra colors to the body. Many of Suzuki's foreign competitors ignored this market because they chose to focus on selling mid- to high-end vehicles. Eric Bellman, "Suzuki's Stylish Compacts Captivate India's Women," *Wall Street Journal*, May 11, 2007, B1.

### SS+K Spotlight

While a lot of readers visit msnbc.com, not all are News Explorers. Remember, the News Explorer is the target that msnbc.com and SS+K determined was the best target for the branding campaign.

### Behavioral Targeting: Advertisers Know What You Like (Like It or Not)

The STP process is evolving rapidly as new advances in technology enable advertisers to identify and reach consumers where they live, work, and especially surf (online).

Today, companies define and manage finer and finer segments. In the past, segments had to be broad because it was difficult to reach finer-level segments and because such fine-grain data were not available. Now, companies can process terabytes of data on customers, and new ad channels (such as keyword advertising on the Internet) allow companies to reach smaller segments, down to segments of one (yes, like you).

These three factors fuel the accelerating trend of targeting small, very well-defined segments:

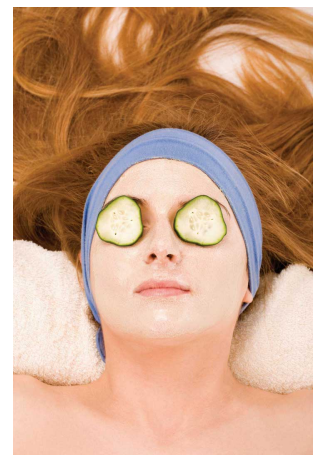
- Growing volume of data on customers
- Rising use of computers and analytic software
- Increasing specificity of advertising channels (e.g., keyword advertising on the Internet)

**Behavioral targeting**<sup>16</sup> refers to putting ads in front of people customized to their Internet use. It's become fairly easy for marketers to tailor the ads you see based on prior Web sites you've visited. The logic is inescapable: you're more likely to respond (and probably appreciate) an ad for an idea, product, or service that's relevant to your needs.

Obviously, privacy concerns arise as advertisers learn more about the sites we visit. But many consumers seem more than happy to trade off some of their personal information in exchange for information they consider more useful to them. More than half of respondents in one recent survey said they're willing to provide demographic information in exchange for a personalized online experience. "Consumers Willing to Trade Off Privacy for Electronic Personalization," *Marketing Daily*, <http://www.mediapost.com> (accessed January 23, 2007). While the ethics of gathering personal information are still being evaluated, behavioral targeting is the next frontier for many advertisers.

- When you (along with 263 million other users) sign up for Microsoft's free e-mail service called Hotmail, the service asks you for personal information including your age, occupation, and address (though you're not required to answer). If you use Microsoft's Live Search search engine, the company keeps a records of the words you search for and the results you clicked on. Microsoft's behavioral targeting system will allow its advertising clients to send different ads to each person surfing the Web. For instance, if a twenty-five-year-old financial analyst living in a big city is comparing prices of cars online, BMW could send her an ad for a Mini Cooper. But it could send a forty-five-year-old suburban businessman with children, who is doing

Figure 6.9



16. Putting ads in front of people customized to their Internet use.

the same search, an ad for the X5

SUV. Aaron O. Patrick, "Microsoft Ad Push Is All About You: 'Behavioral Targeting' Aims to Use Customer Preferences to Hone Marketing Pitches," *Wall Street Journal*, December 26, 2006, B3; Brian Steinberg, "Next Up on Fox: Ads That Can Change Pitch," *Wall Street Journal*, April 21, 2005, B1,

<http://www.aef.com/industry/news/data/2005/3105>; Bob Tedeschi, "Every Click You

Make, They'll Be Watching You," *New York Times*, April 3, 2006,

<http://www.nytimes.com/2006/04/03/business/03ecom.html?ei=5088&en=9e55aeacf695c33a&ex=1301716800&partner=rssnyt&emc=rss&pagewanted=all> (accessed November 15, 2008); David Kesmodel,

"Marketers Push Online Ads Based on Your Surfing Habits," *Wall Street Journal*, April 5, 2005, <http://cob.bloomu.edu/sbatory/CH%2006%20E%20Mktg%20&%20Customer%20Relationships%20Oct06%20n48.ppt> (accessed November 15, 2008).

