



PENN STATE WORLD CAMPUS BAN 540

U2W4 Assignment 2.2a:

Pacific Brands Case Group Assignment, Part 1

TEAM 5

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AGENDA: Exercises

PART A

Identifying Key Segments

Should PBG Target Specific Segments

Identifying: Key Segments

Methodology

- Data reduction using segmentation tool in XL>ME
- Segmentation using 2, 3, 4 and 5 number of clusters
- Identification of the distinct segments using data
- Characterization of the selected segments using the physical, psychological and retails experience variables
- Naming the chosen segments

Background: Pacific Bands Case

Pacific Brands Limited, a producer of Underwear, Sheridan, Tontine, and Dunlop Flooring. Recently, Berlei Ltd has launched two new high-end intimate apparel lines, Infinity and Timeless.

Core Team:

- Chief Executive Officer - **Sue Morphet**
- Chief Financial Officer - **Kevin LaSalle**
- Chief Marketing Officer - **Mark Baxter**

Factor Analysis:

- Sales are down 5.2% from the last year
- Net Profits after taxes down .9%
- Net Sales for Underwear & Hosiery down 1.4%

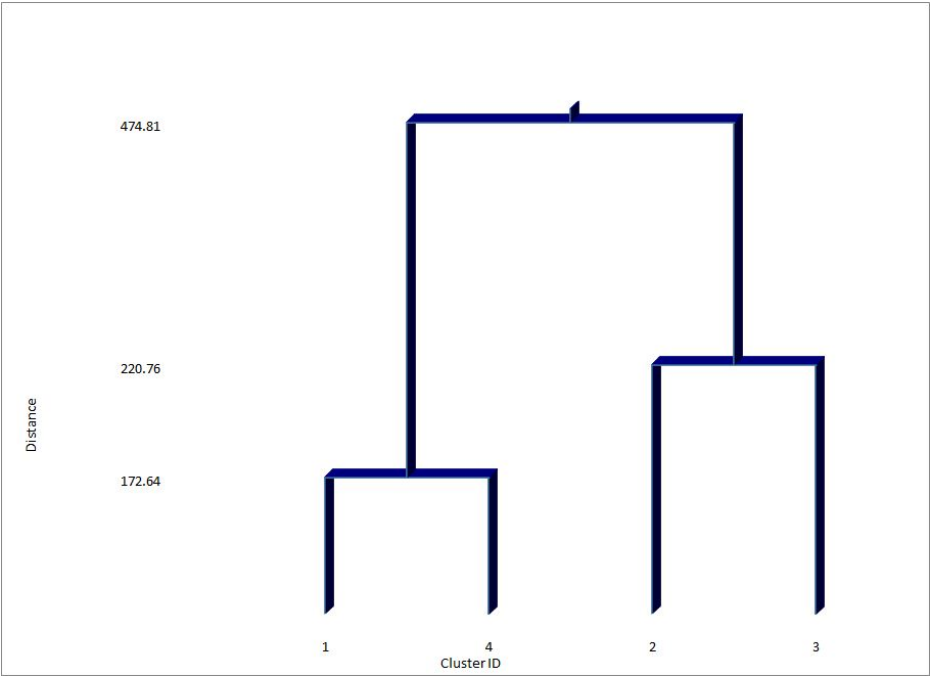
Identifying: Key Segments (Continuation)

