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Chapter 2

Creating Marketing Strategies for Customer-Centric Organizations

CHAPTER OUTLINE

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LECTURE NOTES

Chapter Introduction: This is the last chapter in Part 1. This chapter describes how to create customer-centric organizations, incorporating consumer behavior into strategic planning for both nonprofit and for-profit organizations. It deals with the competitive business environment and the customer-centric concept.

Opening Vignette: The Opening vignette discusses Wal-Mart and the rock group KISS as effective merchandisers. Both organizations started in the 1960s and deal with their successes. Customer-centric strategies are discussed for both organizations.

Teaching Tip: Use the vignette to involve students in class discussion by asking how many of them have knowledge of Wal-Mart, how many know about KISS, and how they feel as customers about one or both of the organizations. Then ask them for their personal definition of customer-centric—not using the definition in the text.

The Century of the Consumer This section of the chapter indicates that this is called the century of the consumer because what consumers buy determines which firms survive or thrive. Concepts, methods and skills will be discussed throughout the chapter that the reader as a consumer analyst will need to be effective.

What is Strategy? Marketing is discussed relative to consumers and the organization. Strategy is defined as “a decisive allocation of resources (capital, technology, and people) in a particular direction.” The customer-centric concept says that resource allocation is determined by consumers as interpreted by the consumer analyst. Marketing strategy is discussed as a long-range, time-phased plan designed to achieve market position, causing competitors to spend much more money to get consumers.

What Are Customer-Centric Organizations? Customer-centricity is further defined as “a strategic commitment to focus every resource of the firm on serving and delighting

profitable customers.” Amazon.com is used to illustrate customer-centricity. A summit of leading retailers, technology firms, and academic researchers discussed customer-centric, indicating the characteristics of such an organization include the following:

- **Shared Vision and Values** is “a belief that the future of the firm is embedded in the minds of consumers.”
- **Cross-Functional Integration** focuses all employees on core customers and provides all functional areas with information on all other business functions.
- **System-Wide Simultaneous Training** involves face-to-face interaction of all the members of the company from the CEO down to frontline sales people and truck drivers.
- **Customer-Based Metrics** requires changing from metrics based on product lines, geographic divisions, or business units to metrics based on core customers and segments.

From Market Analysis to Market Strategy: Where Does Consumer Behavior Fit? Discusses **value** as the “difference between what consumers give up (time, money, or other resources) for a product and the benefits they receive. It indicates that quality is not synonymous with value, but a combination of other components of value such as brand, image, price, etc. Discussion of Nike and Reebok athletic shoes centers on the different way they communicate value to customers. **Marketing strategy** is then defined as involving “the allocation of resources to develop and sell products or services that consumers will perceive to provide more value than competitive products or services.”

Figure 2.1 – Customer-Centric Marketing Strategy provides a diagram showing how the consumer is related to difference concepts of this strategy. Each of the factors in the customer-centric marketing strategy is represented.

Market Analysis is defined as “the process of analyzing changing consumer trends, current and potential competitors, company strengths and resources and the technological, legal, and economic environments.”

- **Consumer Insight and Product Development** relates failure rates of business and discusses why the failure rate of 83% of companies failing to meet marketing objectives is so high, explaining that a new product must satisfy customers’ needs, wants, and expectations, not those of a management team. They must also do it better than existing products. **Consumer insight** is defined as “an understanding of consumers’ expressed and unspoken needs and realities that affect how they make life, brand, and product choices.” Part of the discussion involves how Eastman Kodak came up with the idea to open film containers with one hand and indicates that anyone from the CEO on down can conduct research.

Consumer Behavior and Marketing 2.1: Retail Strategy Is Not Kids’ Play uses Toys “R” Us as an example of using market statistics in Australia without knowing the consumers in the market well enough. Over \$100 million was lost because they also didn’t consider the response of local competition in Australia.

Other companies there included Kmart, Target and Big W (Woolworth's of Australia). There were similar problems in dealing with Wal-Mart in the U.S.

