SOLUTIONS MANUAL

ELEVENTH EDITION

CONSUMER BEHAVIOR

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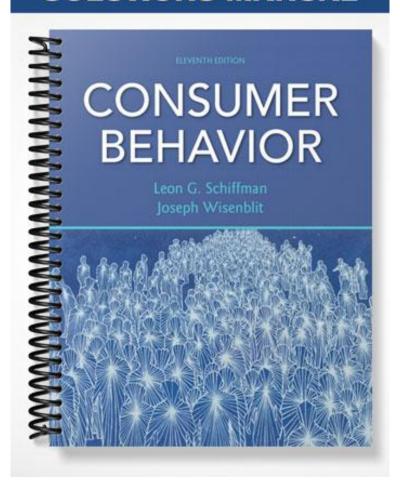
CHAPTER 2

Segmentation, Targeting and Positioning

LEARNING OBJECTIVES

After reading, studying and analyzing this chapter, students should be able to understand:
2.1 The interrelationship among market segmentation, targeting, and positioning, and how to select the best target markets.
2.2 The bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors.
2.3 Behavioral targeting and its key role in today's marketing.
2.4 How to position, differentiate and reposition products.

CHAPTER SUMMARY

Learning Objective 2.1: To understand the interrelationship among market segmentation, targeting and positioning and how to select the best target markets.

Segmentation is defined as the process of dividing a potential market into distinct subsets of consumers with a common need or characteristic and selecting one or more segments to target with a specially designed marketing mix. Besides aiding in the development of new products, segmentation studies assist in the redesign and repositioning of existing products, in the creation of promotional appeals, and the selection of advertising media. In order to be a viable target market, a segment must be identifiable (by some criteria such as demographics, lifestyles, or others), sizeable (i.e., large enough to be profitable), stable or growing, accessible (i.e., can be reached economically), and congruent with the marketer's objectives and resources.

Learning Objective 2.2: To understand the bases used to segment consumers, including demographics, psychographics, product benefits consumers seek, and other product usage-related factors.

A segmentation strategy begins by dividing the market for a product into groups that are relatively homogeneous and share characteristics that are different from those of other groups. Such characteristics include factual and classified as follows: behavioral and cognitive variables, consumer-intrinsic features, and consumption-related data. The bases for segmentation include demographics, personality and psychographics, geodemographics, product benefits, media exposure, usage rate and occasion and level of brand loyalty. All segmentation strategies in the "real world" stem from multiple segmentation bases.

Learning Objective 2.3: To understand behavioral targeting and its key role in today's marketing.

Behavioral Targeting is sending consumers personalized and prompt offers and promotional messages based on marketers' tracking of one or more of the following factors: online navigation, current geographic location and purchase behavior. The objective of behavioral targeting is to reach the right consumers and deliver to them highly relevant messages at the right time more accurately than when using conventional segmentation techniques. Tracking online navigation includes identifying the sites consumers' visit, their engagement with the sites, and their interests, lifestyles and personalities as expressed by the contents of their blogs, twits and Facebook profiles. Many marketers use predictive analytics, which consists of methods predicting consumers' future purchases on the bases of past buying information and other data, and evaluating the impact of personalized promotions stemming from the predictions. Collecting the right data and analyzing it strategically are essential to effective behavioral targeting. Marketers' goal is to anticipate occurrences in your life event that impact your shopping behavior and use these insights to get you to spend your money on their products. In addition, they are eager to discover information about your interests and personal data and the social networks with which you connect online.

Learning Objective 2.4: To understand how to position, differentiate and reposition products.

After segmenting the market and selecting targeting prospects, marketers must persuade prospective buyers to buy the products that they offer, rather than competing products. Positioning is the process by which a company creates a distinct image and identity for its products, services, or brands in consumers' minds. The image and unique identity are called a "position." The "position" in intangible, exists in the consumer's mind, and represents how consumers perceive the product. Positioning is more important to the ultimate success of a product than are its actual characteristics, although products that are poorly made will not succeed on the basis of image alone. The result of effective positioning is a unique position that the product occupies in the mind of the consumer. Most new products fail because consumers perceive them as "me too" offers that do not provide any advantages or unique benefits over competitive products. The positioning strategies used most often are: umbrella positioning, premier position, positioning against competition, key attribute, and finding an "un-owned" perceptual position. These strategies are not mutually exclusive, and often overlap. Repositioning is the process by which a company intentionally changes the distinct image and identity that its products, services, and brands occupy in consumers' minds. There are several reasons that force marketers to reposition products, such as many competitors focusing on the same product attribute in positioning their offerings.

Perceptual mapping is a constructing a map-like diagram representing consumers' perceptions of competing brands along relevant product attributes. Perceptual maps show marketers: (1) how consumers perceive their brand in relation to competition; (2) determine the direction for altering undesirable consumers' perception of their brands; and (3) find gaps, in the form of "un-owned" perceptual positions that represent opportunities for developing new brands or products.