2 Clusters				3 Clusters				5 Clusters						
Segmentation variable / Cluster	Cluster 1	Cluster 2	Segmentation variable / Cluster	Cluster 1	Cluster 2	Cluster 3	Diff	Segmentation variable / Cluster	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Diff
Fashn	2.77	3.7	Fashn	2.5	3.7	2.79	1.2	Fashn	2.5	3.7	1.8	3.22	2.11	1.9
Price	4.75	4.57	Price	5.17	4.57	4.73	0.6	Price	5.17	4.57	5.65	4.82	3.33	2.32
Convnience	3.83	3.69	Convnience	5	3.69	3.77	1.31	Convnience	5	3.69	5.75	3.45	2.89	2.86
ShpTime	4.13	4.03	ShpTime	5.17	4.03	4.07	1.14	ShpTime	5.17	4.03	5.3	3.81	3.78	1.52
Fitness	5.49	5.99	Fitness	4.83	5.99	5.53	1.16	Fitness	4.83	5.99	4.45	5.89	5.22	1.54
Perceptn	4.14	4.43	Perceptn	3.33	4.43	4.18	1.1	Perceptn	3.33	4.43	3.45	4.7	2.83	1.87
ChNoise	4.16	4.17	ChNoise	3.67	4.17	4.19	0.52	ChNoise	3.67	4.17	4.05	3.97	5.22	1.55
RetailEx	5.09	5.48	RetailEx	5.67	5.48	5.06	0.61	RetailEx	5.67	5.48	4.15	5.11	5.89	1.74
KnowdgStaf	4.36	5.02	KnowdgStaf	5	5.02	4.32	0.7	KnowdgStaf	5	5.02	4.05	4.04	5.78	1.74
Brand4Slf	3.12	4.49	Brand4Slf	3	4.49	3.12	1.49	Brand4Slf	3	4.49	2.05	3.72	1.89	2.6
Brand4Els	3.36	4.64	Brand4Els	2.67	4.64	3.4	1.97	Brand4Els	2.67	4.64	2.2	3.8	3.11	2.44
Populr	2.89	4.53	Populr	2.67	4.53	2.9	1.86	Populr	2.67	4.53	1.4	3.45	2.33	3.13
StrDisp	2.92	4.13	StrDisp	2.5	4.13	2.95	1.63	StrDisp	2.5	4.13	2.7	3.2	2.17	1.96
SaleStaf	3.88	5.02	SaleStaf	1.67	5.02	4	3.35	SaleStaf	1.67	5.02	3.85	3.78	5.06	3.39
Fabric	4.87	5.99	Fabric	2.17	5.99	5.02	3.82	Fabric	2.17	5.99	4.2	5.14	5.44	3.82
Cut	5.42	6.38	Cut	2.33	6.38	5.58	4.05	Cut	2.33	6.38	5.55	5.41	6.33	4.05
Seam	4.4	5.84	Seam	1.5	5.84	4.55	4.34	Seam	1.5	5.84	4.35	4.64	4.44	4.34
ShpOHngr	3.53	4.83	ShpOHngr	1.33	4.83	3.65	3.5	ShpOHngr	1.33	4.83	4.1	3.73	2.83	3.5
ShpOBody	6.01	6.63	ShpOBody	2.17	6.63	6.21	4.46	ShpOBody	2.17	6.63	5.85	6.22	6.61	4.46
Colrs	4.6	5.93	Colrs	2.17	5.93	4.73	3.76	Colrs	2.17	5.93	4.8	4.92	3.89	3.76
Match	3.03	5.08	Match	1.33	5.08	3.12	3.75	Match	1.33	5.08	2.85	3.3	2.72	3.75

Identifying Key Segments (Continuation)

Size / Cluster	Overall	Cluster 1	Cluster 2	Cluster 3	Cluster 4
Number of observations	221	7	44	123	47
Proportion	1	0.032	0.199	0.557	0.213

Segmentation variable / Cluster	Cluster 2	Cluster 3	Cluster 4	Max	Min	Diff
Fashn	2.91	3.67	2.36	3.67	2.36	1.31
Price	5.05	4.59	4.49	5.05	4.49	0.56
Convnienc	3.95	3.55	4.02	4.02	3.55	0.47
ShpTime	3.98	4.02	4.19	4.19	3.98	0.21
Fitness	6.07	5.93	4.94	6.07	4.94	1.13
Perceptn	5.05	4.31	3.55	5.05	3.55	1.5
ChNoise	3.82	4.02	4.94	4.94	3.82	1.12
RetailEx	4.7	5.29	5.68	5.68	4.7	0.98
KnowdgsStaf	3.77	4.65	5.45	5.45	3.77	1.68
Brand4SIlf	2.3	4.86	2.3	4.86	2.3	2.56
Brand4ElS	2.98	4.77	2.91	4.77	2.91	1.86
Populr	2.2	4.69	2.43	4.69	2.2	2.49
StrDisp	3.09	4.02	2.6	4.02	2.6	1.42
SaleStaf	3.7	4.69	4.68	4.69	3.7	0.99
Fabric	5.66	5.77	4.66	5.77	4.66	1.11
Cut	6.3	6.11	5.36	6.3	5.36	0.94
Seam	5.82	5.4	4.06	5.82	4.06	1.76
ShpOHngr	4.11	4.57	3.4	4.57	3.4	1.17
ShpOBody	6.64	6.53	5.96	6.64	5.96	0.68
Colrs	5.41	5.62	4.38	5.62	4.38	1.24
Match	3.75	4.6	3	4.6	3	1.6