- **Consumer Environment** considers such things as demographic trends; personal and group influences; consumers' knowledge, attitudes, and motivations; the process by which consumers make their purchase and consumption decisions; and changing consumer needs, wants, and lifestyles. Figure 2.1 is also discussed again in the context of the market analysis stage.
- **Corporate Strengths and Resources** are discussed as a "process of balancing market opportunities with corporate resources and strengths." Two questions are discussed: How much can the company invest of its resources in the development and marketing of the product? What resources does the company need and what internal weaknesses must be overcome?
- **Current and Potential Competitors** should include current and potential competitors relating the process to the traditional approach, which focuses on staying ahead of the competition while more innovative firms focus on using innovation to weaken or make competitors irrelevant in the marketplace.

Teaching Tip: Consider the comment in the text on considering how the Toys "R" Us strategy might have been different if it understood better the competition it faced in Australia.

- **Market Environment** such as the state of the economy, government regulations, physical conditions, and technology are considered as relating to the success of a product or service. A poor economy, natural disasters, and other elements are discussed in light of how they can affect consumer needs and ability to buy.

Market Facts 2.1: Consumer Mood Affects Marketing Strategy – describes some trends that affect consumer mood and marketing tactics in the U.S. market. Factors that are listed are the stock market, media, workplace, peers and family, changing self-concepts, and personal security.

Teaching Tip: Ask students to come up with other factors that could be mood determinants for consumers. Ask students what causes them to be in a good mood or a bad mood, and then ask them if that might affect what they purchase at the time.

Figure 2.2 - Consumer-Centric Marketing Strategy: Market Segmentation

This is a similar graphic description to Figure 2.1 but instead starts with market segmentation (the right side of the graphic representation).

Market Segmentation (see Figure 2.2) is defined as “the process of identifying groups of people who behave in similar ways to each other, but somewhat differently than other groups.”

Figure 2.3 - What Other Behaviors Can You Infer? The authors suggest that students consider how they would describe how these people would behave in situations other than using the products shown in the ads.

A **market segment** is then defined as “a group of consumers with similar behavior and needs that differs from those of the entire or mass market.” What is the goal in measuring market segments? It is “to allocate consumers into categories that minimize variance within groups and maximize variance between groups.”

Market aggregation or **mass marketing** is the opposite of market segmentation “which occurs when organizations choose to market and sell the same product or service to all consumers.” Some firms choose a market aggregation approach, but these are indicated as “going the way of the dinosaur” in industrially advanced countries.

- **Identifying Segments** is based on identifying similar behavior, not necessarily similar consumer characteristics.

Table 2.1 - How to Segment Consumer Markets indicates consumer characteristics that may be used for consumer market segments.

Figure 2.4 - Defining Markets on Multiple Characteristics shows a graphic indicating how the different segments may overlap.

Teaching Tip: Discuss how all four characteristic pieces overlap at point D while two of the characteristics overlap at points AB and AD and only single characteristics exist at points A, B, and C.

- **Addressing the Needs of Market Segments** suggests that consumers are becoming more sophisticated and demanding. Many firms respond by offering products or services tailored to different market segments that are very expensive and accomplished with complex strategy. **Mass customization** is defined as “customizing goods or services for individual customers in high volumes and at relatively low costs.” The book *The One To One Future* by Martha Rogers and Don Pepper is used to relate a story about a flower shop in Bowling Green, Ohio, and how the store uses its database for proactive marketing.
- **Profitability of Market Segmentation** indicates that the “ultimate goal of segmentation is increased customer satisfaction and profitability.”

Consumer Behavior and Marketing 2.2: Chico's discusses how Chico's is unique based on unique sizing, comfort construction, exclusivity, easy wear and easy care, and starter's kits. Chico's Passport Club membership is discussed along with a table showing the number of permanent members and members who can

move to permanent status as well as the average purchase and purchase frequency related to the percentage of total sales.

