



Ford Ka (B):

The Market Research Problem

Two weeks after presenting their initial results, Matthew Sell and Jeff Nash of Goldfarb Market Research returned to the Ford offices to present the final results from the market research study. Matthew Sell started his presentation with,

“The motto for the Ka from day one has been ‘Not business as usual’ and the consumer research we have conducted seems to justify this approach. First, we find that respondents seem to have fairly strong responses to the Ford Ka concept. As a result, we present results based on three distinct groups of respondents: ‘Choosers’ who put Ford Ka in their top three choices, ‘Non-Choosers’ who put the Ford Ka in their bottom three choices and the final group that rates Ford Ka in their middle four choices.”

(The demographic characteristics of these three groups are presented in Exhibit 1).

Perceptual Map

“From the survey results we developed a series of maps using multidimensional scaling analysis (Exhibit 2). These maps show the position of the different cars relative to each other for both ‘Choosers’ and ‘Non-Choosers’.”

Goldfarb named the axis by using the adjectives associated with each car by “Choosers” and “Non-Choosers” provided in the preliminary report. From these maps we can see that “Choosers” perceive the Ka to be similar to the Renault Twingo and the Opel Tигра, namely youthful, exciting, and futuristic. “Non-Choosers” also perceive it to be youthful. But they also believe that the Ka is poorly constructed and have a less positive perception than do “Choosers”. Interestingly, the Nissan Micra and the Fiat Cinquecento were the least preferred cars by all types of respondents and for “Non-Choosers” only the Ka, the Nissan Micra and the Fiat Cinquecento are in the upper part of the perceptual map.

Segmentation

After the presentation, Gilles Moynier sat back in his chair. The market research provided a lot of information but no clear answer about who the target customers should be. As a result of the excitement the Ka project generated at Ford, everyone had something to say and they made sure that Gilles knew about it.

As if he needed a reminder of the fact that time was running short, Marie-Louise, his assistant, walked in and asked him when he would have a draft of his presentation ready for her to prepare. Not having a clear answer for her, Gilles decided to see what she thought about the Ka:

“Marie-Louise, since everyone here seems to have a view on the subject, who do you think would be the typical Ka buyer?”

She was taken aback – it was rare that her opinion was sought in marketing decisions.

“Well, it seems to me that this is Ford’s real chance to attract women buyers. I have never wanted to browse in a Ford showroom before, but the Ka is the first

model that might tempt me. I think single working women would really be attracted to this car."

Gilles smiled. A *gender segmentation* of the market was what he and his marketing team were arguing for. He had already thought of a folding shopping caddy that could be wheeled straight out of the supermarket and into the boot of the Ka. There were solid reasons for market segmentation by gender. A majority of "Choosers" were female. In 1996, 38% of all cars in France were driven by women and three out of every 10 car buyers were women. In addition, 44% of women car buyers interviewed said the reason they bought their current car was that it was a small car for urban driving as opposed to 25% of men interviewed. However Ford's advertising agency in France, Ogilvy and Mather, was concerned that this approach had already been taken by the Peugeot 106 and would be unoriginal.

Instead, the advertising agency was arguing for an *attitudinal segmentation* of the market. In other words, it felt that the market should be segmented according to consumer life-styles and behaviour. From the market research, Goldfarb had identified four attitudinal segments: (i) *Freedom Lovers* – described as outgoing, social and active; (ii) *Attention Seekers* – innovators, opinion leaders and flashy; (iii) *Sensible Classics* – responsible, risk-averse, traditionalists; and (iv) *No-nonsense Neutrals* – brand wary, TV watchers, unenthusiastic consumers. These segments emerged from the cluster analysis of different statements taken in the survey. Exhibit 3 shows the overall choice pattern for the four clusters of the Ford Ka. Exhibit 4 provides a demographic profile of the four clusters.

The agency argued that the targets for the Ka should be the first two groups, who would help act as ambassadors to "Sensible Classics". As Thierry Bonnet of Ogilvy and Mather had argued so forcefully,

"This is Ford's big chance to make an impact with some ground-breaking campaigns. The Ka is made for design-conscious consumers who want to be looked at. We must make sure they look at us by the creativity of our marketing and advertising."

Gilles felt nervous. He could see advertising budgets soaring in an attempt to attract an elusive "attitudinal target" and he could predict senior management's reaction to this kind of segmentation scheme.