Comments on Segmentation

- We chose 4 cluster scenario as the difference between max and min scoring is reasonable and number of cluster is neither too small nor too big
- Cluster 1 has very small population and can be ignored
- Cluster 2, 3 & 4 show distinct differences in various segmentation variables such as brands for self, brands for others, color, cut, fabric etc
- Team decided to focus on following segments
 - Cluster 2 is segment 1
 - Cluster 3 is segment 2
 - Cluster 4 is segment 3
- Cluster 1, 2 and 3 show the biggest difference in means for following segmentation variables
 - Knowledge of the selling staff Brand of the product
 - Bras designed by popular designers Position of seam on bra
 - Match - Availability of matching lingerie

Comments on Discrimination Variables

	Segment 1	Segment 2	Segment 3			
Discriminant variable / Cluster	Cluster 2	Cluster 3	Cluster 4	Max	MIN	
FashnMzne	3.795	4.455	2.915	4.455	2.915	1.54
WhrFmdShop	1.75	2.862	2	2.862	1.75	1.112
PplThnkMe	3.545	3.984	2.851	3.984	2.851	1.133
ExclsvShop	2.568	3.545	2.723	3.545	2.568	0.977
Fst2Try	2.795	2.959	1.915	2.959	1.915	1.044
Fashnista	3.364	3.667	2.489	3.667	2.489	1.178
Catlg	4.523	4.797	3.766	4.797	3.766	1.031
MagznNews	3.705	4.268	3.277	4.268	3.277	0.991
PplAskMe	3.523	3.618	2.681	3.618	2.681	0.937
OtherPpl	3.341	4.098	3.234	4.098	3.234	0.864
Modst	3.114	3.553	3.021	3.553	3.021	0.532
ApparelEx	1.955	2.154	1.894	2.154	1.894	0.26
Rationl	3.068	3.805	3.234	3.805	3.068	0.737
Age	2.364	2.341	2.723	2.723	2.341	0.382
OnlyBest	5.25	5.276	4.787	5.276	4.787	0.489
Internet	2.068	2.431	1.936	2.431	1.936	0.495
Yuthfl	4.364	4.146	4.936	4.936	4.146	0.79
Income	2.455	2.854	2.596	2.854	2.455	0.399
Excitbl	4.068	4.065	4.532	4.532	4.065	0.467
Contemp	3.364	3.374	3.511	3.511	3.364	0.147
Thrfty	3.341	4.138	4.255	4.255	3.341	0.914
Orthdx	5.295	5.049	4.894	5.295	4.894	0.401
NoBgDeal	2.705	2.911	3.106	3.106	2.705	0.401
Edu	1.975	1.777	1.743	1.975	1.743	0.232
NotBld	4.068	4.358	4.319	4.358	4.068	0.29

- Segment 1, Segment 2 and segment 3 differ in following discriminant variables
- Fashion Magazine – Segment 2 prefers browsing fashion magazines and look at catalogues compared to other two segments
- Segment 2 is also concerned about where their friends shop
- Segment 2 considers that other people think that they are fashionable
- Segment 2 are more fashionable and are usually first to try the new fashion

Segment Differentiation Using Various Variables

Physical	Segment 1	Segment 2	Segment 3	Psychological	Segment 1	Segment 2	Segment 3	Retail Experience	Segment 1	Segment 2	Segment 3
Fabric	5.66	5.77	4.66	Fashion	2.91	3.67	2.36	Price	5.05	4.59	4.49
Cut	6.3	6.11	5.36	Fitness	6.07	5.93	4.94	Convenience	3.95	3.55	4.02
Seam	5.82	5.4	4.06	Perception	5.05	4.31	3.55	ShopTime	3.98	4.02	4.19
ShpOHngr	4.11	4.57	3.4	Brand4Slf	2.3	4.86	2.3	ChannelNoise	3.82	4.02	4.94
ShpOBody	6.64	6.53	5.96	Brand4Els	2.98	4.77	2.91	RetailExperience	4.7	5.29	5.68
Colors	5.41	5.62	4.38	Popular	2.2	4.69	2.43	KnowledgeStaff	3.77	4.65	5.45
Match	3.75	4.6	3	SalesStaff	3.7	4.69	4.68	StoreDisplay	3.09	4.02	2.6