- **Criteria for Choosing Segments** Four criteria are listed as determining the attractiveness of a market segment: 1) measurability, 2) accessibility, 3) substantiality, and 4) congruity. Each is defined in this section.

Bayesian Analysis is a statistical technique that helps to answer “why people buy.” It is a “tool for exploring the human mind and defining market segments.” These techniques can analyze huge amounts of data.

Market Facts 2.2: Bayesian Analysis Probes the Human Mind considers how Bayesian statistics replaces complex equations with simple ones that computers can perform repeatedly. A good example of the kinds of questions, which may be answered using Bayesian Analysis using the introduction of a new brand of ketchup, is provided.

Teaching Tip: Ask students if they can think of questions that could be asked of students who have enrolled in their major to determine how to market the major to individuals who are not already enrolled.

Marketing Mix Strategies This section suggests moving to Figure 2.5 to see this section and how it relates to the other concepts of consumer-centric marketing strategy. Each element product, price, place, promotion is discussed in detail. Brand strategy is also discussed as part of this strategy. The 7Rs of the marketing mix are listed and are discussed below.

Figure 2.5 - Consumer-Centric Marketing Strategy: Marketing Mix and Implementation

The Value of Brands in Marketing Strategy Building brands is considered in this section as an essential part of a marketing career. The authors indicate that this is “perhaps the greatest asset of a company that doesn’t appear on its balance sheet.” The **brand** is defined as “a product or product line, store, or service with an identifiable set of benefits, wrapped in a recognizable personality, carrying with it a connection between product and customers.”

Brand equity is discussed in terms of **functional elements** (“performance, quality, price, reliability, logistics,” etc.) and **emotional elements** (“image, personality, style, and evoked feelings”). The brand promise is also considered (“what consumers can expect in exchange for their money”). A discussion of the perception among accountants that a brand is a marketing expense includes the fact that branding affects the financial well-being of the entire company.

Table 2.2 - Converting Customers Into Fans shows how to develop repeat customers (called friends in the table) and fans.

Teaching Tip: Have students get into small groups, choose a product, and tell where that product fits in the table (does it have customers, friends, and/or fans?). Then have them tell why it fits into that category(ies). Alternatively, you can choose a product and have students indicate the same information.

The Seven Rs of the Marketing Mix are research, rate, resources, retailing, reliability, reward, and relationship. The “R” in this stands for relationship marketing – the science and art of acquiring and retaining customers.

Table 2.3 - The Seven Rs of the Marketing Mix graphically represents the Seven Rs by organization and consumers.

Implementation is the final stage of marketing strategy. Opportunities and threats for marketers to consider are likely to include the following characteristics.

Customer Loyalty and Retention Strategies are considered in this section. The question about what is causing a decline in loyalty and what it means to organizations is considered.

Customer Relationship Management “is a process for managing all the elements of the relationship a firm has with its customers and potential customers”. The software to manager process is discussed.

Table 2.4 - Strengthening Customer Relationships examines some of the strategies to acquire, retain, and delight an organization’s best customers.

Teaching Tip: Randomly choose different students to discuss each of the sections in the Table (5 sections) and summarize the section for the class.

Several websites are provided which can be pursued in this section for up-to-date, current CRM information. Benefits of CRM are discussed as well as the customer lifetime value (CLV).

Consumer Behavior and Marketing 2.3: Serving the \$25,000 Customer at Max & Erma’s is a casual restaurant chain known for its food and emphasis on customer service. CLV is discussed in this Consumer Behavior feature.

Teaching Tip: Involve students in the discussion by asking them if they know of a restaurant that has excellent customer service and have them describe what excellent customer service involves at a restaurant (such things as the length of the wait for food, for example).

Global Marketing Strategy Several corporations are listed that derive more than 50% of their sales outside their countries of origin and therefore must have a global perspective when creating strategic planning documents. They indicate that thinking globally involves the ability to understand markets beyond the country of origin and include the following:

1. “Sources of demand: selling to markets throughout the world
2. Sources of supply: sourcing materials, expertise, and management from around the world
3. Methods of effective management and marketing: learning from firms around the world how best to manage and market globally”

Global Market Analysis and Strategy suggest that markets must be understood on a global basis in order to complete global market analysis and strategy.

