Part 2 concentrates on the central theme of the text—planning the marketing communications effort.

Chapter 3 provides the foundation for marketing communications planning, presenting the important concepts of consumer behaviour, market segmentation and target marketing, and positioning.

Chapter 4 describes the elements of strategic planning and presents the content and structure of marketing plans and marketing communications plans. It establishes the relationships among these plans and provides an appreciation of the role and importance of planning in the development of all forms of marketing communications.
CHAPTER 3

Consumer Behaviour Concepts and Target Marketing
Learning Objectives

After studying this chapter, you will be able to

1. Explain how consumer behaviour concepts influence the development of marketing communications strategies
2. Assess the information needed to identify and select target markets
3. Distinguish between demographic, psychographic, geographic, and behaviour-response segmentation variables
4. Explain the influence of relationship marketing concepts on marketing communications strategies
5. Explain the concept of positioning and its role in developing marketing communications strategies

This chapter discusses concepts that are important to the planning of advertising and marketing communications programs. The development of an effective advertising strategy relies heavily on an understanding of basic consumer behaviour. Uncovering what makes a particular customer group tick provides direction on what appeal techniques will grab an audience’s attention. It may also provide insights into what media are best suited for reaching a group of customers. Organizations must identify profitable target markets by analyzing demographic trends, psychographic characteristics, and geographic or regional differences. The result of such an analysis is a clear description of a target market that is worth pursuing. The chapter ends with a discussion of a variety of product-positioning strategies.

Consumer Buying Behaviour

Consumer buying behaviour can be defined as “the process by which individuals search for, select, purchase, use, and dispose of goods and services, in satisfaction of their needs and wants.” A firm understanding of how behavioural tendencies apply to purchase decisions is of significant benefit to the marketing organization. Consequently, leading marketing organizations spend a considerable amount of money on marketing research in order to learn as much as they can about their customers, and perhaps get an edge on the competition in the process.

From a purely competitive perspective, marketers must have access to data concerning consumers’ buying habits and which kinds of media consumers favour, in order to develop more convincing communications programs that stimulate response by the target market. The purpose of most research boils down to obtaining answers to a few key questions:

- Who makes the buying decision?
- Who influences the buying decision?
- What motivates the buyers and people of influence to take action?
Answers to these questions will provide valuable input for developing a marketing strategy and a marketing communications strategy. To illustrate, consider the time people now spend online researching product information. They gather considerable information, and when they arrive at a retail location, whether bricks and mortar or e-store, they know what they want to buy. Further, media consumption habits are shifting toward more digital consumption. A recent study conducted on purchases of electronics made online revealed that 48 percent of all purchases were heavily influenced by digital media and advertising. The primary tools that individuals in the study referred to were search advertising and retail and brand websites. Social media resources were in the mix but were a less important influence. Let’s consider the key influences on consumer behaviour.

**NEEDS AND MOTIVES**

**Needs** suggest a state of deprivation—the absence of something useful. **Motives** are the conditions that prompt the action that is taken to satisfy the need (the action elicited by marketing and advertising activity). The relationship between needs and motives is direct with respect to marketing and advertising activity. Such activity must sufficiently develop the target market’s need—through an appealing presentation of appropriate benefits—so that the target is motivated to respond by purchasing the product or service.

Maslow’s *hierarchy of needs* and *theory of motivation* have had a significant impact on marketing and advertising strategies. According to Maslow, needs can be classified from lower level to higher level, as shown in Figure 3.1. His theory is based on two prevailing assumptions:

1. When lower-level needs are satisfied, a person moves up to higher-level needs.
2. Satisfied needs do not motivate. Instead, behaviour will be influenced by needs yet to be satisfied.

Maslow states that individuals move through five levels of needs:

- **Physiological needs** hunger, thirst, sex, shelter
- **Safety needs** security, protection, comfort
- **Social needs** sense of belonging, love from family and friends
- **Esteem needs** recognition, achievement, status, to excel
- **Self-actualization needs** fulfillment, to realize potential (achieve what you believe you can achieve)

Numerous advertising examples can be cited to demonstrate advertising applications of Maslow’s need theory. Safety needs are used to motivate people to purchase automobile life insurance, retirement savings plans, and cars. Allstate’s famous advertising slogan, “You’re in good hands with Allstate” appeals to safety needs.

Beauty and personal care products are famous for appealing to social and esteem needs. Having softer skin, shinier hair, whiter teeth, and fresher breath are the hallmark of brands in these product categories. Beauty brands such as Revlon and L’Oréal enhance the benefits of their products by using celebrities (influencers) in their advertisements.

The male grooming industry has exploded in recent years with brands like L’Oréal, Biotherm Homme, Nivea for Men, and Old Spice battling for market share. L’Oréal Men Expert, for example, uses popular male actors in its advertising. Hugh Laurie (the star of *House*, a once-popular television series) extols the merits of L’Oréal’s anti-aging skin cream in commercials and print ads. These ads have strong appeal to middle-aged men who want to look and feel younger.

Esteem needs are addressed in commercials that portray people in successful business roles and occupations; for example, an executive driving an automobile symbolic of success, such as a Cadillac, BMW, or Porsche. Refer to the image in Figure 3.2

PERSONALITY AND SELF-CONCEPT

**Personality** refers to a person’s distinguishing psychological characteristics, those features that lead to relatively consistent and enduring responses to the environment in which that person lives. Personality is influenced by self-perceptions, which in turn are influenced by psychological needs, family, culture, and reference groups. Why do people buy designer-label clothing at high prices and in upscale boutiques when low-priced items performing the same functions are available? Such purchases are based on the images we desire to have of ourselves. To appreciate this principle, one must understand the self-concept theory.