- The table above shows -
- **Segment 1** values the attributes under **physical variables more** such as fabric, cut, seam etc
- **Segment 2** values the attributes under **psychological variables more** compared to segment 1 and 3
- **Segment 3** values the attributes **under retail experience variables slightly more** compared to other 2 segments

Naming the Segments

- Segment 1 cares about the shape of bra on their body, color, fabric as well as price and fitness for the purpose. They scored higher on discrimination variable of “orthodox” as well as “excitable”. So we named this segment as “**Excitable Orthodox**”
- Segment 2 cares about the seam, fabric, shape and matching lingerie as well as the brands, the sales experience, fitness etc. This segment score high on buying “only best”, looks at catalogues and fashion magazines. They try the new fashion first and do care for store displays and sales staff knowledge. We names this segment as “**Millennial Divas**”
- Third segment also cares for the color, fabric and cut, but they are also concerned about retail experience and shopping time. This group scores high on being thrifty at the same time youthful and excitable. We named this group as “**Youthful Thrifties**”

Should PBG Target Specific Segments:

REASONS PBG SHOULD NOT TARGET SPECIFIC SEGMENTS AT THIS TIME...

#1 The product features for Timeless and Infinity are not defined clearly enough to serve separate customer bases.

Source: Kevin LaSalle's argued strongly against that developing a separate marketing program for each target segment for this reason. *(page 2 and Exhibit 11a and 11b, PBG Case Study)*

#2 The target market needed to support the sales of Infinity and Timeless are already saturated by pre-established luxury brands in Australia.

Source: Gazal challenged Berlei with its well-known licensed fashion brands for the Australian market. Gazal also distributed "Lovable", which targeted the same premium market segment that PBG would need to support Infinity and Timeless. *(page 7 and Exhibit 7, PBG Case Study)*.

#3 Women's Wear Market growth projection to decrease from 2008 onward.

Source: Struggling economic environment dampened allure and legitimacy normally inherited from the Berlei brand. Women seemed less willing to pay more for stylish lingerie. Result, PBG Sales: Down 5.2% FY2008. Net Profit (after taxes): Down 0.9%. Future Earning Potential is being questioned. *(Exhibit 1, 2a, and 2b, PBG Case Study)*

Should PBG Target Specific Segments: *(Continuation)*

REASONS PBG SHOULD NOT TARGET SPECIFIC SEGMENTS AT THIS TIME...

#4 Retailers reducing shelf space and sales efforts could cause a strain on the PBG + retailer relationship.

Source: Kevin LaSalle argued this point stating PBG had already "sunk a massive number of resources into accommodating dozens of additional SKUs last season."
(page 3 and 7, PBG Case Study)

#5 Berlei Brand Perception as an "economy" brand versus its competitors Calvin Klein and Gazal.

Source: Berlei success in 2000s as the official sports bra for the Australian Institute of Sport. *(Exhibit 10, PBG Case Study).*

#6 In 2008, the "Great Shape Bus" Campaign failed to translate into sales for the "Infinite" or "Timeless" lines.

Source: PBG's Net Sales for the Underwear & Hosiery down 1.4% from 2007. *(page 2 and 6, PBG Case Study)*

#7 Internet-buying gaining greater acceptance in late 2000s leads to more competition in the market for PBG

Source: Opens the gate to smaller retailers to compete with large companies like PBG because the expense of maintaining brick-and-mortar overhead is removed. *(page 7, PBG Case Study)*

AGENDA: Exercises

PART B

Specific Advertising & Retailing Programs

Strategy Brief for Sue Morphet

PBG Retailing and Advertising Strategies:

Business Imperative

Berlei Ltd.: segmentation methodology strategy is to lead in market innovation, and grow customer loyalty in the midst of an increasingly competitive environment. Berlei has opted to build expand in event media and social media specifically to caters to the average, knowledgeable, and expert bargain hunter. The two new lines Berlei is focused on singles out fashion conscious, consumers that are seeking a high-end product:

- Infinity: Created to target young women who sought color variety and saw a brassiere as a **Fashion Statement**.
- Timeless: Target audience is women 30-50 who were “**young at heart**” and wanted to look sportier and younger.