- The Fox network offers **tweakable ads**<sup>17</sup> it can digitally alter so they contain elements relevant to particular viewers at the time they watch them. By changing voice-overs, scripts, graphic elements, or other images, advertisers can make an ad appeal to teens in one instance and seniors in another.
- Starwood Hotels & Resorts Worldwide Inc. uses a behavioral targeting campaign to promote spas at its hotels. The hospitality company works with an online media company to deliver ads to Internet users who have browsed travel articles or surfed the Web site of a Starwood-branded hotel like Westin or Sheraton.
- Startup advertising company Pudding Media is testing a service that would let customers make voice-over-Internet protocol (VoIP) calls free, if they agree to let their calls be monitored by speech-recognition software that would then present online ads based on the words it culled from the conversation. The customer would have already supplied Pudding with his or her zip code, age range, and gender, so ads would be targeted by demographics and location, as well as by real-time conversation. "Startup Offers Free Calls in Exchange for Eavesdropping," *InformationWeek*, September 24, 2007, <http://www.informationweek.com/news/internet/ebusiness/showArticle.jhtml?articleID=202101023> (accessed November 15, 2008).

*Starwood Hotels increased its spa business when it used behavioral targeting.*

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17. Ads that can be digitally altered so they contain elements relevant to particular viewers at the time they watch them.

## Dig Deeper

Behavioral targeting allows advertisers to identify our consumption practices so that they can tailor ads to our precise interests. They argue that this technology increases efficiency, saves money, and reduces advertising bloat because we won't be bombarded with commercial messages for products we don't want. On the other hand, critics of this practice argue that we're "making a deal with the devil" because we're giving companies access to our personal behaviors. This controversy has surfaced on Facebook, which is now sharing data about users' online behaviors with advertisers. What is the current status of this conflict? How can advertisers do a better job of targeting while respecting the privacy of consumers—especially those who don't want to be targeted?

## SS+K Spotlight

### Targeting the msnbc.com User

SS+K was charged with two goals for the new msnbc.com campaign: increase the number of unique viewers who visit the site, and increase the number of clicks per visit among current msnbc.com users.

To refine their understanding of how to develop the msnbc.com proposition, SS+K enlisted the aid of Energy Infuser, a market research company in Chicago that specializes in unearthing consumer insights through qualitative methods such as focus groups, projective techniques, and consumer diaries. A number of "triads" (groups of three consumers) were recruited and agreed to offer their time and consumer experiences of online information seeking. Through analysis of the group's transcripts, the SS+K team developed a better sense of why a user might choose msnbc.com over other options: relative to competitors like bland news aggregators and "cold" and "serious" CNN.com, msnbc.com virtually sparkled with energy and personality. The site was inviting for users who enjoyed browsing for news and tidbits, including lighthearted information on entertainment, fashion, and sports.

## Video Spotlight

*Michelle Rowley: The Research Epiphany*

[\(click to see video\)](#)

*Choosing One from Among Many: Target Defined*

*Michelle describes consumer insights and how one triad participant helped to clarify just who the client's key user is and how the brand should speak to its target.*

*You can see media coverage of consumer focus groups at Energy Infuser here:*

<http://www.energyinfuser.com/video/InfuseronNBC.wvx>.

*Ultimately, the target audience—now called the News Explorer—reflected observations about the typical msnbc.com user and what the site had to offer that set it apart from its primary competition. The profile was developed in dialogue with consumers through research approaches and, finally, through negotiation of research findings among client/agency team members.*

### KEY TAKEAWAY

Targeting is the process of selecting the customers whose needs you're likely to satisfy. Targets need to be easily identifiable and measurable. As technology continues to develop, behavioral targeting that allows advertisers to customize messages and products to the needs of each individual will become a more central part of advertisers' strategies.

### EXERCISES

1. Targeting helps define who the customers are. Targeting calls for the advertiser to take three steps. Describe and detail each of those three steps.
2. Good target markets have a series of properties that make them very attractive to advertisers and marketers. Describe and detail the four properties of a good target market.
3. Discuss the logic of using behavioral targeting to reach consumers. Be specific in your discussion.