Customer Behavior and Marketing 2.4: A Snapshot of Global Retailing discusses English retailers as well as what they sell since the English market includes many other cultures.

Teaching Tip: Ask students to provide examples of the influence of other cultures in their local area (for example, are signs in other languages?).

Can Marketing Be Standardized? Indicates that the question “Is it possible to use one marketing program in all target countries? Or are distinct marketing programs required for each country?” must be answered. **Cross-cultural analysis** is then defined as “the comparison of similarities and differences among consumers of different countries and different cultures.” And **cultural empathy** is included as referring to “the ability to understand the inner logic and coherence of other ways of life and refrain from judging other value systems.” Finally **ethnography** is “describing and understanding consumer behavior by interviewing and observing consumers in real-world situations”

Intermarket Segmentation suggests that “the identification of groups of customers who transcend traditional market or geographic boundaries” is how many successful global marketers identify and reach consumers.

Localization Based on Differences this section indicates that the European Union (EU) is fin-tuning its functioning as a single market and discusses whether individual cultures will change if treated as European rather than as different cultures. This section also considers the fact that products may need to be reengineered when introduced in other markets using Japanese cars as an example.

Global Advertising Effectiveness considers how communication with new consumers may be helped with advertising. Characteristics considered include:

1. The communications message is based on similar lifestyles.
2. The appeal of the ad is to basic human needs and emotions.
3. The product satisfies universal needs and desires.

Table 2.5 - Which Form of Advertising Do You Find Most Effective?

Considers eight different countries to the form of advertising each finds most effective. Forms include television, radio, newspaper or magazine, Internet, billboard or posters, and inserts.

- **Overcoming Language Problems** provides examples of how translations from one language to another can develop quite strange information and suggests that **back-translation** (“a message is translated from its original language to the translated language and then back to the original by several translators”) be used to help in overcoming language problems.
- **Global Branding** suggests that brand names should be evaluated from a cross-cultural perspective before introducing to the country of origin in case the product might be marketed more widely in the future. Some suggested questions are provided.

Summary

Answers to the Review and Discussion Questions

1. What does it mean to be a “customer-centric” organization?

To be “customer-centric” means that every resource in an organization—people, products, systems and logistics—is focused on serving and delighting profitable customers. Customer-centric organizations are characterized by a set of shared values that put customers first, integration of all functional areas in meeting customer needs, system-wide training in customer service, and customer-based performance metrics. Information technology, including CRM, often facilitates the flow of customer information across the organization.

When marketing is successful, organizations understand and respond to the needs and desires of consumers. Value is delivered when the benefits that consumers receive from a product or service is greater than what consumers pay for it. Consumer-centric organizations find new ways to constantly increase value for targeted groups of consumers. When consumer-centric organizations are successful, they not only win the repeat business of their customers, but they create loyal “fans” who tell others about the organization.

2. What are some of the most important changes in the consumer environment in the United States? How are these likely to impact marketing strategy? How would you expect them to differ in other nations?

Changes to the consumer environment include demographic trends; personal and group influences; consumers’ knowledge, attitudes and motivations; the process by which consumers make purchase and consumption decisions; and changing consumer wants, needs, and lifestyles. Students may provide examples from any of these categories.

For example, in regards to demographic trends, a relatively large segment of the United States population is moving into retirement. In response to the aging baby boomer cohort, marketers will have to appeal to consumers who have greater free time, greater health challenges, and perhaps less discretionary income. These changes will affect the development of products and services. Marketers of pharmaceuticals, wellness programs, and home improvement services

will likely find success whereas marketers of packaged foods, electronic media, and fashion apparel may struggle in the changing market.

3. Why does market segmentation exist? Is the use of market segmentation strategies by organizations harmful or helpful to consumers and to society?