CHAPTER OUTLINE

INTRODUCTION

1. **Market segmentation** is the process of dividing a market into distinct subsets with common needs and characteristics that are different from those shared by other groups.
2. **Targeting** consists of selecting the segments that the company views as prospective customers and pursuing them.
3. **Positioning** is the process by which a company creates a distinct image and identity for its products, services and brands in consumers' minds.

> *******Use Discussion Questions #2.1 and #2.2 Here;** *Use Key Terms* **market segmentation, targeting, and positioning** *Here; Use Figure #2.1 Here******

Market Segmentation and Effective Targeting

1. Segmentation and targeting enable producers to avoid head-on competition in the marketplace by differentiating their offerings on the basis of such features as price, styling, packaging, promotional appeal, method of distribution, and level of service.
2. This approach is generally more profitable.
3. Services also segment their markets and target different offerings to different market segments.
4. Marketers use segmentation research to identify the most appropriate media in which to place advertisements.

> **********Use Learning Objective #2.1 Here; Use Table 2.1 Here********

5. Criteria for Effective Targeting: To be an effective target, a market segment should be: identifiable, sizeable, stable or growing, accessible, and congruent with the marketer's objectives and resources.
   a) Identifiable: If segments are separated by common or shared needs or characteristics that are relevant to the product or service, a marketer must be able to identify these characteristics. Some segmentation variables such as demographics are easy to identify, while others such as benefits sought, more difficult.
   b) Sizeable: In order to be a viable market, a segment must consist of enough consumers to make targeting it profitable.
   c) Stable and Growing: Marketers prefer segments that are stable in terms of lifestyles and consumption patterns and that are likely to grown larger and more viable in the future.
   d) Reachable: To be targeted, a segment must be accessible, which means that marketers must be able to reach that market segment in an economical way.
   e) Congruent with the Company's Objectives and Resources: Not every company is interested or has the means to reach every market segment, even if that segment meets the four preceding criteria.

6. Applying the Criteria: Perry & Swift, and investment management firm, used 2011 P$YCLE Segments.

Bases for Segmentation

1. Characteristics used for segmentation can generally be classified into two types: behavioral and cognitive.
   a. **Behavioral data** is evidence-based and can be determined from direct questioning.
      i. *Consumer-intrinsic factors* include age, gender, marital status, income and education
      ii. *Consumption-based factors* include quantity of product purchased, frequency of leisure activities, or frequency of buying a given product
   b. **Cognitive factors** are abstracts reside in the consumer's mind, do not have universal definitions, and can only be determined via psychological and attitudinal questioning.
      i. *Consumer-intrinsic factors* include personality traits, cultural values, and attitudes towards politics and social issues
      ii. *Consumption-based factors* include attitudes and preferences, such as benefits sought from products and attitudes regarding shopping

2. **Demographic segmentation** divides consumers according to age, gender, ethnicity, income and wealth, occupation, marital status, household type and size, and geographic location.
   a. The core of almost all segmentations is demographics because:
      i. Demographics are the easiest and most logical way to classify people and can be measured more precisely than other segmentation bases.
      ii. Demographics offer the most cost-effective way to locate and reach specific segments because most of the secondary data compiled about any population stems from demographics.
      iii. Demographics enable marketers to identify business opportunities in the form of shifts in age, income distribution, and populations of various regions.
      iv. Many consumption behaviors, attitudes, and media exposure patterns are directly related to demographics.

b. *Age*: product needs often vary with consumers' age, and marketers commonly target age groups.
c. *Gender* is a factual distinguishing segmentation variable, and many products and services are inherently designed for either males or females. However, sex roles have become blurred.
d. *Families and Households:* segmentation is based on the premise that many families pass through similar phases in their formation, growth, and final dissolution. At each phase, the family unit needs different products and services.
    i. **Family life cycle** is a classification stemming from factual variables including marital status, employment status, and the presence or absence of children in the household.
    ii. Each stage in the traditional family life cycle represents an important target segment to many marketers.

*****Use Key Term family life cycle *Here******

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e. *Social class* can indicate an ability or inability to pay for a product model or brand, and consumers of different social classes vary in terms of values, product preferences and buying habits.
    i. Income is combined with other demographic variables to define target markets.
    ii. Income, education, and occupation tend to be closely correlated.
    iii. Social class can be measured as a weighted index of education, occupation and income
f. *Ethnicity*: Marketers segment some populations on the basis of cultural heritage and ethnicity due to shared values, beliefs, and customs. African Americans, Hispanic Americans and Asian Americans are important subcultural market segments in the U.S.

3. **Geodemographics**: Where a person lives determines some aspects of consumption behavior, so marketers frequently use geodemographics, a hybrid segmentation scheme based on the premise that people who live close to one another are likely to have similar financial means, tastes, preferences, lifestyles, and consumption habits, in strategic targeting.
    a. The primary commercial application of this technique is **PRIZM**, offered by Nielsen's MyBestSegments. This system uses the ZIP + 4 postal system to classify all of the nation's households into 66 segments.
    b. Nielsen also uses P$YCLE (based on household wealth) and ConneXions (based on household receptivity to new technologies.