## 6.3 Position Your Brand: Why Will They Want It?

### LEARNING OBJECTIVES

After studying this section, students should be able to do the following:

1. *Define* positioning relative to brand differentiation.
2. *Use* three positioning dimensions to relate to a brand's strategic objectives.

**Positioning**<sup>18</sup> means developing a strategy to influence how a particular market segment perceives a good or service in comparison to the competition. Positioning increases potential ad effectiveness by clarifying the message. This step is all about defining a space in the mind of the customer—something that your customer thinks of and associates with your product.

### It's All Relative

Remember that positioning doesn't just mean what your target market thinks about your product. Rather, it's about how she thinks about it relative to competitors' products—your product is less expensive, performs better, or fits better with the customer's lifestyle. Positioning often relates to a brand's strategic objectives. Looking back at our previous discussion of behavioral segmentation, the advertiser might think about potential customers in terms like these:

- *Does not use* the advertised product category—the company wants to convert nonusers to users (grow the market).
- *Uses a competitor's version* of the advertised product category—the company wants to gain market share at the expense of competitors by creating or capturing *brand switchers*.
- *Uses an alternative version* of your product in the advertised product category—the company wants to **upsell**<sup>19</sup> customers (get them to buy a more expensive version of its product) or migrate them to future product variants.
- *Uses the advertised product*—the company wants to increase the frequency or volume of purchases or reinforce brand loyalty.

18. Defining the relationship between your product and the customer/audience, with the purpose of distinguishing your product from the competition.

19. Strategy companies use to get customers to buy a more expensive version of its product.

## Positioning Dimensions

- **Value:** The product reaches price-sensitive customers by being low cost. An example would be Wal-Mart's "Every Day Low Prices." Companies often create *subbrands* to create distinctive positioning for the brand based on price. The Gap, for example, is a mid-price clothing store, while its sister company Banana Republic is a higher-priced clothing store, and Old Navy is the value-priced offering. Similarly, Volkswagen's Skoda brand is known as the low-cost car brand.
- **Performance:** The product is high performing on one or more dimensions that the target audience seeks. For example, if you focus on a **lifestyle or design position**<sup>20</sup>, you appeal to the customer who values the social or aesthetic statement a brand makes—and often what others will think about him or her after the purchase. For example, Chanel is a designer-led luxury brand. The company has identified a new group of customers it wants to target. Chanel calls the group "new wealth"—women who have acquired a significant amount of money at an earlier age than previous generations. These women, with a net worth of over \$1 million, have more cutting-edge fashion tastes. When Chanel CEO Maureen Chiquet strategizes about launching a new perfume to appeal to this customer segment, her watchword is exclusivity. "Let's not be thinking about how big we can make this," she tells her team, "but how exclusive and special you can keep it." Robert Berner, "Chanel's American in Paris," *BusinessWeek*, January 21, 2007, 70–71.
- **Functional:** Solves a specific problem or accomplishes a specific goal for the customer. Tide-to-Go®, for example, solves the problem of removing a stain when there's no time to launder the garment.

Figure 6.10



Whether you pay \$9 or \$99 for a pair of jeans depends upon the positioning dimensions of the product.

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20. Appealing to the customer who values the social or aesthetic statement a brand makes—and often what others will think about him or her after the purchase.

### Dig Deeper

The average Buick buyer is a man in his midsixties—not the type of consumer inclined to trick out his car with twenty-two-inch wheels, a lowered suspension, and tinted windows. That’s why it’s a bit of a shock to check out a Buick Lucerne with those modifications on display at a party hosted by General Motors that also featured actress Vivica Fox, known for roles in movies like *Booby Call* and *Soul Food* and hip-hop star Jay-Z. Buick’s sales are plummeting, and the brand is trying to boost them by expanding its appeal among young, urban consumers. Gina Chon and Jennifer Saranow, “Bling-Bling Buick: Seeking Younger Buyers, General Motors’ Staid Brand Uses Customized Cars, Celebrities to Reach the Hip-Hop Crowd,” *Wall Street Journal*, January 11, 2007, B1. How far can a promotional campaign go to radically reposition a well-established brand? What do you predict will be the outcome of Buick’s efforts to build some bling into its brand image?