Market segmentation, or identifying groups of consumers who behave in similar ways to each other but differently than other groups, exists because consumers are heterogeneous. If all consumers had the same preferences and behaviors, there would be no basis for segmenting a market. Similarly, if consumers were unique and did not share any characteristics with other consumers, there would be no economies of scale in production and marketing. As a result, market segmentation is most effective when consumers have a combination of unique and common characteristics.

As noted in this chapter, the goal of market segmentation is to identify sub groups in such a way that the variance within a group can be minimized and the variance between groups can be maximized. Compared to market aggregation or mass marketing that serves all consumers in the same way with the same product, companies using market segmentation can provide greater value to consumers by responding to the precise motivations of each segment. From the consumers' perspective, market segmentation is beneficial because it results in products and services that better meet their needs.

Likewise, compared to serving individual customers in a unique way with custom products, companies using market segmentation can reduce production and distribution costs by building economies of scale, which leads to lower prices for consumers and increased profits for shareholders.

The downside of market segmentation is that smaller or less profitable segments may be neglected as many marketers focus on the market segments that provide the greatest returns. To attract marketers to small or underserved niches, higher prices may be required, resulting in an inequality among consumer segments.

4. What are some of the most common bases used for market segmentation?

This question asks how to segment consumer markets. The text presents three bases for market segmentation: consumer characteristics, geographical characteristics, and situational characteristics.

Consumer characteristics are the most common bases of market segmentation. They include demographics (e.g. age, gender, income, and education), psychographics (e.g. activities, interests, and opinions), purchase and consumption behaviors (e.g. frequency of purchase, price sensitivity and brand loyalty), values, culture, and personality.

Geographical characteristics are also used in market segmentation. These characteristics consider whether consumers live, work or shop within national, state and local boundaries, urban versus rural settings, and specific zip codes. Many times residents of a particular area

share the same motivations and behaviors, such as the residents of an upscale suburban neighborhood caring for their yards or the residents of Arizona using air conditioning in the summer months. Catalog and direct mail companies emphasizing database marketing frequently identify segments using geographical characteristics because this information is easily obtained and modeled.

Last, situational characteristics such as where and when products are used, can be used to segment markets. Individuals who use a cellular phone in their job or on the highway may be segmented differently by marketers than individuals who use a cellular phone for personal reasons or only in one city, for instance.

It is important to point out that although each of these three bases represents different aspects of market segmentation, they are not mutually exclusive and frequently overlap. The greater number of characteristics that are used in market segmentation, the more focused the target market will be.

5. What criteria for selecting segments should be used by an organization in deciding which segments to target?

One of the greatest challenges facing marketers is how to select the best target markets to serve. Because a company's marketing resources are limited, the better job that a company does in selecting target markets, the more profitable it will be. According to the text, four criteria are often considered in market segmentation: measurability, accessibility, substantiality, and congruity.

Measurability is concerned whether marketers can obtain information about the size, nature or behavior of a market segment. In order for market segmentation to be meaningful, there must be some way of identifying and assessing the membership of target segments. Before building a new store, for instance, a retailer will want to know how many potential consumers live within a 5- or 10-minute commute and how those consumers differ from consumers in other areas.

Accessibility refers to the ability to access segments through targeted advertising and communication programs or distribution channels. Although a market segment may otherwise appeal to a retailer, if the retailer has no stores that are accessible to that segment, it cannot be considered a target segment for direct mail or television advertising.

Substantiality refers to the size of a market segment. A firm with a limited marketing budget may be unable to effectively reach market segments that are too large while market segments that are too small may generate insufficient volume to justify the investment required. Although there is a market for swimwear in Alaska during the winter months, the market is likely too small to be profitably served by a location-based retailer.

Last, congruity refers to the similarity of consumers within a market segment. What characteristics do members of a segment share that are similar to one another? Do members of a segment behave in similar ways? The greater congruity of a segment, the more effective

marketing programs will be in reaching all members of that segment. For example, if most residents of a community own their own homes, they also likely have jobs and carry homeowners insurance.