***** Use Review and Discussion Question #2.9 Here; Use Table #2.3 Here; Use Key Term geodemographics *Here******

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4. Green Consumers: Ecologically-minded consumers have been segmented in several ways.

a. One study identified three types of green consumers: Environmental activists, Organic eaters, and Economizers.
b. Another study identified four types of green consumers: True Greens, Donor Greens, Learning Greens, and Non-Greens.
c. Another study divided consumers according to a spectrum of green, where the darkest greens were willing to pay a premium for eco-friendly products to reduce global warming, while the lightest greens were mostly concerned about saving money on energy bills, not saving the planet. (Table 2.4 describes five segments along the spectrum.)

*****Use Table #2.4 Here *****

5. *Personality traits* shape attitudes and consumption behavior.
   a. Psychographic factors often overlap with personality traits.
   b. Personality tests – which are generally in the form of questions or statements presented to the respondent – can be used by researchers to determine one's personality and use it in segmentation.
   c. Consumers who are open-minded and perceive less risk than others in trying new things are likely to be **innovators**.
   d. Table 2.5 includes descriptions of three groups of online shoppers segmented by personality traits and attitudes about buying online.

*****Use Table #2.5 Here; Use Key Term* **innovators** *Here *****

6. *Lifestyles*, also known as **psychographics**, consist of *activities, interests, and opinions (AIOS).*
   a. The interests and opinions portions are cognitive constructs, which can be measured via surveys but are not evidence-based.
   b. A psychographic study includes a battery of statements selected from a psychographic inventory and usually accompanied by Likert scales on which respondents are asked to indicate their level of agreement or disagreement with each statement (Table 2.6)
   c. Because of their versatility, psychographics are widely used in segmentation and are part of almost any hybrid segmentation framework.
   d. **VALS** (an acronym for "values and lifestyles") is the most popular segmentation system combining lifestyles and values.
   e. VALS focuses explicitly on explaining consumer purchasing behavior.
      i. VALS includes three primary motivations: ideals motivated, achievement motivated and self-expression motivated.
      ii. VALS also reflects a continuum in terms of resources and innovativeness (Figure 2.5)

7. **Benefit segmentation** is based on the benefits consumers seek from products and services.
    a. Many believe benefits sought are the core of all segmentation strategies.
    b. Sought benefits represent unfilled consumer needs whereas buyers' perceptions that a given brand delivers a unique and prominent benefit result in loyalty to the brand.

8. *Media-based segmentation* considers the benefits consumers seek from adopting communication tools.

9. **Usage rate segmentation** stems from differences among heavy, medium and light users, and nonusers of a specific product, service, or brand.
    a. Marketers have found that within some product categories that a relatively small group of heavy users account for a disproportionately large percentage of total product usage.
    b. Targeting heavy users is a common marketing strategy, and it can be more profitable than targeting other user categories.
    c. However, since all competitors are likely to target the same heavy users, trying to attract these buyers requires a lot of expensive advertising.
    d. Some marketers prefer to target light and medium users with products that are distinct from those preferred by heavy users.
    e. A sophisticated approach to usage rate involves identifying the factors that directly impact the usage behavior.
    f. Understanding nonusers is essential.
    g. Consumers can also be segmented in terms of their **awareness status** and also **level of involvement**.
    h. **Product involvement** is also a segmentation factor.
10. The occasion or situation often determines what consumers will purchase or consume, so marketers sometimes use **usage situation segmentation**. Many products are promoted for special usage occasions.

Behavioral Targeting

1. **Behavioral targeting** consists of sending consumers personalized and prompt offers and promotional messages designed to reach the right consumers and deliver to them highly relevant messages at the right time and more accurately than when using conventional segmentation techniques.
    a. Tracking Online Navigation Includes:
        i. Recording the websites that consumers visit.
        ii. Measuring consumers' levels of engagement with the sites (i.e., which pages they look at, the length of their visits, and how often they return).
        iii. Recording the visitors' lifestyles and personalities (derived from the contents of consumers' blogs, tweets, and Facebook profiles).
        iv. Keeping track of consumer' purchases, almost purchases (i.e., abandoned shopping carts), and returns or exchanges.
    b. Geographic location and mobile targeting have been used effectively due to the prevalence of smartphones and GPS devices.
2. Marketers are using **predictive analytics**: measures that predict consumers' future purchases on the bases of past buying information and other data, and also evaluate the impact of personalized promotions stemming from the predictions.

*****Use Learning Objective 2.3 Here; Use Review and Discussion Questions #2.10, 2.11 and 2.17 Here; Use Figure 2.8 Here; Use Key Terms** behavioral targeting and predictive analytics *Here *****

Positioning and Repositioning

1. **Positioning** is the process by which a company creates a distinct image for its products, services or brands in consumers' minds.
2. Marketers have to persuade their target audiences to choose their products vs. competitive products.
3. The positioning process includes the following steps:
    a. Defining the market in which the product or brand competes, who the relevant buyers are, and the offering's competition.
    b. Identifying the product's key attributes and researching consumers' perception regarding each of the relevant attributes.
    c. Researching how consumers perceive the competing offerings on the relevant attributes.
    d. Determining the target market's preferred combination of attributes.
    e. Developing a distinctive, differentiating, and value-based positioning concept that communicates the applicable attributes as benefits.
    f. Creating a positioning statement focused on the benefits and value that the product provides and using it to communicate with the target audiences.
4. Positioning is especially difficult among commodities, where the physical characteristics of all the brands are identical, such as water. Nevertheless, marketers offer many brands of

mineral water that range in price and are positioned differently. Table 2.12 describes the positioning claims, unique benefits, and prices of several brands of bottled water.