Senior management was risk-averse and felt that a traditional *demographic segmentation* should be used. As they had pointed out, small cars remained a first-time buyer's step on the car-buying ladder. Age, income and household size remained the key factors defining customer segments and the target groups should be working singles, first-time buyers and multi-car households. They brushed away the fact that reaction amongst these groups in the focus group sessions had been mixed.

"We are not trying to obtain Renault's market share in France but a third of that figure. We know how to target these segments, we have done it before and it works."

Gilles Moynier had heard a different opinion from dealers in the Ford network. As Jean-Pierre Gaillot, manager of a dealership in Puteaux, a wealthy Parisian suburb put it,

“We do not need fancy, esoteric advertising campaigns to sell the Ka. We know the needs of our customers and we need a city car that competes directly with the Renault Twingo, Nissan Micra and Peugeot 106. Segmentation based on which car a customer already owns and the targeting of Twingo buyers will enable us to achieve our commercial objectives. These customers can be reached via direct mailing.”

This was a traditional method of car marketing and it presented many opportunities for direct marketing since, in France, mailing lists of car owners by model and brand were readily available. The problem that Gilles could see with this kind of approach was that current Twingo buyers might now be looking to buy a C or D category car if their needs had evolved with time. Furthermore, many of these customers might be reluctant to buy a non-French brand.

Which of these different segmentation approaches and targeting strategies should he use or had he failed to consider a more appropriate segmentation? How should he compare the different segmentation approaches? It was clear that Ford had developed the Ka before researching consumer needs, so he needed to find consumers whose needs the Ka could meet. This was certainly a different exercise from the marketing he had learnt in business school.

Exhibit 1
Demographics of Ford Ka Choosers and Non-Choosers¹

a) 'Gender' Cross-Tabulation

Gender*	Group			
	Choosers	Non-Choosers	Middle	Total
Male	46.6%**	50.0%	64.5%	52.0%
Female	53.4%**	50.0%	35.5%	48.0%
Total	46.4%	28.8%	24.8%	100.0%

* The effect of Gender is marginally significant ($p < 0.1$).

** To be read as “46.6% of those who put the Ford Ka among their top three choices were male and 53.4% were female.”

b) 'Age' Cross-Tabulation

Age*	Group			
	Choosers	Non-Choosers	Middle	Total
≤ 24	8.6%	4.2%	17.7%	9.6%
25 – 29	15.5%	18.1%	19.4%	17.2%
30 – 34	19.8%	16.7%	19.4%	18.8%
35 – 39	9.5%	15.3%	14.5%	12.4%
40 – 44	31.0%	20.8%	19.4%	25.2%
≥ 45	15.5%	25.0%	9.7%	16.8%

* The effect of Age is marginally significant ($p < 0.1$).

c) 'Marital Status' Cross-Tabulation

Marital Status*	Group			
	Choosers	Non-Choosers	Middle	Total
Married	56.9%	47.2%	43.5%	50.8%
Living Together	12.1%	8.3%	12.9%	11.2%
Single	31.0%	44.4%	43.5%	38.0%

* The effect of Marital Status is not significant.

Exhibit 1 (Cont'd)

d) 'Children in Household' Cross-Tabulation

Number of Children*	Group			Total
	Choosers	Non-Choosers	Middle	
0	53.4%	62.5%	66.1%	59.2%
1	25.0%	16.7%	11.3%	19.2%
≥ 2	21.6%	20.8%	22.6%	21.6%

* The effect of the Number of Children is not significant.

e) 'First Car Purchase' Cross-Tabulation

First Car Purchase*	Group			Total
	Choosers	Non-Choosers	Middle	
Yes	11.2%	11.1%	25.8%	14.8%
No	88.8%	88.9%	74.2%	85.2%

* The effect of First Car Purchase is significant ($p < 0.05$).

f) 'Income' Cross-Tabulation

Household Income (FF)*	Group			Total
	Choosers	Non-Choosers	Middle	
< 100K	9.5%	6.9%	11.3%	9.2%
100K – 150K	16.4%	20.8%	19.4%	18.4%
150K – 200K	15.5%	22.2%	19.4%	18.4%
200K – 250K	16.4%	22.2%	17.7%	18.4%
250K- 300K	24.1%	16.7%	17.7%	20.4%
> 300K	18.1%	11.1%	14.5%	15.2%