While each of these criteria is useful in selecting target markets, marketers may consider all of them, a few of them, or even other criteria in their segmentation strategy. As the marketplace becomes increasingly fragmented, the most successful marketers continually refine their segmentation strategies, often using information technology and multiple segmentation criteria to track changes in markets overtime.

6. How and why is Bayesian statistical analysis useful in marketing strategy?

In the past, marketers have used probability theory and linear programming to answer the question of “why people buy” and to create market segments. These techniques examine the frequency of observable events occurring within a logical sequence. By carefully evaluating the choices consumers make in a decision tree, marketers attempt to increase the precision with which they predict consumers will make similar decisions in the future. The limitation, however, is that probabilities for future occurrence can be assigned only to events of known frequency. If consumers have never been faced with a choice before, a probability of its occurrence cannot be assigned.

Consumers do not always act according to a logical sequence and there are many factors in the consumer’s mind, such as feelings and attitudes, which cannot be quantified in external observations. Moreover, markets change, so consumers continually face a different set of decisions and decision making criteria.

Another method, Bayesian statistical analysis allows the assignment of probability to any event—even randomly occurring events. Once an “educated guess” is made about the ways that consumers will behave, these guesses are refined with data from actual experiments and observations. Examples of Bayesian analysis include analysis of POS or scanner data to look for buying patterns that are reflective of the consumer’s mind, not externally observable activities. The value is that the Bayesian model is not constrained by behaviors that have occurred in the past but rather, it’s flexible enough to consider changes in why and how consumers buy.

By merging psychology, statistics and marketing into an understanding of the human mind, marketers can identify more targeted segments based on the multifaceted reasons consumers buy and predict with greater accuracy consumer responses to new products and services.

7. Using the concept of consumer insight and marketing mix, choose a product that has been introduced to the market in the last two years and explain why you think it has succeeded.

Students may choose from a variety of products to answer this question, but they should include a good discussion and application of consumer insight and market acceptance.

Consumer insight can be obtained from intuition and facts based on market research. A good example of creating a product based on consumer insight is satellite radio, including Sirius and XM. Consumer insight theory requires that new products, in order to be successful, must satisfy consumer needs, wants, and expectations better than existing solutions.

Satellite radio first became popular with truck drivers who wanted to listen to live programming and the latest music hits while driving across a large geographical area. While truckers could listen to cassette tapes and compact discs, not only were these bulky and difficult to find and change while driving, but they required a significant investment in new tapes and CDs whenever new songs were released. By contrast, using satellite radio, truck drivers could listen to the latest hits without investing in a music library. Moreover, truckers who enjoyed talk radio and other live programming would often lose their radio signals in the middle of a program. Not knowing which stations carried what programs at what times and in which markets, truckers would spend hours tuning their radios in search of programming they would enjoy. With satellite radio, however, truckers could listen to the same programs or the same stations, every day and without interruption. And with hundreds of stations, satellite radio brought much greater variety than the three or four FM stations a trucker may be able to find.

In addition to better meeting a consumer need than radio and recorded media, the success of satellite radio can also be explained by its marketing mix, which includes product, place, price, and promotion as well as brand and the “7R’s” of research, rate, resources, retailing, reliability, reward and relationship.

To make adoption easy, Sirius and XM introduced products that are relatively easy for consumers to install themselves, without special equipment or training. To avoid re-wiring a car, the consumer could tune his existing car radio to a pre-determined station that would receive signals from the satellite radio device mounted on the dashboard. Music from satellite radio would then play through the car’s existing speaker system. Major retailers like Best Buy and Wal-Mart sold these devices as installation kits for a relatively low price—in most cases under \$100—to minimize consumers’ risk. Programming was then sold on a subscription basis.