*****Use Learning Objective 2.4 Here; Use Review and Discussion Question #2.12 Here; Use Table 2.12 Here; Use Key Term positioning Here *****

5. **Umbrella positioning** is a statement or slogan that describes the universal benefit of the company's offering. At times, this statement does not refer to specific products. (Figure 2.9)
6. Premier positioning focuses on the brand's exclusivity.
7. Positioning against the competition acknowledges competing brands. (Figure 2.10)
8. Key attribute positioning is based on a brand's superiority on relevant attributes. (Figure 2.11)
9. Un-owned positioning is when a position is not associated with a product from the category. (Figure 2.12)

***** Use Review and Discussion Questions #2.13 and 2.14 Here; Use Figures 2.9 – 2.12 Here; Use Key Term umbrella positioning Here *****

10. **Repositioning** is the process by which a company strategically changes the distinct image and identity that its product or brand occupies in consumers' minds.
    a. Companies do so when consumers get used to the original positioning and it no longer stands out in their minds.
    b. Similarly, when consumers begin to view the old positioning as dull, marketers must freshen up their brands' identities.

***** Use Review and Discussion Question #2.15 Here; Use Table 2.13 Here; Use Key Term repositioning Here *****

11. **Perceptual mapping** is constructing a map-like diagram representing consumers' perceptions of competing brands along relevant product attributes. Perceptual maps show marketers:
    a. How consumers perceive their brand in relation to competition
    b. How to determine the direction for altering undesirable consumer perceptions of their brands
    c. Gaps in the form or un-owned perceptual positions that offer opportunities for developing new brands or products

***** Use Review and Discussion Question #2.16 Here; Use Figure 2.13 Here; Use Key Term perceptual mapping Here *****

REVIEW AND DISCUSSION QUESTIONS

2.1 What is market segmentation? How is the practice of market segmentation related to the marketing concept?

Market segmentation is the process of dividing a potential market into distinct subsets of consumers with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix. Before the widespread adoption of the marketing concept, most companies practiced mass marketing, that is, offering the same product and marketing mix to all consumers. The marketing concept states that a company must determine the needs and wants of specific market segments and satisfy them better than competition. Thus, companies who adopt the marketing concept must segment their markets and develop products or services targeting different consumer groups. For example, Marriott operates Fairfield Inns (short stay) and Residence Inns (apartment-like accommodations for extended stays) for the value- or budget-oriented traveler, Courtyard for the price-conscious businessperson, Marriott Hotel for full-service business travelers, Marriott Resorts for leisure and vacation guests, and Marriott Senior Living environments for elderly people.

Individual, Easy, 3-5 minutes
Objective 2.1: Understand the interrelationships among market segmentation, targeting and positioning and how to select the best target markets
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Reflective thinking

2.2 How are market segmentation, targeting, and positioning interrelated? Illustrate how these three concepts can be used to develop a marketing strategy for a product of your choice.

Market segmentation consists of subdividing the market into homogeneous clusters, and it is the first step in a three-phase market strategy. After segmenting the market, the marketer must select one or more segments to target (**targeting**) with a specific marketing mix. The third step is to position (**positioning**) the product so that it is perceived by the target market to satisfy its needs better than other competitive offerings. For example, a toothpaste manufacturer can segment the market according to the benefits that consumers look for in the product. The firm may select one segment, such as those consumers who are primarily concerned with plaque prevention, as its target market. Then, the company must position the product so that it is perceived as providing better plaque prevention than other toothpaste brands on the market.

Individual, Moderate, 5-7 minutes
Objective 2.1: Understand the interrelationships among market segmentation, targeting and positioning and how to select the best target markets
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices

AACSB: Analytical thinking

2.3 Apply the five criteria for effective targeting to marketing a product of your choice to college students.

To be an effective target, a market segment should be: 1) identifiable, 2) sizable, 3) stable or growing, 4) accessible (reachable), and (5) congruent with the marketer's objectives and resources. Marketing credit cards to college students provides a good illustration of utilizing the five criteria. Thus, a bank offering its credit card to students has apparently identified a common need for the service among students, determined that there is a sufficient number of consumers in this segment to make it profitable for the company, that the segment is stable (i.e., not fickle, eager to buy, and able to spend), that it is accessible (i.e., can be reached in an economical way) and that the product and service is congruent with the bank's objectives and resources to serve the market.

Individual, Moderate, 5-7 minutes
Objective 2.1: Understand the interrelationships among market segmentation, targeting and positioning and how to select the best target markets
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Application of knowledge

2.4 Discuss the advantages and disadvantages of using demographics as a basis for segmentation. Can demographics and psychographics be used together to segment markets? Illustrate your answer with a specific example.