### SS+K Spotlight

SS+K’s psychographic research revealed that people have very different motivations for accessing news sites. The account team decided to position msnbc.com’s offering for one primary target—the News Explorer, who “enjoys the thrill of the hunt” when it comes to finding news.

### Video Spotlight

*Russell Stevens and the Target Audience*

[\(click to see video\)](#)

*Russell Stevens described how the agency came to this positioning strategy.*



## Final Words from Michelle on the STP Process

-----Original Message-----

From: Michelle Rowley

Sent: Monday, July 09, 2007 8:23 PM

To: Lisa Duke Cornell

Subject: msnbc.com

Hi Dr. Duke!

So much to say and such little time though - so I thought I would send you a quick e-mail.

Some things I wish I had hit on include the importance of listening not just to what people say, but to what they don't say. How with planning you need to use the research to build your case, but ultimately there is a small leap of faith you make in the end when you definitively place your stake in the ground about the strategic direction. How it's so important for planners to be curious about things in life in general, not just in advertising, and how that curiosity comes from getting out there and living life, from talking to people and most importantly by reading, reading, reading.

Michelle

### KEY TAKEAWAY

Positioning your product or service to appeal to the needs of a specific group can set it apart from competitors that are also vying for the same consumers. A client's product or service can be positioned relative to the competition along such dimensions as lifestyle, reasons for use, or quality/price tradeoffs. SS+K identified a target segment it called the News Explorer as the best prospect for its client. The typical user is a news junkie who enjoys the thrill of hunting for new information and who wants to dive into the information rather than just scan it. The agency will proceed to develop a brand message that emphasizes how msnbc.com delivers what News Explorers want.

### EXERCISE

Marketers must consider three positioning dimensions as they formulate their positioning strategy. List and briefly describe the three positioning dimensions discussed in the chapter.

## 6.4 Exercises

### TIE IT ALL TOGETHER

Now that you have read this chapter, you should be able to understand the concept of market segmentation and what you need to do to create a market segmentation plan:

- You can *understand* the STP (segmenting, targeting, and positioning) process that gives you a framework for understanding information about customers (e.g., who customers are, where they live, what they want).
- You can *determine* characteristics of market segments based on demographic, geographic, psychological/lifestyle characteristics (psychographics), or behavior (e.g., heavy users versus light users of the brand).
- You can *identify* the properties of a good market target (e.g., measurable, accessible, profitable, and distinguishable).
- You *realize* that behavioral targeting can be used to put ads in front of people customized to their Internet use.
- You can *explain* the necessity for having positioning become part of advertising strategy.
- You are able to *decide* how to position a product or service so that it is differentiated from products or services of competitors.

## USE WHAT YOU'VE LEARNED

1. What is one of the most potent political forces that any political candidate for national office must impress and deal with? If you said AARP, you are correct. If, as an advertiser, you don't know what AARP is, you will be missing the network organization used by millions of seniors in the United States. (See <http://www.aarp.org> for more information.) AARP is not just for retired persons anymore. The organization accepts members and offers benefits beginning at age fifty. Given the number of Baby Boomers at this age and beyond, AARP will have a growing market base for a number of years.

Seniors in the United States have become an important market target for many product and service producers. Advertisers are learning new ways to reach and communicate with this market. Seniors today don't see themselves as old. Baby Boomer seniors see themselves as active, fashion conscious, energetic, adventurous, and knowledgeable about products and services directed toward their market segment. Seniors ride motorcycles, go skydiving, enjoy cruises, listen to concerts from bands popular when they were in their twenties, enjoy entertaining, and like to dress well. Sounds like a great opportunity for the enterprising marketer—right?

Investigate the senior market, Baby Boomers, and the AARP for more information. Once you have completed this task, list the segmentation variables (beyond the age segmentation variable) that advertisers should use to more narrowly focus marketing and advertising efforts toward this market segment. Pick a product or service and demonstrate how your selection of segmentation variables could be used in constructing an ad for this target group. Be creative in your choice of product or service and how you will advertise to the seniors segment.

