

American Airlines created a Rainbow Team with a dedicated LGBT staff and Web site that has emphasized community-relevant services such as a calendar of gay-themed national events. JCPenney hired openly gay Ellen DeGeneres as its spokesperson, featured both male and female same-sex couples in its catalogs, and sponsored a float in New York's Gay Pride parade. Wells Fargo, General Mills, and Kraft are also often identified as among the most gay-friendly businesses.<sup>58</sup>

Logo, MTV's television channel for a gay and lesbian audience, has 150 advertisers in a wide variety of product categories and is available in more than 52 million homes. Increasingly, advertisers are using digital efforts to reach the market. Hyatt's online appeals to the LGBT community target social sites and blogs where customers share their travel experiences.

Some firms worry about backlash from organizations that will criticize or even boycott firms supporting gay and lesbian causes. Although Pepsi, Campbell's, and Wells Fargo all experienced such boycotts in the past, they continue to advertise to the gay community.

## PSYCHOGRAPHIC SEGMENTATION

**Psychographics** is the science of using psychology and demographics to better understand consumers. In *psychographic segmentation*, buyers are divided into groups on the basis of psychological/personality traits, lifestyle, or values. People within the same demographic group can exhibit very different psychographic profiles.

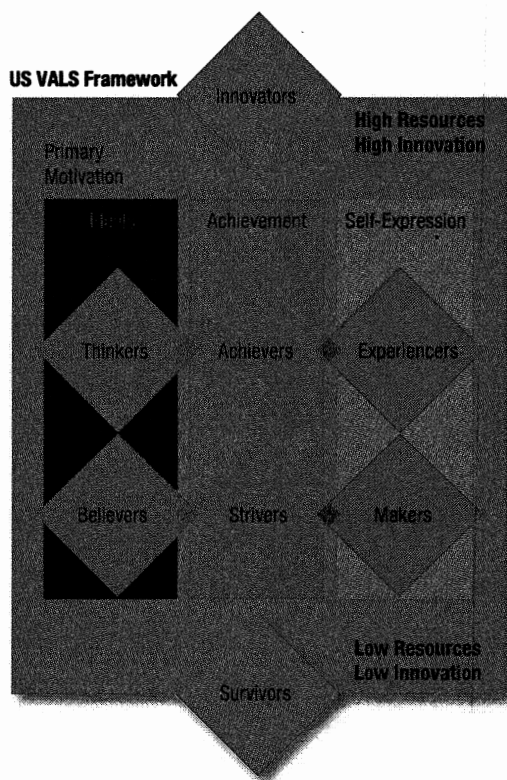
One of the most popular commercially available classification systems based on psychographic measurements is Strategic Business Insight's (SBI) VALS™ framework. VALS is based on psychological traits for people and classifies U.S. adults into eight primary groups based on responses to a questionnaire featuring four demographic and 35 attitudinal questions. The VALS system is continually updated with new data from more than 80,000 surveys per year (see Figure 9.1). You can find out which VALS type you are by going to the SBI Web site.<sup>59</sup>

The main dimensions of the VALS segmentation framework are consumer motivation (the horizontal dimension) and consumer resources (the vertical dimension). Consumers are inspired by one of three primary motivations: ideals, achievement, and self-expression. Those primarily motivated by ideals are guided by knowledge and principles. Those motivated by achievement look for products and services that demonstrate success to their peers. Consumers whose motivation is self-expression desire social or physical activity, variety, and risk. Personality traits such as energy, self-confidence, intellectualism, novelty seeking, innovativeness, impulsiveness, leadership, and

| Fig. 9.1 |

### The VALS Segmentation System: An Eight-Part Typology

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vanity—in conjunction with key demographics—determine an individual's resources. Different levels of resources enhance or constrain a person's expression of his or her primary motivation.

## BEHAVIORAL SEGMENTATION

Although psychographic segmentation can provide a richer understanding of consumers, some marketers fault it for being somewhat removed from actual consumer behavior.<sup>60</sup> In *behavioral segmentation*, marketers divide buyers into groups on the basis of their knowledge of, attitude toward, use of, or response to a product.

**NEEDS AND BENEFITS** Not everyone who buys a product has the same needs or wants the same benefits from it. Needs-based or benefit-based segmentation identifies distinct market segments with clear marketing implications. For example, Constellation Brands identified six different benefit segments in the U.S. premium wine market (\$5.50 a bottle and up).<sup>61</sup>

- **Enthusiast** (12 percent of the market). Skewing female, their average income is about \$76,000 a year. About 3 percent are "luxury enthusiasts" who skew more male with a higher income.
- **Image Seekers** (20 percent). The only segment that skews male, with an average age of 35. They use wine basically as a badge to say who they are, and they're willing to pay more to make sure they're getting the right bottle.
- **Savvy Shoppers** (15 percent). They love to shop and believe they don't have to spend a lot to get a good bottle of wine. Happy to use the bargain bin.
- **Traditionalist** (16 percent). With very traditional values, they like to buy brands they've heard of and from wineries that have been around a long time. Their average age is 50, and they are 68 percent female.
- **Satisfied Sippers** (14 percent). Not knowing much about wine, they tend to buy the same brands. About half of what they drink is white zinfandel.
- **Overwhelmed** (23 percent). A potentially attractive target market, they find purchasing wine confusing.

**DECISION ROLES** It's easy to identify the buyer for many products. In the United States, men normally choose their shaving equipment and women choose their pantyhose, but even here marketers must be careful in making targeting decisions because buying roles change. When ICI, the giant British chemical company now called AkzoNobe, discovered that women made 60 percent of decisions on the brand of household paint, it decided to advertise its Dulux brand to women.

People play five roles in a buying decision: *Initiator, Influencer, Decider, Buyer, and User*. For example, assume a wife initiates a purchase by requesting a new treadmill for her birthday. The husband may then seek information from many sources, including his best friend who has a treadmill and is a key influencer in what models to consider. After presenting the alternative choices to his wife, he purchases her preferred model, which ends up being used by the entire family. Different people are playing different roles, but all are crucial in the decision process and ultimate consumer satisfaction.

**USER AND USAGE-RELATED VARIABLES** Many marketers believe variables related to users or their usage—occasions, user status, usage rate, buyer-readiness stage, and loyalty status—are good starting points for constructing market segments.

**Occasions** Occasions mark a time of day, week, month, year, or other well-defined temporal aspects of a consumer's life. We can distinguish buyers according to the occasions when they develop a need, purchase a product, or use a product. For example, air travel is triggered by occasions related to business, vacation, or family. Occasion segmentation can help expand product usage.

**User Status** Every product has its nonusers, ex-users, potential users, first-time users, and regular users. Blood banks cannot rely only on regular donors to supply blood; they must also recruit new first-time donors and contact ex-donors, each with a different marketing strategy. The key to attracting potential users, or even possibly nonusers, is understanding the reasons they are not using. Do they have deeply held attitudes, beliefs, or behaviors or just lack knowledge of the product or brand benefits?

Included in the potential-user group are consumers who will become users in connection with some life stage or event. Mothers-to-be are potential users who will turn into heavy users. Producers of infant products and services learn their names and shower them with products and ads to capture a share of their future purchases. Market-share leaders tend to focus on attracting potential users because they have the most to gain from them. Smaller firms focus on trying to attract current users away from the market leader.

**Usage Rate** We can segment markets into light, medium, and heavy product users. Heavy users are often a small slice but account for a high percentage of total consumption. Heavy beer drinkers account for