Demographic information is the most accessible and cost effective way to identify a target market. Demographics are easier to measure than other segmentation variables. Most secondary data (e.g., census data) are expressed in demographic terms and most media develop demographic profiles of their audiences. Also, demographic trends reveal shifts in age and income that signal business opportunities for marketers. Demographics, however, tend to be one-dimensional because it provides information on the potential for usage but not on why a particular brand is used or exactly who uses it. Thus, demographics help locate a target market, although psychological and sociocultural characteristics help describe who its members are, how they think, feel, and behave.

Individual, Moderate, 7-10 minutes
Objective 2.2: Understand the bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Reflective thinking; Analytical thinking; Application of knowledge

2.5 Select at least two segmentation bases that should be used jointly to segment the market for each of the following products and explain your choices: (1) men's denim pants; (2) women's cocktail dresses; (3) hybrid cars; (4) e-readers.

Student responses will vary. The bases of segmentation may include demographics, geodemographics, "green"-ness, personality traits, psychographics/lifestyles, benefits, media usage, usage rate, and usage occasion.

Individual, Moderate, 10-15 minutes
Objective 2.2: Understand the bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Application of knowledge

2.6 Some marketers consider benefit segmentation as the segmentation approach most consistent with the marketing concept. Do you agree or disagree with this view? Why?

Benefit segmentation is built upon the premise that consumers are basically purchasing needs, wants, and satisfactions. Thus, it is entirely consistent with the marketing concept. **Benefit segmentation** allows marketers to position various brands within the same product category by stressing those benefits/desired satisfactions appropriate to each segment served. For example, in the toothpaste market, Close-up is marketed by using a social appeal that stresses bright teeth and is targeted to young people; Aim is targeted to parents as a good tasting toothpaste that will encourage children to brush longer; Viadent is targeted to adults as a means to remove tartar (cosmetic benefit) and plaque (health benefit).

Individual, Easy, 3-5 minutes
Objective 2.2: Understand the bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Reflective thinking

2.7 Regent Seven Seas Cruises and Royal Caribbean International are two companies in the vacation and travel industry. After looking at their websites, describe the kind of consumers that each company is seeking to attract. Also, describe how either company can use demographics and psychographics to identify TV shows and magazines in which to place its advertisements.

Regent Seven Seas Cruises is owned by Prestige Cruise Holdings. According to their web site, Prestige is the market leader in the Upper Premium and Luxury segments of the cruise industry. The company is trying to attract wealthy, upscale consumers who can afford luxury and personalized cruise itineraries. Royal Caribbean makes it clear that their cruises are for everyone, from families, couples, family reunions to corporate events. Royal Caribbean

offers activities that range from "mild to wild." Obviously, both companies rely on demographics in segmenting their markets. Within each of the demographic groups listed above, the companies should identify additional socioeconomic factors (i.e., income, education, occupation) of consumers to whom their cruises may appeal. Both companies should identify the psychographics of consumers in the different segments, combine demographics and psychographics, and create several profiles of its likely customers. Then, both Regent Seven Seas Cruises and Royal Caribbean International should identify TV shows and magazines that have "audience profiles" matching its customers' profiles, and place its advertisements in such media.

Individual, Moderate, 7-10 minutes
Objective 2.2: Understand the bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Application of knowledge

2.8 How can a marketer for a chain of health clubs use the VALS™ segmentation profiles to develop an advertising campaign? Which segments should be targeted? How should the health club be positioned to each of these segments?

The best prospects (note that opinions on the following may vary) for health clubs appear to be the *Actualizers* and *Achievers* because members of these groups are interested in growth, control of their lives, self-discovery, and self-expression. Many of them are probably already involved in some form of physical activity; however, a health club that is positioned as, say, "for people who are in the best shape they have ever been in but still aren't satisfied" will appeal to them. The health club should be portrayed as a mechanism which will help these people control an additional aspect of their lives—their health and physical well-being—through exercise. Normally, the *Experiencers* and *Makers* are not good prospects for a health club because they are interested in outdoor sports and recreation. If, however, seasonal weather prevents such endeavors, the health club could be presented as an alternative. The *Believers* are probably too set in their ways to join a health club, and the *Strivers* and *Strugglers* do not have the financial resources to join one. The *Fulfilled* represent a good target market because they are mature, educated, and financially secure individuals who might want to broaden their horizons. To them, the health club should be positioned as a new, highly fulfilling, and beneficial experience; value should be stressed in the promotion because these consumers are practical and concerned with the functionality of their purchases.

Individual or Group, Moderate, 7-10 minutes
Objective 2.2: Understand the bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Application of knowledge

2.9 Using one of the frameworks described in Table 2.3, find at least two suitable segments for one of the following products: (1) SUVs; (2) financial retirement plans; or (3) LED TVs. Using Nielsen's online Zip Code Look-Up, identify the closest location of consumer clusters belonging to these segments to your home. Describe the segments you chose and why, and the locations you looked up.

Student responses will vary. When students describe the segments, they should make sure they are discussing issues related to both demographics and behaviors. Look for the responses to include why they selected the segments.