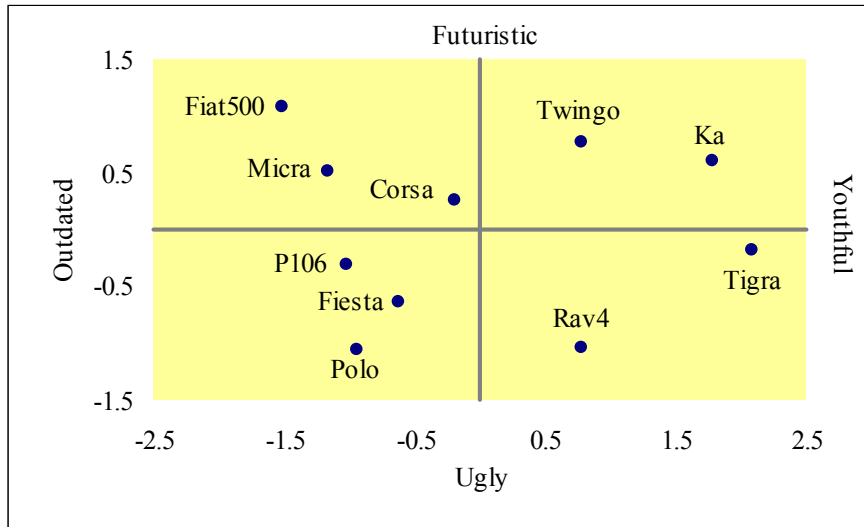
* The effect of Household Income is not significant.

¹ "Choosers" = respondents who put the Ford Ka among their top three choices of the list of ten cars;
 "Non-Choosers" = respondents who put the Ford Ka among their bottom three choices of the list of ten cars;
 "Middle" = other respondents.
 n = 250 respondents.

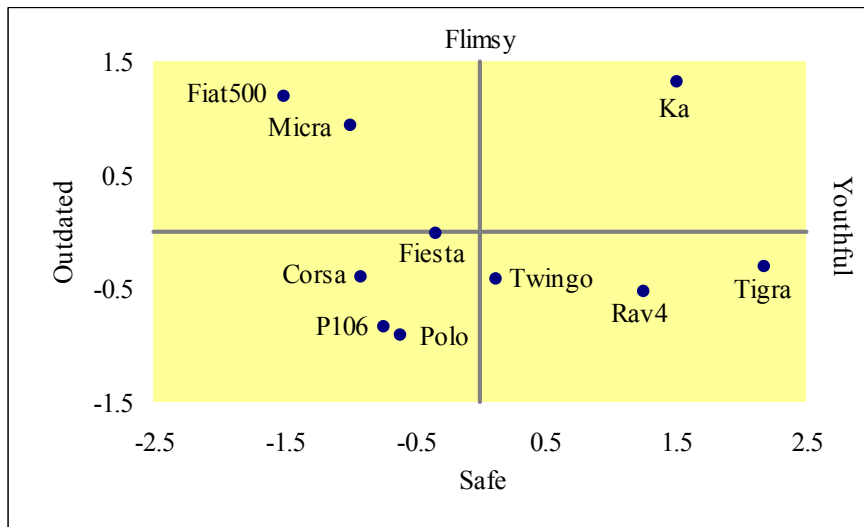
Source: Ford France.

Exhibit 2
Perceptual Maps¹

a) Ford Ka 'Choosers'