**Self-concept** theory states that the self has four components: real self, self-image, looking-glass self, and ideal self.

- **Real self** is an objective evaluation of the individual. It is you as you really are.
- **Self-image** is how you see yourself. It may not be your real self, but a role you play with yourself.
- **Looking-glass self** is how you think others see you. This view can be very different from how others actually see you.
- **Ideal self** is how you would like to be. It is what you aspire to.

Marketers know that, human nature being what it is, many important decisions are based on the looking-glass self and the ideal self. In other words, many goods and services are bought on the basis of emotion; goods that help us feel better, look better, and
3.2 FIGURE

Cadillac appeals to the esteem level needs of upscale car buyers.

How to Turn Heads in a City Where Everything Is Designed to Turn Heads.

Royalty stroll her gilded streets. Diamonds the size of truffles sparkle on every corner. Her legendary harbor remains the official nesting place of Europe’s most lavish yachts. And yet, even in the midst of this melee of style and opulence, all eyes have always turned to one place: her roads.

Since 1929, the infamous streets of Monaco have been home to the world’s most prestigious course on the Grand Prix Circuit. And what better stage to introduce the all-new Cadillac ATS? Every curve, a seductive challenge. Every straightaway, a chance to unleash the powerful yet silky available 2.0L Turbo engine. Every moment, an opportunity for the uniquely sculpted lines to make a statement to the world’s most discerning audience. This is a city where style and performance have a rich history of blending beautifully. If you can turn heads here, let’s just say you’ve truly accomplished something.

The all-new Cadillac ATS. Setting the standard in every corner on earth.

Cadillac.ca

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The All-New Cadillac ATS. The New Standard of the World.

take us to the next level of fulfillment are very attractive to us. We may not achieve what we want, but there is some psychological satisfaction in having something that represents a higher level of achievement. Consequently, advertisers present messages that appeal to the next level of fulfillment.
As described in the previous section, men are buying grooming products to satisfy social and esteem needs. Such behaviour is influenced by their desire to achieve their ideal self—how they would like to be! Brands such as Gillette, Old Spice, and Biotherm Homme have responded with a range of products and advertising campaigns for a complete range of face scrubs, moisturizers, and cleaning products for men. Yes guys . . . it’s all about image! Refer to the illustration in Figure 3.3.

ATTITUDES AND PERCEPTIONS

Attitudes are an individual’s feelings, favourable or unfavourable, toward an idea or object (the advertised product). Generally speaking, organizations present their products to consumers so that the products agree with the prevailing attitudes of the target audience. Product acceptance then comes more quickly. Companies have found that it is expensive to try to change attitudes.

For example, teens consider themselves to be on the edge of what their parents consider normal; thus, they are attracted to products whose advertising pushes the boundaries. Brands such as Mountain Dew (Do the Dew—style advertising) and Red Bull (Red Bull “gives you wings” advertising) present on-the-edge images that appeal strongly to the youth target market these brands are pursuing. Refer to the image in Figure 3.4.

A more recent trend among advertisers is their pursuit of the lesbian, gay, bisexual, and transgendered market (LGBT). Moving in this direction does present a risk for an organization. Such a move could alienate present customers who do not want to associate with a general shift in attitude about the gay market and gay marketing.

However, organizations are seeking gay customers for a good reason—it’s a huge and largely untapped market. In Canada, this group’s total before-tax income amounts to roughly $98 billion, equal to approximately 7.2% of the GDP. They have 22% more spending power than the average Canadian. That is significant since the group comprises only about 6% of the population. Such figures attract the attention of marketers. Among financial institutions, TD CanadaTrust is ahead of its rivals. In one TD commercial, a gay couple is seen advising a straight couple about the unforeseen costs of
home ownership. The question remains: when will the other banks come out of the closet? Perhaps they see different attitudes in Canadian society. Refer to the image in Figure 3.5 for an example of advertising targeting gay consumers.

**Perception** refers to the manner in which individuals receive and interpret messages. From a marketing perspective, how individual consumers perceive the same product can vary considerably. It is safe to say that consumers accept messages that they perceive as being in line with their needs, personality, self-concept, and attitudes, and they reject messages they perceive as not being in line with them.

To demonstrate the importance of consumer perceptions, consider how perceptions held by consumers about food products, specifically healthy food products, affect sales. Recently, there has been a shift toward a more health-conscious lifestyle that has spawned all kinds of new food and beverage products. Kellogg’s Special K has always been positioned as a healthy product and has benefited from the healthier living trend. The brand has launched many new products under the same positioning strategy. It seems that consumers wanting healthier products will quickly tune into messages that include phrases such as “lighter,” “less,” “all natural,” and “no additives or preservatives,” assuming they are healthy products. It boils down to perception. Special K is firmly entrenched as a healthy product but is a Special K Protein Meal Bar draped in chocolate and containing peanut butter healthy? The carryover image from Special K cereal will definitely help sell the protein bar. A common phrase applies here: “Perception is reality.” And it is consumer perceptions that advertisers must deal with and capitalize on.