Individual, Moderate, 10-15 minutes, Out of class
Objective 2.2: Understand the bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Application of knowledge; Information technology

2.10 Explain how marketers can use each of the following into data predictive analytics: (1) the websites consumers visit; (2) consumers' levels of engagement with visited websites (i.e. the pages viewed, lengths of visits, return to site frequency); (3) visitors' interests, lifestyles and personalities e.g. from the contents of their blogs, twits and Facebook profiles; (4) visitors' purchases, almost purchases and abandoned carts, and product returns and exchanges.

Predictive analytics are measures that predict consumers' future purchases on the bases of past buying information and other data, and also evaluate the impact of personalized promotions stemming from the predictions. Recording the websites that consumers visit, measuring consumers' levels of engagement with the sites (i.e., which pages they look at, the length of their visits, and how often they return), recording the visitors' lifestyles and personalities (derived from the contents of consumers' blogs, tweets, and Facebook profiles), and keeping track of consumer' purchases, almost purchases (i.e., abandoned shopping carts), and returns or exchanges can be used in models and turned into measures that predict future behavior that are useful for segmenting and developing strategies.

Individual, Easy, 5-7 minutes
Objective 2.3: Understand behavioral targeting and its key role in today's marketing
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Information technology

2.11 How would you segment the market of consumers who would like to order Oakley sunglasses online? Explain your answer.

Responses will vary, but students should consider the bases for segmentation (demographics, geodemographics, "green"-ness, personality traits, psychographics/lifestyles, benefits, media

usage, usage rate, and usage occasion) and the information referenced in 2.10 that is used to gain insights online ((1) the websites consumers visit; (2) consumers' levels of engagement with visited websites (i.e. the pages viewed, lengths of visits, return to site frequency); (3) visitors' interests, lifestyles and personalities e.g. from the contents of their blogs, twits and Facebook profiles; (4) visitors' purchases, almost purchases and abandoned carts, and product returns and exchanges).

Individual, Moderate, 5-7 minutes
Objective 2.2: Understand the bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors
Objective 2.3: Understand behavioral targeting and its key role in today's marketing
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Information technology; Application of knowledge

2.12   Describe the stages in the positioning process and apply them to positioning a product of your choice.

The positioning process includes the following steps:
1. Defining the market in which the product or brand competes, who the relevant buyers are, and the offering's competition.
2. Identifying the product's key attributes and researching consumers' perception regarding each of the relevant attributes.
3. Researching how consumers perceive the competing offerings on the relevant attributes.
4. Determining the target market's preferred combination of attributes.
5. Developing a distinctive, differentiating, and value-based positioning concept that communicates the applicable attributes as benefits.
6. Creating a positioning statement focused on the benefits and value that the product provides and using it to communicate with the target audiences.
Students may select from a tremendous number of products. Look for each of the six steps in the process to be covered in the description.

Individual, Moderate, 10-15 minutes
Objective 2.4: Understand how to position, differentiate and reposition products
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Application of knowledge

2.13   How is the understanding of consumers' perceptions of a product's attributes used to position a brand within that product category?

Key attribute positioning is based on a brand's superiority on relevant attributes. Believing that consumers use brands to express their identities, some marketers have repositioned their products from focusing on functional attributes to focusing on how the products fit into a consumer's lifestyle.

Individual, Easy, 3-5 minutes
Objective 2.4: Understand how to position, differentiate and reposition products
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Reflective thinking

2.14   What is the relationship between benefit segmentation and positioning?

Benefit segmentation is based on the benefits that consumers seek from products and services. The benefits that consumers look for represent unfilled needs, whereas buyers' perceptions that a given brand delivers a unique and prominent benefit result in loyalty to that brand. Positioning is the process by which a company creates a distinct image and identity for its products, services, or brands in consumers' minds. The image and unique identity are called a "position." The position, which is intangible and exists only in the consumer's mind, represents how marketers want consumers to *perceive* products and brands. The result of effective positioning is a unique perception of the product in consumers' minds relative to competing offerings. If that unique position is based on an ability to deliver benefits sought in a superior way, the product is likely to have greater success.

Individual, Easy, 3-5 minutes
Objective 2.4: Understand how to position, differentiate and reposition products
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Reflective thinking

2.15   Why do marketers have to reposition their brands? Illustrate with examples.

Repositioning is the process by which a company strategically changes the distinct image and identity that its product or brand occupies in consumers' minds. Companies do so when consumers get used to the original positioning and it no longer stands out in their minds. Similarly, when consumers begin to view the old positioning as dull, marketers must freshen up their brands' identities. Examples are included in Table 2.13, or students may come up with their own.

Individual, Moderate, 7-10 minutes
Objective 2.4: Understand how to position, differentiate and reposition products
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Reflective thinking; Application of knowledge

2.16   What are perceptual maps and how are they used in positioning brands within the same product category? Illustrate your answer with the chapter's discussion of eye drops and toothpaste.