PBG Retailing Decision-Making Factors:

Factor Analysis

External Problem

- Due to a global economic recession, Pacific Brands is exposed to a changing landscape in consumer buying, which is online sellers discounting a variety of store brands, as opposed to their assortment product lines, coupled by an unfavorable exchange rate between Australia and U.S. currency.

Internal Problem

- Instant acclaimed media success on the prior marketing campaign, “Great Shape Bus.” Internally this strategic planning event did not created sales or customer curiosity. Ultimately resulting in a huge financial loss and lack of **setting marketing trends**.

Pacific Brands has the difficult task of developing a successful marketing campaign, which will target and develop the best approach for reaching these targeted cluster segments from PART 1.

Specific Advertising and Retailing Programs:

First step of developing the targeted marketing campaign is to identify and classify Content Marketing specially to Pacific Brands.

- Timeless: **Segment 1** values the attributes under physical variables more such as fabric, cut, seam etc
- Infinity: **Segment 2** values the attributes under psychological variables more compared to segment 1 and 3
- Timeless and Infinity: **Segment 3** values the attributes under retail experience variables slightly more compared to other 2 segments.

By understanding your audience, and communicate your brand uniqueness. There are several platforms to get this across, first, build app profiles and social media popularity. The Internet has completely evolved marketing trends, with just a click away to gain all the information online at anytime and anyplace. This will support the Lingerie Guide Style Finder consumer tool and Berlei website by creating brand awareness

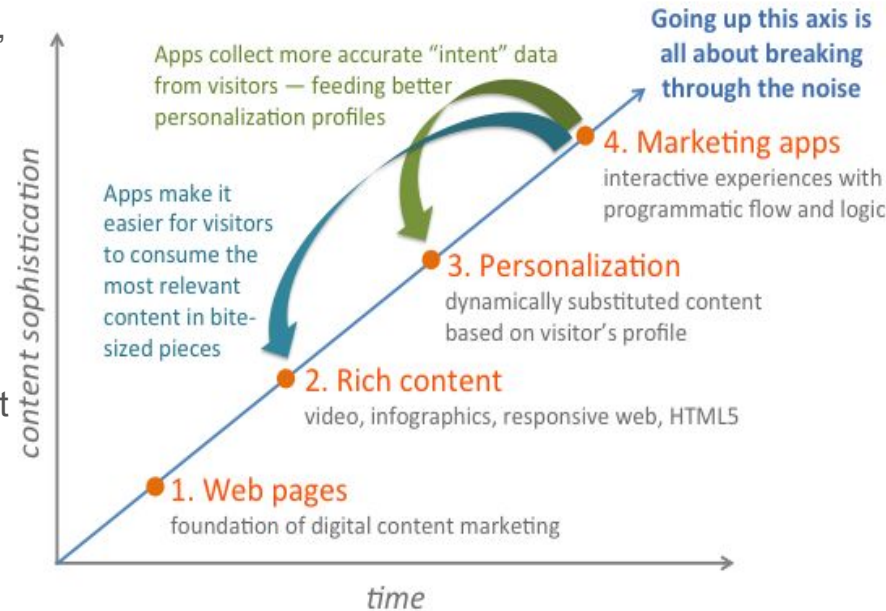
Defining social media characteristics:

- Create relevant and consistent transit content on new Timeless Infinity lines styles to attract customer leads to profitable customer actions under the Berlei umbrella.
- The advertising content messages on cars and entry points around malls have to be able to attract customers by consistently creating and curating valuable information to deliver consistent, ongoing valuable information to buyers throughout the calendar months.

Specific Advertising & Retailing Programs *(Continuation)*

INFINITY WILL FOCUS ON DATA MEDIA - QUALITY CONTENT IS AN ESSENTIAL PRACTICE OF MARKETING IN THE FOLLOWING FORMS BELOW:

- **Social Media Marketing** - Ensure social goals solve challenges:
 - Has website traffic dipped? Is customer loyalty low, and are we tracking brand reputation?
- **Online Advertising** - Social Network Applications
 - Facebook
 - Snapchat
 - Instagram
 - Pinterest
 - DeviantART
 - YouTube
- **SEO** - Search Engine Optimization Proper Page and Text Formatting.
- **PPC** - Design a Targeting Landing Page with an Always Include a Call-to-Action Berlei support staff.
- **Content Strategy** - All outbound messages fits with your company voice and highlights platform trends.