**REFERENCE GROUPS**

A **reference group**, or **peer group**, is a group, class, or category of people to which individuals believe they belong, whether or not they actually do. Their relationship to their reference group may influence their buying behaviour. Reference groups could include co-workers, sports teams, hobby clubs, fraternal organizations, and schoolmates. A member of a group experiences considerable pressure to conform to the standards of the group and thereby “fit in.” The desire to fit in influences the type of products a member will purchase.
Peer influence is strongest among young people. For example, teens share a desire to own the latest electronic gadgets and shop at the trendiest stores. It’s all a part of their social scene and their desire to satisfy social needs. They turn to peers for information on what behaviour is desirable. With the right strategy, an advertiser need only associate its brand with a certain situation and the target will become interested in the brand. Brands such as Mountain Dew, Red Bull, Monster, and Right Guard Extreme have carved out a significant niche with the youth market based on edgy advertising. Monster Energy drink uses events and experiences to effectively reach and influence the youth market. See the illustration in Figure 3.6.

**FAMILY**

Members of a family influence the purchaser’s buying decisions. The actual impact each member has on the decision depends on the type of product or service under consideration. Roles and responsibilities within families have changed with the times, and
parental lines of responsibility have become blurred. Children seem to have more influence than ever before on what products their parents buy. Factors contributing to these role changes are the increasing numbers of two-income families, the continued growth in the number of women working outside the home, as well as the growth of single-parent families.

No longer can an advertiser assume a woman is the primary shopper in a household. A recent research study revealed 51 percent of men were the primary grocery shoppers in their household. Of that group, 60 percent said they were the primary decision makers regarding consumer package goods, which includes packaged food. How many food marketers target males with their advertising messages? If they aren’t doing so, they should be. For some interesting insight into how men shop see the details in Figure 3.7. These details have implications for advertisers.

Companies that are tuned into changing responsibilities in households are double targeting, which means they are devising marketing strategies that reach both partners

Shifting roles and responsibilities in the household have placed men in unfamiliar territory. Some 51 percent of males are now the primary shopper for food and household items. Their purchase behavior while in a store shopping is very different from women. Here are a few findings of a recent study:

- Men want to enter and exit a store as quickly as possible.
- Men are less engaged, therefore, less interested in brands, discounts and promotions.
- Men fill personal needs first; then move to household and family needs.
- Men are susceptible to self-oriented impulse purchases.

Marketers may want to integrate this knowledge into their advertising strategies. For example, brand advertisers should rethink their message strategy to be less emotional and more rational.
effectively. Financial institutions, automobile manufacturers, and retailers recognize
the influence of women in major buying decisions and are devising campaigns that
reflect contemporary decision-making. Mark’s Work Wearhouse marketed only to
men at one time but discovered that women shopping for their man were the company’s primary customer. Mark’s now devotes considerable space to women’s clothing
and targets both genders with its advertising. The company has also softened its image
by shortening its name to Mark’s. The slogan “Clothes that work” appeals to both genders and aptly portrays the key benefit of what Mark’s offers. See the illustration in
Figure 3.8.

**Identifying and Selecting Target Markets**

The ability of a company to target specific customers is based on the concept of market
segmentation. **Market segmentation** involves dividing a large market into smaller homogeneous markets (segments) based on common needs or similar lifestyles. Segmentation involves three steps: identifying market segments (e.g., describing the profile of the primary user), selecting the market segments that offer the most potential (typically, targets that offer the greatest profit potential), and positioning the product so that it appeals to the target market.

When an organization identifies a target market, it develops a profile of the customer it wants to pursue. That profile becomes the first cornerstone of all marketing and marketing communications strategies for the product. The second cornerstone is a sound positioning strategy. Positioning strategy is discussed later in the chapter.

A target market profile is the result of an organization’s analysis of external variables that influence the direction of marketing strategy. These variables include demographic trends, social and lifestyle trends, and geographic trends. Technology is having a significant impact on how marketers segment and target customers. A concept referred to as behavioural targeting has taken hold. These concepts are discussed in this section of the chapter.
DEMOGRAPHIC SEGMENTATION

With demographic segmentation, target markets are identified and pursued on the basis of variables such as age, gender, income, occupation, education, marital status, household formation, and ethnic background. In Canada, certain demographic trends are having a direct impact on the direction of marketing strategies and all forms of marketing communications.

For example, if an organization looked only at age trends, it would quickly understand that Canada’s population is aging. Refer to Figure 3.9 for details. By age, the population is divided into segments based on common characteristics. These segments include Generations X and Y (younger age groups), baby boomers (middle-aged consumers), and seniors. Each generation has different values and attitudes. For example, Mercedes-Benz, the maker of luxury automobiles, appeals directly to consumers in the 35- to 54-year-old age bracket—working professionals with higher education and healthy incomes.

Modern marketers seem obsessed with attracting younger buyers in the Generation X and Generation Y groups. These targets are tech-savvy so advertisers must recognize and utilize their communications tools. Interactive and social media will play a much larger role in the marketing communications mix. The dilemma that marketers face is fairly clear: they must adjust their strategies to stay in tune with the changing needs of older consumers while attracting younger consumers at the same time. Doing so successfully is the key to long-term growth.

Gender segmentation was introduced in the previous section under the label of double targeting. With more women than ever in the workforce, the lines of responsibility between men and women have blurred. Prudent marketers are aware that 31% of women earn more than their husbands, and 20% earn about the same. Further, women control 51% of private wealth, make 58% of investment decisions, and control 80% of household spending.7 Advertisers have to capitalize on these numbers! Financial institutions such as RBC Financial, TD CanadaTrust, and Scotiabank specifically target women in advertising their investment opportunities, insurance plans, and RRSPs.