Perceptual mapping is constructing a map-like diagram representing consumers' perceptions of competing brands along relevant product attributes. Perceptual maps show marketers:
1. How consumers perceive their brand in relation to competition.
2. How to determine the direction for altering undesirable consumer perception of their brands.
3. Gaps, in the form of un-owned perceptual positions, that represent opportunities for developing new brands or products.
The aim of perceptual mapping is to develop repositioning strategies and fine-tune the images (i.e., consumers' perceptions) of products and services. The marketers of Crest and Visine studied customers and discovered which attributes (or their combinations) represent benefits that consumers seek from such products. By offering product versions that provide distinct benefits and filling as many positions as possible, the makers of Visine and Crest made it virtually impossible for other companies to penetrate their respective markets.

Individual, Moderate, 10-15 minutes
Objective 2.4: Understand how to position, differentiate and reposition products
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Reflective thinking; Application of knowledge

2.17   Describe the relationship between behavioral targeting and predictive analytics.

Behavioral targeting consists of sending consumers personalized and prompt offers and promotional messages based on marketers' tracking of one or more of the following factors: online navigation, current geographic location, and purchase behavior. The idea is to reach the right customers at the right time. Predictive analytics are methods for predicting consumers' future purchases on the bases of past buying information and other data, and evaluating the impact of personalized promotions stemming from the predictions. Collecting the right data and analyzing it strategically are essential to effective behavioral targeting.

Individual, Moderate, 5-7 minutes
Objective 2.3: Understand behavioral targeting and its key role in today's marketing
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Information technology; Analytical thinking

HANDS-ON ASSIGNMENTS

2.18 Select a product and brand that you use frequently and list the benefits you receive from using it. Without disclosing your list, ask a fellow student who uses a different brand in this product category (preferably, a friend of the opposite sex) to make a similar list for his or her brand. Compare the two lists and identify the implications for using benefit segmentation to market the two brands.

Instructor's Discussion
This exercise is designed to illustrate the variability of the benefits that consumers seek in the same product and that knowledge of desired benefits can be used to position different brands within the same product category. This project can also be done between small teams or groups. If time is a problem, select the individuals or small groups that seem to have performed the exercise the best and have the student's present results to class as a whole.

Group, Moderate, 20-25 minutes
Objective 2.2: Understand the bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Application of knowledge

2.19 Does your lifestyle differ significantly from your parents' lifestyle? If so, how are the two lifestyles different? What factors cause these differences?

Instructor's Discussion
This is an interesting way to illustrate similarities and differences between the activities, interests, and opinions of two distinct groups, as the factors that determine one's lifestyle. With respect to presenting or discussing the results (if time is a problem), select the individuals that seem to have performed the exercise the best and have the students present results to class as a whole. Be sure to probe students as to mechanisms used to determine their parents (and their own) lifestyles. How could marketers use this information?

Individual, Moderate, 20-25 minutes
Objective 2.2: Understand the bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Analytical thinking; Application of knowledge

2.20 Visit two web sites that you are familiar with and write down every click that you make, and the patterns and time periods corresponding to your surfing. Then, describe how a marketer—of a product of your choice—who had tracked your web visits to the sites, can use the observation of your surfing in designing a customized advertising message directed at you.

Instructor's Discussion
The answers to this question will be personal to each student. However, you should expect to read comments suggesting the advertiser might achieve a greater awareness of the web surfer's values, income, lifestyle, lifecycle, occupation, education level and so on. All of these variables help the advertiser deliver a customized message to the surfer.

Individual, Easy, 5-7 minutes
Objective 2.3: Understand behavioral targeting and its key role in today's marketing
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Information technology

2.21 The owners of a local health-food restaurant have asked you to prepare a psychographic profile of families living in the community surrounding the restaurant's location. Construct a 10-question psychographic inventory appropriate for segmenting families on the basis of their dining-out preferences.

Instructor's Discussion
The psychographic items developed by the students can fall into any of a large number of dining-out and meal-related categories (price consciousness, food venturesomeness, social dimensions of eating, home-orientation, etc.). The instructor should maintain an inventory of student responses to this question and use them to demonstrate good and bad psychographic statements when this exercise is discussed.

Individual, Moderate, 20-25 minutes
Objective 2.2: Understand the bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Application of knowledge

2.22 Find three print advertisements directed at one clusters of the three frameworks listed in Table 2.3: PRIZM, P$YCLE and ConneXions. Explain your choices.

Instructor's Discussion
As students consider the effectiveness of each ad, the discussion should focus on the following issues: When discussing the ad based on a PRIZM cluster, students should make sure they are discussing issues related to both demographics and behaviors. .PRIZM classifies the nation's households into one of 66 segments. ACXIOM consists of seventy segments that are classified into twenty-one life stage groups.

Individual, Moderate, 20-25 minutes
Objective 2.2: Understand the bases used to segment consumers, including demographics, psychographics, product benefits sought and product usage-related factors
Learning Outcome 1: Define consumer behavior and describe its influence on marketing practices
AACSB: Application of knowledge

S.T.A.R. PROJECTS

Ethical Issues in Consumer Behavior

S.T.A.R. Project #1
One of the best and easiest ways to segment a market is on the basis of age. As marketers have discovered, however, this is a form of segmentation that can become a very sticky proposition. Consider the number of marketing efforts directed toward the elderly. In this case, marketers must be aware that, even though they are dealing with experienced consumers, this segment is considered to be susceptible to deceptive marketing practices. A dilemma exists—how to aggressively market to a segment that often has substantial income without taking advantage of the segment's vulnerability? Visit the American Association of Retired Persons (AARP) Web site at www.aarp.org for information and guidance in accomplishing the following assignment:
   a. Construct a list of five (5) ethical taboos that a marketer should avoid when marketing to this market segment. Explain the taboos.
   b. Find an illustration of a company that you believe markets to the elderly in an ethical manner. Discuss why you picked the company and why you consider its practices to be ethical.