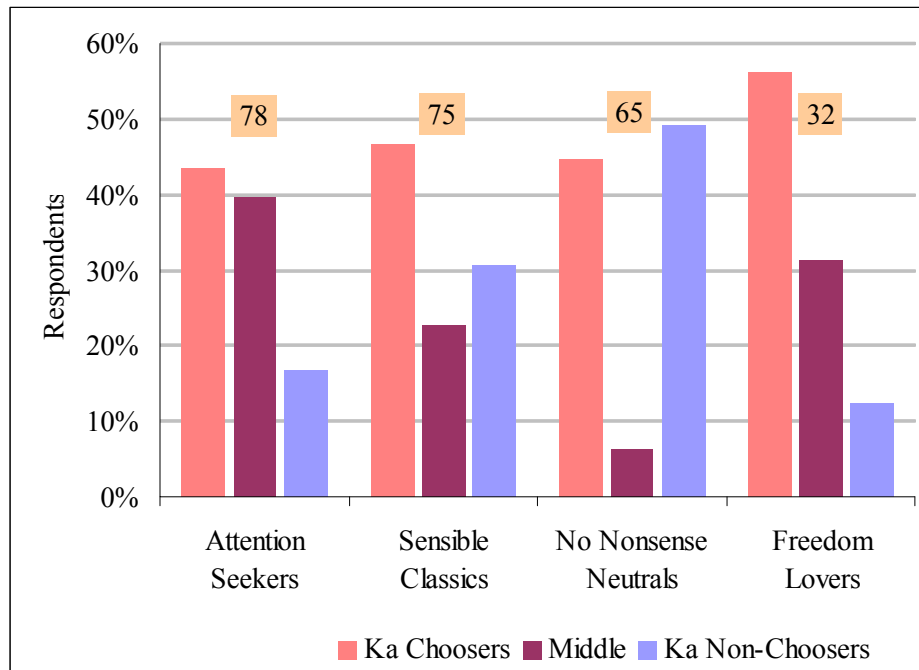


b) Ford Ka 'Non-Choosers'



¹ Perceptual maps are based on Euclidean distance model from multidimensional scaling.
Source: Ford France.

Exhibit 3
Reactions to the Ford Ka by Attitude Segment¹



¹ Numbers in boxes indicate the number of respondents assigned to the respective segment.

Source: Ford France.

Exhibit 4
Demographic Characteristics of Attitude Segments¹

a) 'Gender' Cross-Tabulation

Gender*	Attitude Segment				Total
	Attention Seekers	Sensible Classics	No Nonsense Neutrals	Freedom Lovers	
Male	59.0%**	57.3%	38.5%	50.0%	52.0%
Female	41.0%**	42.7%	61.5%	50.0%	48.0%
Total	31.2%	30.0%	26.0%	12.8%	100.0%

* The effect of Gender is marginally significant ($p < 0.1$).

** To be read as "59.0% of those who were categorized as 'Attention Seekers' were male and 41.0% were female."

b) 'Age' Cross-Tabulation

Age*	Attitude Segment				Total
	Attention Seekers	Sensible Classics	No Nonsense Neutrals	Freedom Lovers	
≤ 24	7.7%	10.7%	9.2%	12.5%	9.6%
25 – 29	19.2%	17.3%	12.3%	21.9%	17.2%
30 – 34	14.1%	24.0%	21.5%	12.5%	18.8%
35 – 39	17.9%	13.3%	4.6%	12.5%	12.4%
40 – 44	20.5%	20.0%	33.8%	31.3%	25.2%
≥ 45	20.5%	14.7%	18.5%	9.4%	16.8%

* The effect of Age is not significant.

c) 'Marital Status' Cross-Tabulation

Marital Status*	Attitude Segment				Total
	Attention Seekers	Sensible Classics	No Nonsense Neutrals	Freedom Lovers	
Married	53.8%	46.7%	50.8%	53.1%	50.8%
Living Together	10.3%	14.7%	9.2%	9.4%	11.2%
Single	35.9%	38.7%	40.0%	37.5%	38.0%

* The effect of Marital Status is not significant.

Exhibit 4 (Cont'd)

d) 'Children in Household' Cross-Tabulation

Number of Children*	Attitude Segment				Total
	Attention Seekers	Sensible Classics	No Nonsense Neutrals	Freedom Lovers	
0	60.3%	62.7%	58.5%	50.0%	59.2%
1	23.1%	18.7%	12.3%	25.0%	19.2%
≥ 2	16.7%	18.7%	29.2%	25.0%	21.6%

* The effect of Number of Children is not significant.

e) 'First Car Purchase' Cross-Tabulation

First Car Purchase*	Attitude Segment				Total
	Attention Seekers	Sensible Classics	No Nonsense Neutrals	Freedom Lovers	
Yes	12.8%	18.7%	13.8%	12.5%	14.8%
No	87.2%	81.3%	86.2%	87.5%	85.2%

* The effect of First Car Purchase is not significant.

f) 'Income' Cross-Tabulation

Household Income (FF)*	Attitude Segment				Total
	Attention Seekers	Sensible Classics	No Nonsense Neutrals	Freedom Lovers	
< 100K	6.4%	8.0%	10.8%	15.6%	9.2%
100K – 150K	19.2%	12.0%	23.1%	21.9%	18.4%
150K – 200K	16.7%	18.7%	24.6%	9.4%	18.4%
200K – 250K	20.5%	17.3%	18.5%	15.6%	18.4%
250K- 300K	23.1%	24.0%	15.4%	15.6%	20.4%
> 300K	14.1%	20.0%	7.7%	21.9%	15.2%

* The effect of Household Income is not significant.

Source: Ford France.