FIGURE 3.9
Age trends in Canada

To further demonstrate the impact of gender knowledge on advertising, consider that males and females buy automobiles for very different reasons. “Safety, comfort, practicality, and value are top priorities for women car buyers.” They will consider smaller vehicles such as the Kia Rio and Honda Fit. In contrast, men tend to be concerned with the look, style, and feel of the car—it’s more of an emotional situation. Income permitting, they like flashier cars. No single advertising strategy will work on customers with such different needs.

Ethnic diversity presents new marketing challenges and opportunities for Canadian advertisers. The population is quickly changing from one of a predominantly European background to an Asian background. In Canada there are many cultural groups that have distinctive lifestyles based on religious, racial, and geographical differences. Canada’s visible-minority population presently accounts for 20% of the population and is expected to increase to about 30% by 2031. In urban centres like Toronto, Vancouver, and Montreal the visible-minority population is also increasing rapidly. By 2031 Toronto’s visible minority population will reach 63%; in Vancouver, 59%; and Montreal 31%. Perhaps that term should be the visible majority?

Companies that embrace ethnic markets with products and advertising campaigns will profit most in the future. The sheer size of this developing market and the fact that unique groups cluster in urban markets make them a reachable target for Canadian brands. Walmart is a leader in this area. It has identified the South Asian, Cantonese, Mandarin, Spanish, Portuguese, and Italian communities as priorities. Walmart adjusts its merchandising strategies to meet culture-based local market conditions and runs television commercials featuring people from these minorities.

Many other advertisers have followed suit by launching specifically targeted advertising campaigns and by including visible minorities in commercial and print advertisements; for an illustration, refer to Figure 3.10. In key urban markets, advertisers also have dedicated media alternatives to reach specific ethnic groups. Omni Television (owned by Rogers Communications), for example, provides programming, news, and information geared at people of specific ethnic origin (e.g., Chinese). This attracts local and national advertisers wanting to reach a specific population.

**PSYCHOGRAPHIC SEGMENTATION**

Contemporary marketing organizations have added a more sophisticated variable, referred to as *psychographics*, to their marketing arsenal. The combination of demographic and psychographic information provides the marketer with a more complete understanding of its target market. Marketers know not only who buys, but also why they buy. Therefore, the hot buttons marketers identify about their targets are pressed when marketing communications are delivered.

**Psychographic segmentation** examines individual lifestyles in terms of *activities, interests, and opinions* (commonly referred to as AIOs). Many of the variables that contribute to a person’s lifestyle were introduced earlier in the chapter. Variables such as needs and motivations, attitudes and perceptions, and personality and self-concept combine to influence a person’s lifestyle. Therefore, when organizations target their products psychographically, advertising messages are associated with the lifestyle of the target market—the personality of the product matches the personality of the target.

Psychographic information shows how an individual’s interest in a particular product depends on his or her lifestyle. Automakers produce and market a range of vehicles to satisfy the requirements of the various lifestyle groups. For example, trendy sports cars with European styling appeal to upscale and educated professionals who are motivated by status and prestige.
Marketers of fashion, personal care products, beer, and automobiles frequently develop advertising campaigns based on psychographic information about consumers. Marketing research companies Environics Analytics and PSYTE Canada conduct annual attitudinal studies of Canadians; the results of these studies place people in
various psychographic clusters. Unique labels describe the clusters. Environics groups Canadians into clusters and then into subgroups within clusters. Some of the Environics subgroup names include Cosmopolitan Elites, Electric Avenues, Les Chics, and Lunch at Tim’s.

PSYTE Canada divides people into major groups and then clusters within the group. Some of the major group titles are Urban Affluent, Urban Mid-Scale, Suburban Affluent, Suburban Comfortable, and Suburban Downscale. The Urban Affluent group subdivides into three clusters: Canadian Elite, Professional Duets, and Urban Gentry. The Suburban Comfortable Group comprises five clusters: Cruising Commuters, Quebec Upscale, Family Crossroads, Row House Streets, and Satellite Suburbs. See Figure 3.11 for more information about psychographic clusters.

<table>
<thead>
<tr>
<th>Cluster Name</th>
<th>Description</th>
<th>Estimated Households 2006</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>URBAN ELITE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cosmopolitan Elite</td>
<td>Very affluent middle-aged and older city dwellers; incomes five times the national average</td>
<td>296 395</td>
<td>2.31</td>
</tr>
<tr>
<td>Urban Villagers</td>
<td>Wealthy middle-aged urban sophisticates; includes well-off immigrants</td>
<td>315 264</td>
<td>2.46</td>
</tr>
<tr>
<td>Money &amp; Brains</td>
<td>Upscale and educated professionals and their families; high incomes and sophisticated tastes</td>
<td>292 366</td>
<td>2.28</td>
</tr>
<tr>
<td>Furs &amp; Philanthropy</td>
<td>High-achieving cultured urban families; larger families, empty nesters and widows</td>
<td>333 749</td>
<td>2.60</td>
</tr>
<tr>
<td><strong>Suburban Elite</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suburban Gentry</td>
<td>Well-off middle-aged suburban families; the up-and-coming business class; dual income couples</td>
<td>161 402</td>
<td>1.26</td>
</tr>
<tr>
<td>Nouveaux Riches</td>
<td>Most affluent Francophone cluster; Prosperous Quebec suburban families; successful professionals</td>
<td>178 326</td>
<td>1.39</td>
</tr>
<tr>
<td>Pets &amp; PCs</td>
<td>Large upscale suburban families; active child-centred lifestyle; minivan and SUV crowd</td>
<td>115 832</td>
<td>0.90</td>
</tr>
</tbody>
</table>

Note: The clusters and descriptions represent a small cross-section of the segments identified in the Prizm C2 segmentation system. In total there are 18 clusters and 66 descriptions. For more information visit the Environics Analytics website at www.environicsanalytics.ca.