Specific Advertising & Retailing Programs (Continuation)

TIMELESS WILL FOCUS ON OTHER MARKETING STRATEGIES APPLIED UNDER CONTENT MARKETING:

- **PR** - All outbound messages fits with your company voice and highlights platform trends. Using the Appropriate Length of Content with: Supplementing with Images, Video Embeds, and Infographics.
- **Brand Well** - drive home to your customers base how to immediately identify your ads based on your copy, color choice, imagery, logo or typeface. Identify ideal customers and research competition constantly.
- **Fashion Week** - Create a local fashion show internally where employees can sample Infinity and Timeless. Tell a visual story and focus on how to “Sell What You Sell” word of month employee engagement.
- **Radio** - Partner with three top radio stations and have them commercialize Berlei brand objectives.
- **Inbound Marketing** - Ask and answer questions on social apps and give out a free guide that explains each product shape, color and design.
- **Digital Marketing** - Automation (CRM behavioural email marketing) for Infinity and Timeless.
- **Catalogue Advertising** - Telemarketing Direct selling and Building and updating marketing database.



Strategy Brief for Sue Morphet (updated)

Strategic Objective: To increase the sales and profits by promoting new product lines, Infinity and Timeless

Strategy: Use content marketing campaigns to direct the three segments to the Berlei website in order to leverage the content investments PBG has already made in its website. The better PBG knows its customers, the more effective it will be in generating sales.

Goal/KPIs: To increase online sales and overall profit

Strengths <ul style="list-style-type: none">• Excellent content on Berlei website• 2x as many SKUs offered online vs offline• Market research data has been collected	Weaknesses <ul style="list-style-type: none">• Infinity and Timeless are not differentiated• Cash resources are scarce• Overall sales have declined
Opportunities <ul style="list-style-type: none">• Online apparel shopping has increased• Increase in digital marketing for branding	Threats <ul style="list-style-type: none">• Women's market growth has slowed• Many comparable competitors• Department stores are reducing shelf space and sales efforts• Discount retail store segment is growing

Strategy Brief for Sue Morphet (*Continuation*)



1. Excitable Orthodox

- Promote Timeless
- Shape on body, color, and fabric
- Price and fitness
- High scores in “orthodox” and “excitable”

2. Millennial Divas

- Promote Infinity
- Seam, fabric, shape and matching lingerie
- Brands, sales experience, fitness
- High scores in buying “only best”, looks at catalogues and fashion magazines

3. Youthful Thrifties

- Promote Timeless and infinity
- Color, fabric and cut
- Retail experience and shopping time
- High scores on thrifty, youthful and excitable

Strategy Brief for Sue Morphet (*Continuation*)

Concerns of Kevin LaSalle, CFO

1. Because of external factors, it is a bad time to divide the company's resources
2. Creating separate marketing programs would be an additional strain on resources
3. Infinity and Timeless should naturally cross-market
4. Very cautious of the Marketing department after the failure of the 2008 Great Shape Bus Tour

Response

The objective of this segmentation study is similar to Kevin's Pareto analysis of the product line - to focus on the more profitable segments and to reduce wasted resources.

The objective now is to narrow the focus on the new product lines, Infinity and Timeless.

The strategy of online advertising will result in more precise data and deliver a better ROI than traditional advertising channels.

The Great Shape Bus Tour failed because the previous CMO had not used segmentation and did not focus the marketing campaign.

Strategy Brief for Sue Morphet (*Continuation*)

Concerns of Mark Baxter, CMO

1. Proponent of using segmentation and targeting to drive sales
2. Sees the growing importance of online sales as the industry shifts away from traditional retail
3. Wants to assert autonomy over his division, is bothered by the interference of the CFO

Response

The strategy relies on the use of segmentation and targeting. The goal is to increase online sales and profits by directing the most relevant customers to the online content Mark has already created. This project would give Mark the opportunity to use his skills to reinvigorate the brand.