Instructor's Discussion
Students will be able to observe a variety of issues that impact and affect the elderly market segment via the AARP Web site. To begin a discussion of taboos, consider the following propositions—thou shall not steal, thou shall not harm, thou shall inform, thou shall not deceive, and thou shall not pressure. From this simple list, students should be able to create and construct a list of ethical don'ts. Be sure the students consider the Internet when constructing their list.

Students are free to select any company they wish for excellent elderly business practices. A good illustration to begin with would be McDonald's. This company often designates special discounts and coffee times for seniors.

S.T.A.R. Project #2
Few subjects are as controversial in the United States today as gun control. Given the violence in our society, the number of incidents in which guns are weapons of destruction, and the growing void between those that demand the right to own guns and those that want all guns destroyed, the National Rifle Association is at the center of a whirlwind of controversy. The NRA (see www.nra.org) has been singled out as an organization that is either a defender of the Constitution or evil (depending on one's point of view). Ethical situation—assuming that you have been given the task of evaluating a request from the NRA to sponsor a local civic event in your area (for example, a 10K run benefiting cancer patients), conduct the following activities:
   a. What evidence do you find on the NRA Web site that it is concerned about public welfare?
   b. What evidence do you find on the Web site that the NRA is an effective marketer?
   c. What ethical issues might be present should the NRA request to sponsor your civic event be granted? How would you deal with these issues?
   d. What market segments would be impacted by your evaluation of the NRA request?

e. What would you personally do in this illustration? Explain why?

Instructor's Discussion
This is a controversial assignment that is designed to get students to think about an issue from several perspectives. Certainly the amount of violence (and the use of guns with respect to this violence) will temper decisions and comments in this area. If students learn to deal with difficult issues now, however, they will be better prepared to address difficult issues in the future. No one can disagree that this organization is an effective marketer to a select group of people. Students can learn about this particular market segment by examining the opening page of the Web site and the various folders present. The ethical dilemma is more difficult to deal with. The NRA has deep pockets and many civic projects might need this support. Some will feel uncomfortable accepting the support. Is acceptance any different, however, than accepting support from cigarette, alcohol, or other controversial product manufacturers? That is the real issue to be discussed. Please feel free to change this assignment to fit circumstances and preferences. Please be forewarned that this assignment may not be for everyone.

Small Group Projects

S.T.A.R. Project #3
One of the hardest assignments for a marketing manager is how to reinvigorate a brand that has been around for a long time. Time-tested brands have met the needs of their consumers but often forget to keep pace with changes in the marketplace and new market segments that are constantly forming. One such time-tested brand is Rit Dye (see www.ritdye.com). Your group's assignment is to learn about Rit Dye and propose a new segmentation strategy for the organization that would boost sales. Consider existing segments and look for new ones. Be sure to justify your ideas. Visit the company's Web site to learn tips about of dyeing, view project suggestions, learn about color formulas and watch video tutorials in the Rit Studio. Write a short report about your experience and your segmentation strategy for the company.

Instructor's Discussion

Rit Dye has been an excellent marketer through the years and has provided products that have met a real need. When, however, is the last time you dyed something? That is the crux of Rit Dye's problem. Have students examine how the brand is used today and how its use might be expanded in the future. Notice the segments on the Web page devoted to tie-dyeing (yes, the same tie-dyeing that was done in the Flower Power '60s). This might give students a clue as to potential segments for the future.

S.T.A.R. Project #4
Given the business challenges of the last few years, companies must always look for new ways to retain customers and enhance the value experience brought to them. One company that has specialized in this art is Carnival Cruise Lines. Carnival has learned how to target potential customers, provide fun and excitement for current customers, and bring loyal customers back again and again. Personal attention, e-mail reminders, and an interactive Web site have aided the company in building and maintaining relationships with customers. Your group's assignment is

to construct a segmentation profile of Carnival's first time customers, current customers, and past customers. Though information specifics will be beyond your grasp, general information about these groups can be obtained via the company's Web site (see www.carnival.com). Your profiles should consider age, income, lifestyle, and other variables found in the chapter. Be creative (or contact a travel agent). Present your profiles to the class. How did your group's profiles match those of other groups? Based on your profiles, comment on any new perceived opportunities for Carnival based on your segmentation work.

Instructor's Discussion

The Carnival Web site provides a wealth of information about itself and its customers. Some of the information is straightforward and some must be presumed. Students are encouraged to create with this exercise. The experience will aid them in understanding how to use different bases of segmentation and construct segmentation profiles. This exercise can also be a springboard to the lifestyle information presented in the chapter.