Psychographics allows a company to position its products more effectively in the marketplace. Such intimate knowledge of consumers provides ammunition for compelling campaigns that focus on lifestyle associations. The combination of demographic and psychographic knowledge allows the marketing organization to better push the target’s hot buttons. With sufficient motivation, consumers are more likely to make a purchase.

For some insight into how marketers use demographic and psychographic segmentation when developing advertising strategies, see the Advertising in Action vignette Psychographic Profiling Produces Effective Advertising Strategies.

GEOGRAPHIC SEGMENTATION

Geographic segmentation refers to the division of a geographically expansive market (Canada) into smaller geographic units (Atlantic Canada, Quebec, Ontario, the Prairies, and British Columbia). The availability of psychographic information about target markets has complemented the use of geographic segmentation. Knowing more about targets in the various regions—their behaviour, attitudes, and interests—helps marketers and advertisers to develop effective marketing and advertising plans.

The region with the most obvious differences from the rest of Canada is Quebec, whose language and cultural characteristics necessitate the use of different marketing and advertising strategies. Campaigns that are designed specifically with Quebecers in mind and presented in a manner that is culturally relevant will succeed; English-language campaigns adapted to Quebec in the form of a French-language voice-over are destined to fail. Quebecers see right through them.

Many advertising experts believe you can understand Quebecers only from the inside, and that ad agencies with a foot in the door in Quebec have an advantage over agencies that make decisions about Quebec advertising from afar. “You’ve got to understand the sensibilities, the sense of humour,” says David Yost, a former creative director at Marketel, a Quebec-based agency. 11

To demonstrate what Yost is saying, consider a new campaign developed by advertising agency DentsuBos for Dr. Pepper. A television spot shows two guys moving a pinball machine down a staircase, when one of them is bothered by a sudden pain. A “doctor” arrives and offers a sip of Dr. Pepper, which he enjoys for a few seconds before being struck again by pain again. A voiceover, with a thick Quebec accent says “Dr. Pepper, c’est juste de la liqueur” (It’s only a soft drink), poking fun at the brand’s medical connotation. Print ads capitalize on the medicine image of the brand as well, using phrases like “Cure the thirst” and “One doctor per family.” Bernard Young, brand manager at Canada Dry Mott’s, says, “We know that Quebec, like Dr. Pepper, is one of a kind, that’s why we wanted to have an original approach there, to make sure we would have immediate impact.” 12

More Canadians than ever before live in urban areas: according to Statistics Canada, 81 percent. 13 Much of the population is concentrated in six census metropolitan areas. The combination of Toronto, Montreal, Vancouver, Calgary, Edmonton, and Ottawa-Gatineau comprise 42.4 percent of Canada’s population. It’s not surprising, then, that successful marketing and advertising strategies have an urban orientation and reflect contemporary households dealing with contemporary issues.

Geodemographic segmentation combines demographic characteristics with geographic characteristics and refers to the practice of isolating dwelling areas (e.g., areas within a city) based on the assumption that people seek out neighbourhoods that include their demographic peers. For example, younger, higher-income households may cluster...
Psychographic Profiling Produces Effective Advertising Strategies

Maple Leaf Sports & Entertainment (MLSE) owns the Toronto Maple Leafs, Toronto Raptors, Toronto FC, and the Toronto Marlies—quite a professional sports portfolio.

A few years ago, the company noticed that their audience at Raptors games was ethnically diverse. Five of the Raptors 15 players were not North Americans. Could there be a connection? How to build an even stronger ethnic fan base became the immediate challenge. Working with Environics Analytics Prizm C2 database (a database based on demographics and values), analysts detailed the lifestyles, food and drink preferences, and media tastes of ticket holders.

The biggest ethnic group attending games were South Asian. To attract more South Asian fans, MLSE sponsored a Bollywood Night during a Raptors game, with a half-time show featuring Indian music and dancers. A multicultural direct mail campaign targeted 40,000 households in ethnic neighbourhoods, sending them postcards written by Raptors foreign-born players. The mailing, which promoted a new Flex Pack ticket plan, was successful. Ticket sales increased after the mail drop.

The Ontario Tourism Marketing Partnership Corporation (OTMPC) collaborated with tourism partners to promote Ontario as a year-round destination. The OTMPC was concerned that lifestyle changes among its primary target groups could have an impact on the nature of advertising images and messages it would be delivering. Their key target groups based on Prizm data from Environics Analytics were Adventurers (affluent empty-nesters who liked culturally stimulating travel) and Fun-Loving Families (upscale families with young children seeking kid-centred vacations).

New Prizm data revealed some change in these groups. Adventurers now included families with teenage children who were more likely to enjoy weekend trips rather than extended vacations. Fun-Loving Families now included younger households with even younger children who still wanted kid-centred vacations.

Based on all of the analyses, it was concluded that family-centred visuals could be used in all marketing communications pieces but the message would have to be different for each target. OTMPC altered its strategy, targeting specific programs to the families of both groups and tailored other promotions solely to couples in the Adventurers group. These cases clearly demonstrate the impact that psychographic analysis has on decisions regarding imagery and message.

