

6.5: Exercises

Tie it All Together

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

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

USE WHAT YOU'VE LEARNED

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

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

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

2. Have you had Vitamin Water today? If you have, you're part of an increasing number of people that have tried Glacéau's unique "hydration" product. Vitamin Water (along with other Glacéau products such as Smart Water, Vitamin Energy, and Fruit Water) appears in an increasing number of outlets. Part of the reason for increased attention around Glacéau products is that they were purchased by the Coca-Cola Company in 2007. Coke's marketing, advertising, and distribution muscle is being used to bring such products as Vitamin Water to the attention of the consuming public.

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

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

DIGITAL NATIVES

As indicated in the chapter, one of the ways to conduct psychographic segmentation research is to use SRI International's VALS2™ to create and group market segments. According to SRI International, "VALS reflects a real-world pattern that explains the relationship between personality traits and consumer behavior. VALS uses psychology to analyze the dynamic underlying consumer behavior preferences and choices.

Your assignment is to take the VALS™ survey <http://www.strategicbusinessinsights.com/vals/presurvey.shtml>. Once you have completed the survey, print the detailed summary results that will categorize you into two of the eight VALS2™ categories. Review the summary provided to you and the VALS2™ Segments list described on the Web site. Do you agree with the VALS2™ assessment? Explain. Given the information you have reviewed, write three advertising themes that might be used to reach you (and others like you) based on your VALS2™ categories. Compare your thoughts and ideas to others in the course in the Discussion Forum.

AD-VICE

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

ETHICAL DILEMMA

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

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

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