2. Have you had Vitamin Water today? If you have, you're part of an increasing number of people that have tried Glacéau's unique "hydration" product. Vitamin Water (along with other Glacéau products such as Smart Water, Vitamin Energy, and Fruit Water) appears in an increasing number of outlets. Part of the reason for increased attention around Glacéau products is that they were

purchased by the Coca-Cola Company in 2007. Coke's marketing, advertising, and distribution muscle is being used to bring such products as Vitamin Water to the attention of the consuming public.

Another reason for increasing consumer attention is the maverick use of advertising by Vitamin Water. The labels, packaging, and advertising for Vitamin Water are highly entertaining. Using celebrity endorsements, humor, and provocative visuals in advertising is a somewhat unusual strategy for a producer in this product category. To learn more about Vitamin Water advertising, visit the Vitamin Water Web site at <http://www.vitaminwater.com>.

Assume that a large public university was the target for Glacéau's Vitamin Water launch introduction in the Midwest. What targeting and positioning strategies would you recommend to Glacéau? Explain the rationale for your recommendation and any assumptions you have made. Be sure to consider competitors that you might encounter during your campus launch.

## DIGITAL NATIVES

As indicated in the chapter, one of the ways to conduct psychographic segmentation research is to use SRI International's VALS2™ to create and group market segments. According to SRI International, "VALS reflects a real-world pattern that explains the relationship between personality traits and consumer behavior. VALS uses psychology to analyze the dynamic underlying consumer behavior preferences and choices." <http://www.sric-bi.com/VALS/> (accessed February 1, 2009). To learn more about VALS2™ and other SRI International products and services, visit <http://www.sric-bi.com/VALS/>.

Your assignment is to take the VALS™ survey mentioned in SRI International's Web site. Once you have completed the survey, print the detailed summary results that will categorize you into two of the eight VALS2™ categories. Review the summary provided to you and the VALS2™ Segments list described on the Web site. Do you agree with the VALS2™ assessment? Explain. Given the information you have reviewed, write three advertising themes that might be used to reach you (and others like you) based on your VALS2™ categories. If possible, compare your thoughts and ideas to others in the course.

### AD-VICE

1. Create a collage that demonstrates the various aspects of behavioral segmentation. Use popular magazines to create your illustration. Indicate any examples within your collage that demonstrate the 80/20 rule.
2. Using information from the chapter, create a comparison between consumer segmentation (e.g., demographic, geographic, psychographic, and behavioral segmentation) and business segmentation (e.g., B2B segments). What key elements do you think clearly separate these two forms of segmentation? Be specific.
3. Use yourself as an example of Web behavior tracking. Track your Web activity for one week and note all the various Web sites that you visit. Comment on any behavior tendencies that you note about your Web visits. Based on these visits, describe how behavioral targeting by an advertiser might be used to reach you during your visits to the various Web sites.
4. Using the “value” and “performance” positioning dimensions described in the chapter, construct a product positioning map for six different automobile brands or models. To construct your product positioning map, put the value dimension on a vertical axis and performance dimension on a horizontal axis. This will create four distinct positioning cells for your illustration. Note that there should be a high-to-low or positive-to-negative dimension for axes on your illustration. As you place the six automobile brands on your illustration, note how many compete in the same positioning space. Comment on how advertisers might differentiate their brand from those of competitors within one of your congested positioning spaces.

### ETHICAL DILEMMA

Although targeting selected market segments for advertising and marketing messages would seem to be a sound strategy for any company, there can be difficulties. Some companies have been accused of using segmentation approaches that discriminate against certain groups within society. Complaints have been raised about potential discrimination based on race, culture, age, gender, and sexual lifestyle.

Assume that you have been asked to review segmentation profile practices. Pick one company that you believe avoids discrimination in market targeting and one company that you believe does not. Compare and contrast the two companies with respect to their market target selection process and how the market targets are approached. Comment on any perceived ethical practices that you are aware of. Be sure to check any information on ethics provided by researching the Web sites of your two example companies. Lastly, list the ethical guidelines or best practices you believe organizations should follow when selecting market targets. Be prepared to discuss your thoughts and position.