Adapted from, Travel and Leisure Case Study: Ontario Tourism Marketing Partnership Corporation and Case Study: Maple Leaf Sports & Entertainment, Environics Analytics, www.environicsanalytics.ca.
in redeveloped downtown areas, and dual-income, traditional families may reside in
suburbia. Sophisticated database marketing techniques give marketers an opportunity
to target specific neighbourhoods if they so desire.

Many Canadian organizations are moving away from national marketing strategies
and “one size fits all” advertising campaigns, and toward strategies based on regional
considerations and opportunities. Other companies are proceeding in the opposite
direction, developing universal strategies that are appropriate for all of North America,
or even the global marketplace. Which direction to take depends on the objectives of
the organization and the financial resources available for marketing and marketing
communications.

BEHAVIOURAL TARGETING

Behavioural targeting refers to a database-driven marketing system that tracks a cus-
tomer’s behaviour to determine his or her interests and then serves ads to that person
relevant to those interests. It simply means that companies target customers individu-
ally. In the age of sophisticated communications technology organizations are using
customer relationship management (CRM) programs to their advantage. CRM pro-
grams are designed to attract, cultivate, and maximize the return from each customer
the company does business with.

The backbone of a CRM program is an organization’s database management sys-
tem. A database management system constantly compiles information about cus-
tomers and their buying behaviour. The system contains purchase history (amount
bought and frequency of purchase); demographic, psychographic, and geographic
information; and media-related information. This is such a detailed collection of
information that it can be used to design campaigns to reach individual customers
effectively.

What has emerged is a concept called data mining. Data mining analyzes and estab-
ishes relationships between pieces of information so that more effective marketing and
communications strategies can be identified and implemented. The goal is to identify
prospects most likely to buy, or buy in large volume, and to provide input on how best
to communicate with those customers.

Information about consumers is readily available; it seems that every time we buy
something in a store (one in which the item is scanned into a database), or do some-
ting on the internet (where we agree to cookies being placed on our computer hard
drives), we leave an electronic trail. Smart marketing organizations follow the trail,
determine what it means, and then use it to market products to us more effectively
and efficiently.

Shoppers Drug Mart recognizes the value of data mining and CRM programs.
Once a mass media advertiser spending considerable amounts on television commer-
cials and newspaper flyers, Shoppers has capitalized on the information it collects via
the Shoppers Optimum Rewards Program. Shoppers has one of the largest customer
databases in Canada, and this database provides a means to communicate information
and offers directly to loyal customers by mail and email at a much lower cost. Air
Miles is another example of a customer rewards program. Refer to the illustration in
Figure 3.12.

Advanced technology is changing the nature of marketing communications. In
the future, there will be much greater use of direct response, online, and mobile com-
munications between organizations and their customers. Unique and personalized
messages will be transmitted by these media while consumers are making purchase decisions. This will lead to what analysts are calling location-based targeting. **Location-based targeting** integrates consumers’ location information (based on GPS signals from smartphones) into a marketing strategy. Being relatively new, this aspect of communications offers lots of growth potential. Check-in service organizations such as Groupon and foursquare bring special deals to people on their mobile devices in real time. People agree to have these deals sent to them—hence the concept of checking in.

Companies analyze and evaluate the trends and characteristics described in the foregoing sections to identify the most profitable targets to pursue. The result of the analysis is a profile of the prototype customer who is described in terms of demographic, psychographic, geographic, and behavioural characteristics. For a summary of the various characteristics that may be included in a target market description, refer to Figure 3.13.
Market Positioning Concepts

Positioning can be defined as the selling concept that motivates purchase, or the image that marketers desire a brand or a company to have in the minds of consumers. Positioning is a strategy based on competition. It involves designing and marketing a product to meet the needs of a target market, and creating the appropriate appeals to make the product stand out from the competition in the minds of the target market. Advertising and other forms of marketing communications play a key role in positioning a product in the customer’s mind.

Positioning involves an assessment of consumer needs and competitive marketing activity to determine new marketing opportunities. It involves a thorough understanding of the product in relation to competing products. The result is a clearly worded positioning strategy statement that provides guidance for all marketing and marketing communications strategies. All forms of communication should send out the same message about a brand or company. The importance of positioning in the development of marketing strategy is presented in Figure 3.14.

The positioning strategy statement should be clear, concise, and uncomplicated, while addressing the target market’s need and the primary benefit to be offered. Many experts adopt the 4D-positioning rule when devising a strategy statement. The strategy statements must be desirable to consumers, distinctive from the competition, deliverable by the company, and durable over time.

Considered conceptually, a “position” is a mental space that a marketer can own with an idea that is compelling to the target audience. In that mental space, the product’s benefit and the customer’s most important needs meet, and hopefully form a meaningful relationship. Here is a potential positioning strategy statement for Apple branded products:

The core of Apple’s brand is great innovation, beautiful design, and an ability to bring warmth and passion to those customers who may be averse to technical gadgetry, but need it nonetheless to survive in today’s world.
Now, think of the way Apple advertises its products: clear and simple images for innovative products that appeal to innovators and early adopters (think iPhone, iPad, and MacBook Pro). Refer to the images in Figure 3.15.

**POSITIONING AND MARKETING COMMUNICATIONS**

There are many ways a product can be positioned in the minds of customers, and advertising plays a key role in portraying the positioning strategy to customers. Let’s discuss some of these positioning strategies.