In order to introduce consumers to satellite radio and encourage trial, Sirius and XM made the product available as a feature in rental cars. Consumers who had a chance to try the product while out of town often choose to purchase it when they returned home. Through arrangements with Ford and GM, Sirius and XM also began to place its hardware in certain upscale new vehicles and to gain acceptance, offered a free one year subscription to the service. These activities were also effective in generating positive word-of-mouth.

The success of satellite radio comes from its unique advantages over radio and recorded media as well as its identification and selection of profitable target segments—identifiable groups who want to listening to programming that is not normally available in their markets. Sirius made headlines when it signed an exclusive contract with talk radio host Howard Stern to increase its differentiation from broadcast radio that historically censored many of Stern’s comments. To target an urban audience desiring to listen to jazz music, Sirius placed

advertisements in magazines such as Ebony and Jet. Meanwhile, XM placed billboards in rural western states such as Utah and Wyoming (where radio reception can be difficult due to mountains and other natural barriers), to emphasize the availability of Christian and country music programming regardless of location.

By understanding consumers' potential needs and realities based on past experiences and intuition, and by targeting the user segments most interested in live audio programming, satellite radio will likely continue to be successful for years to come.

8. Suppose you are the marketing manager for a new Ford Focus hybrid automobile. How would you use intermarket segmentation to develop marketing strategies for Ford?

Intermarket segmentation is used to identify groups of consumers, across traditional markets or geographic boundaries, who share similar patterns of behavior. The result is a new definition of markets based on the ways consumers think and act rather than where they live. The challenge, however, is to build a marketing strategy that emphasizes the similarities among consumers around the world rather than their differences.

There are three major phases of identifying intermarket segments. The first is to identify market trends and opportunities in the global market while also segmenting that market. The marketing manager for the new hybrid automobile needs to analyze consumption patterns and other consumer characteristics of the automotive market worldwide. For example, on the basis of lifestyles and other psychographic variables, the manager may want to categorize the market into three sub-segments including urban commuters, the environmentally conscientious, and the economically prudent.

Second, a manager needs to select the target market using criteria, including measurability, accessibility, substantiality, and congruity. The selected segment must be homogeneous with respect to key characteristics. For example, the manager may want to target the urban commuter segment because it is substantially larger than the other segments. Considering the traffic and pollution problems that plague many large cities, consumers in urban areas worldwide are looking for affordable, reliable transportation that is efficient to operate in an era of rising energy costs, while also minimizing the harmful emissions that create smog and endanger their health. Various marketing programs can target this largely young and upwardly mobile segment by emphasizing style and fashion, driving comfort, fuel efficiency, and ease of parking.

Last, after selecting and characterizing the target market, the marketing manager needs to determine the levels of localization required for each geographic market. This is because consumers in the same global segment also have unique characteristics depending on where they live. For example, the steering wheel may need to be located on the right for consumers in the United Kingdom and Japan. Localization may also require that minor details, such as icons on the control panel or the use of miles and gallons versus kilometers and liters, be changed to match local customs.

9. In reference to your answer to question 5, how would you best communicate to the target audience? Describe your promotion campaign for Ford.

As shown in question 8, it is critical for the marketing manager to consider the extent to which the new hybrid vehicle should be standardized before developing marketing programs. Even though some levels of localized modifications in promotion are necessary, global promotions work well when they include communications based on similar lifestyles, appeal to basic human needs and emotions, and the product satisfies universal needs and desires.

For example, the marketing campaign for the new hybrid automobile targeting the urban commuter segment may position it as a car that “makes life easy.” If we assume that this segment consists of busy professionals with obligations to career and family, the campaign should be designed to appeal to these needs with appropriate media. Images may include a car bypassing the filling station emphasizing fuel efficiency, children playing in a green field emphasizing the environment, and a satisfied driver sitting relaxed in heavy traffic emphasizing driving comfort.

To cope with problems resulting from languages and cultural differences, it would be useful to employ back-translation. Finally, regarding the media selection, the Internet and radio may be most effective because the target audience’s busy lifestyle doesn’t provide time to read magazines or watch much television.