**HEAD-ON POSITIONING (COMPARATIVE POSITIONING)** When a head-on positioning strategy is employed, a brand is presented as being equal to, or better than, another brand. The advertising message focuses on an attribute that is important to the target market. It is common to demonstrate how both brands perform. Bounty always shows how much moisture their paper towels pick up compared with other brands. Bounty is well positioned as the “quicker picker upper.” Every now and then Pepsi-Cola dusts off its old “Pepsi Challenge” trick that shows Coke drinkers preferring the taste of Pepsi (some ads even show a Coca-Cola delivery man succumbing to the taste of Pepsi-Cola). In Canada, the Pepsi Challenge dates back as far as 1976. Some 9 million Canadians have actually participated in the taste test challenge.¹⁴

Challenger brands often adopt a head-on positioning strategy. Their goal is to instill “thought” leadership in the customer’s mind. Such brands will spend considerable sums of money to deliver their message.

**BRAND-LEADERSHIP POSITIONING** In their consumer communications, established brands often use icons or signatures that become highly recognized and synonymous with the brand. These devices then act as a simple and lasting reminder about the essence of the brand for consumers. Coca-Cola has successfully used this approach to build the world’s most recognized brand. “Coke is it,” “Can’t beat the real thing,” “Always Coca-Cola,” and, more recently, “Open Happiness” are examples of universally recognizable signatures that reinforce the brand’s leadership position. The brand name, unique bottle, and popular slogans are a winning combination for Coca-Cola—they are instantly recognizable by consumers everywhere.
Even the font used on cans and bottles has been adapted into other alphabets around the world.

Brand leaders tend to have high levels of consumer awareness, products that are readily available, and significant marketing budgets to defend their position. In the debit and credit card market, VISA, another well-known advertiser, positions itself as a leader. Its most recent effort involves a global positioning strategy that is summed up in the tagline “More people go with VISA.” Refer to the illustration in Figure 3.16.

**PRODUCT-DIFFERENTIATION POSITIONING** Product differentiation is a strategy that focuses on the unique attribute of a product—a feature that distinguishes it from all other products. For example, the feature could be performance quality (it lasts longer),
durability (it can withstand stress), reliability (it won’t break down), or style (it looks attractive). Aleve, for example, stands out from other pain relief medications by saying it gives you “12 hours” of relief from arthritis pain. Tropicana juices launched a new variety called Trop50. The brand name is directly linked to the unique selling point—it offers 50 percent less sugar and calories than the leading orange juice. Consumers leading healthier lifestyles will be interested in this product. The image in Figure 3.17 demonstrates product differentiation positioning.

INNOVATION POSITIONING Innovation is sometimes more important for a company as a whole than for individual products. The objective is to portray the company or brand as being, for example, leading edge, the first to market something, or ahead of its competitors.
Apple serves as an example of an innovator. Just think of the innovative products the company has launched in recent years—many of which have been game changers—the iPod and iTunes, the iPhone and iPad. The pre-launch buzz alone, which is stimulated by effective public relations campaigns, creates high demand for their new products.

In the razor blade market, Gillette Fusion and Schick Quattro duel with each other for innovation supremacy. Four blades, five blades, six blades—just how many blades does a man need for a close, comfortable shave? The battle is waged through advertising messages showing how blade technology satisfies the needs of a man, and sometimes his woman. The image in Figure 3.18 demonstrates innovation positioning.

**LIFESTYLE POSITIONING** In crowded markets, where product attributes are perceived as similar by the target market, firms must identify alternative ways of positioning their products. The use of psychographic information has allowed advertisers to develop campaigns that are based on the lifestyle of the target market. Essentially, the product is positioned to “fit in with” or match the lifestyle of the user.

Figures 3.3, 3.5, and 3.15 are good illustrations of lifestyle positioning. In each advertisement, the product is shown as a natural part of a contemporary lifestyle.

Generally, lifestyle positioning through advertising uses emotional appeals such as love, fear, adventure, sex, and humour to elicit a response from the target. In the automobile industry, lifestyle imagery is effectively used to sell cars. It is common to see the rugged outdoors associated with sport utility vehicles, and happy family situations associated with minivans. In the beer market, mainstream brands such as Molson Canadian...
and Coors Light rely heavily on lifestyle positioning. Young guys, beautiful girls, party situations, and cottages (the desired lifestyle of the 20-something target audience) are common backdrops for their television commercials.

For more insight into positioning and repositioning read the Advertising in Action vignette Hyundai Adopts New Positioning Strategy.

**REPOSITIONING**

So far, we have discussed only the initial positioning of a product in the marketplace and in the minds of consumers. But the competitive market requires positioning strategies that can be readily changed if necessary. It is unrealistic to assume that the position a brand adopts initially will remain the same throughout its lifecycle. Products will be repositioned according to the prevailing environment in the marketplace.
Hyundai Adopts New Positioning Strategy

When you’re an automobile company operating globally, you look for certain efficiencies when devising a marketing strategy. As you have learned, the foundation for a good marketing strategy is a solid positioning strategy—a strategy that fits with the marketplace where you are operating.

Hyundai recently moved to a “Modern Premium” global positioning strategy. Before defining what that means, let’s first examine the situation in Canada to determine the need for the new position. Hyundai has been very successful in Canada. Market share doubled from 4 percent to 8 percent between 2004 and 2010. Since Hyundai markets smaller, economical cars, the brand was a good fit for middle-class buyers. So the question is: Why change things? A lot of other car makers are losing market share.

According to John Vernile, vice-president marketing, “There’s one area where people don’t think positively about Hyundai, and that’s around well-built and durable products.” Hyundai wanted to change that impression. A new advertising campaign, supported by a much larger budget and featuring prominent television commercials (in prime time and during Hockey Night in Canada broadcasts), print ads, and out-of-home media, was launched in 2012. The objective of the campaign was to alter consumers’ perceptions of Hyundai. Therefore, the message focused on the quality of important components of the automobiles.

To Hyundai, “Modern Premium” is an attempt to make the image more upscale but not to the luxury level. Hyundai realized that luxury is about exclusivity rather than quality, and that’s not what Hyundai is about. According to Vernile, the new definition of premium is “good quality and performance that might be unexpected, but at an accessible price.” Hyundai believes that this shift in positioning is a good fit for the target audience of 19- to 54-year-olds they are trying to reach.

Ironically, Hyundai dropped its online advertising when the new campaign was launched. Hyundai wasn’t happy with the results of its past online advertising activities and decided to spend some time rethinking how to approach consumers with online communications.

Repositioning is defined as changing the place that a brand occupies in the consumer’s mind in relation to competitive products. There are two primary reasons for repositioning. One, the marketing activity of a direct competitor has changed, and two, the preferences of the target market have changed. That said, there’s an old expression: “If it ain’t broke, don’t fix it.” In other words, don’t make changes for the wrong reasons.
SUMMARY

Market segmentation and knowledge of consumer behaviour are important factors in marketing and advertising planning. Both have a direct impact on product positioning, creative strategy, and media strategy.

Adequate knowledge of how needs and motives, personality and self-concept theories, perceptions, attitudes, reference groups, and family influence behaviour is essential input for the development of marketing and marketing communications strategies.

In terms of market segmentation, organizations must identify their target markets as precisely as they can. Good use of information provided by demographic trends (the consumer’s age, gender, income, occupation, education, marital status, household formation, and ethnic background), psychographic characteristics (the consumer’s activities, interests, and opinions), and geographic variables (the consumer’s location by region) allows for a precise definition of the consumer and enhances the quality of marketing and advertising plans.

Database marketing and management techniques have enabled organizations to form and maintain relationships with individual customers, a concept referred to as customer relationship management. The use of database management systems and data-mining techniques allows an organization to identify customers and prospects most likely to buy or buy in large volume. Further, the system offers a means of targeting customers with unique and personalized messages that can be delivered directly, rather than through the mass media. Marketers are also capitalizing on new location-based communications tools to reach consumers based on where they are. Reaching people with messages via their smartphones will offer advertisers significant opportunity in the future.

Positioning a product is an important part of pursuing target markets, and advertising plays a key role in positioning. Positioning involves designing a product or service to meet the needs of a target market, and then creating appropriate appeals to make the product stand out in the minds of the target market members. Common positioning strategies include head-on comparisons, brand leadership, product differentiation, innovation, and lifestyle techniques. As a product matures, factors such as competitive activity and changing consumer preferences dictate a re-evaluation of positioning strategies.

Positioning strategies that are working should be retained for as long as possible. Often, companies adopt new strategies for the wrong reasons—companies tend to tire of things more quickly than do loyal consumers. The old expression “If it ain’t broke, don’t fix it” should apply.

KEY TERMS

attitudes 65
behavioural targeting 76
consumer buying behaviour 61
customer relationship management (CRM) 76
data mining 76
database management system 76
demographic segmentation 70
double targeting 68
demographic segmentation 70
geodemographic segmentation 74
geographic segmentation 74
location-based targeting 77
market segmentation 69
marketing research 61
motives 62
needs 62
perception 66
personality 63
positioning 78
psychographic segmentation 71
reference group (peer group) 66
repositioning 84
self-concept 63

REVIEW QUESTIONS

1. Explain the various levels of needs and identify the two basic principles that needs and motivation theory is based on. Provide an advertising example for each level of needs.

2. Briefly explain each of the components of the self-concept. Provide a new example of an ad campaign that uses the looking-glass self or ideal self to its advantage.
3. Briefly explain how knowledge of attitudes and perceptions held by consumers influences the direction of advertising strategy.

4. What is double targeting? Provide a new example to demonstrate how it is applied.

5. What are the key elements of demographic segmentation, psychographic segmentation, and geographic segmentation? Briefly explain.

6. What are the basic trends affecting demographic segmentation in Canada? Briefly explain.

7. What is data mining and what implications does it have for marketing and marketing communications strategies? Briefly explain.

8. Explain the concept of positioning in the context of marketing and advertising practice.

9. What is the difference between head-on positioning and brand-leadership positioning? Provide a new example of each.

10. If a brand is using a product-differentiation positioning strategy, what will the advertised message focus on? Provide two examples that show the application of this type of positioning.

11. What is repositioning and why does it occur? Briefly explain.

DISCUSSION QUESTIONS

1. Provide some additional examples to show how advertisers use the following aspects of consumer behaviour theory:
   a) Social and esteem needs
   b) Self-image, looking-glass self, and ideal self
   c) Attitudes and perceptions
   d) Reference groups

2. “The economies of a national creative plan outweigh the need for numerous regional creative plans.” Discuss this issue, choosing some products and ad campaigns as examples.

3. “To succeed in the future, products and services must be repositioned to appeal to older target markets.” Comment on the implications of this statement.

4. “Companies are well behind in terms of recognizing the changes occurring in Canadian household formation, and this is reflected in the types of advertising they are showing.” Is this statement true or false? Provide examples to support your opinion.

5. Will the influence of customer relationship management techniques and location-based targeting have a significant impact on marketing communications in the future? Will companies spend more on direct response and mobile communications and less on traditional mass media advertising? Justify your opinion.

NOTES


10. “Projections of the diversity of the Canadian population,” www.outreach.ca/servingyouth/research/tabid/2304


