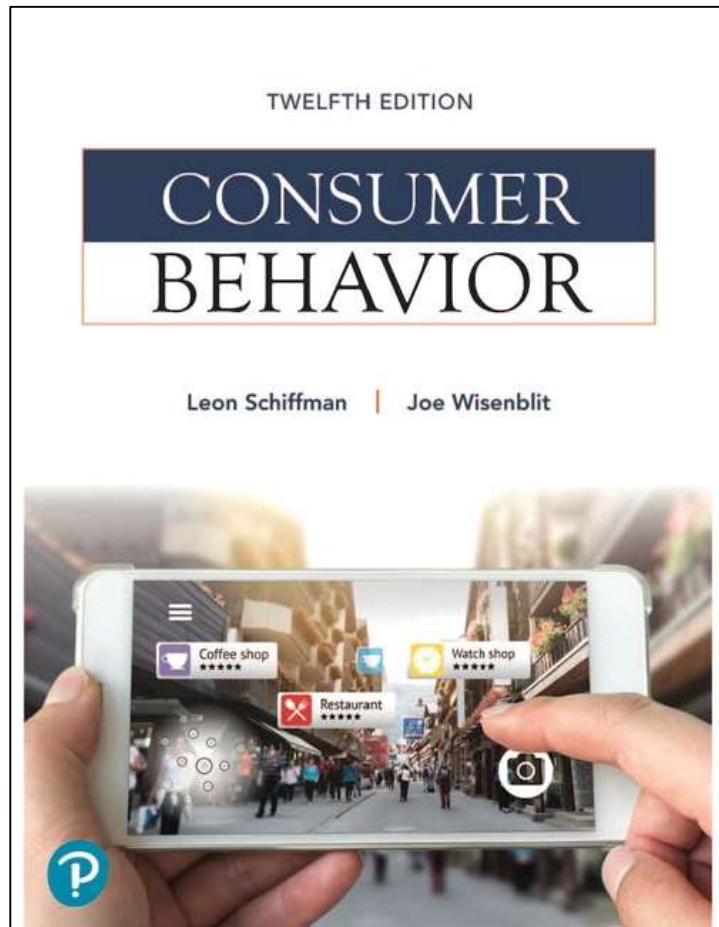


# Consumer Behavior

Twelfth Edition



## Chapter 2

Market Segmentation and  
Real-Time Bidding

# Learning Objectives

- 2.1** To understand how to segment markets along demographics, lifestyles, product benefits and usage, and media exposure.
- 2.2** To understand how to identify, select, and reach target markets.
- 2.3** To understand real-time bidding as compared with market segmentation.

# Usage-Occasion Segmentation



**Source:** Mack's® is a registered trademark of Mckeon Products, Inc.

# Learning Objective 2.1

**2.1** To understand how to segment markets along demographics, lifestyles, product benefits and usage, and media exposure.

# Two Types of Shared Characteristics

- Quantitative factors
  - Consumer-intrinsic
  - Consumption-based
- Cognitive factors
  - Consumer-intrinsic
  - Consumption-specific

# Marketers Combine Factors

- Demographics **determine** needs for products
- Psychographics **explain** buyers' purchase decisions and choices

# Demographic Segmentation

- Age
- Gender
- Marital Status
- Household type and Size
- Income and Wealth; Occupation
- Geographical location

# Age

- Age influences buying priorities
- Marketers target age groups
- Example: movie studios compete for teens and young adults each summer



# Gender

- Gender roles have blurred
- Gender less accurate to distinguish among consumers in some product categories than it used to be
- Some ads depict men and women in roles traditionally occupied by the opposite gender
- Some products (e.g. skin care and snacks) are marketed differently to men and women

# Households

- Family life cycle
- Important occasions change consumption patterns

# Social Standing

- Social class
- Fluctuations affect marketing

# Ethnicity

- Members of the same culture often share the same values, beliefs, and customs.
- Marketers may target culturally distinct segments with the same product using different promotional appeals.

# Psychographics

## Defined

Consumers' lifestyles, which include consumers' **activities, interests, and opinions**

## Table 2.1 Psychographic Measures (1 of 2)

Psychographic	Statements
<b>Personal Values*</b>	<p>I have a sense of belonging.</p> <p>I seek fun and enjoyment in life.</p> <p>I am self-fulfilled.</p> <p>Financial security is important to me.</p> <p>My greatest achievements are ahead of me.</p> <p>I am more conventional than experimental.</p> <p>My social status is an important part of my life.</p>
<b>Apparel and Fashion*</b>	<p>I buy clothes I like regardless of current fashion.</p> <p>My friends often ask me for advice on fashion.</p> <p>Men do not notice women who do not dress well.</p>

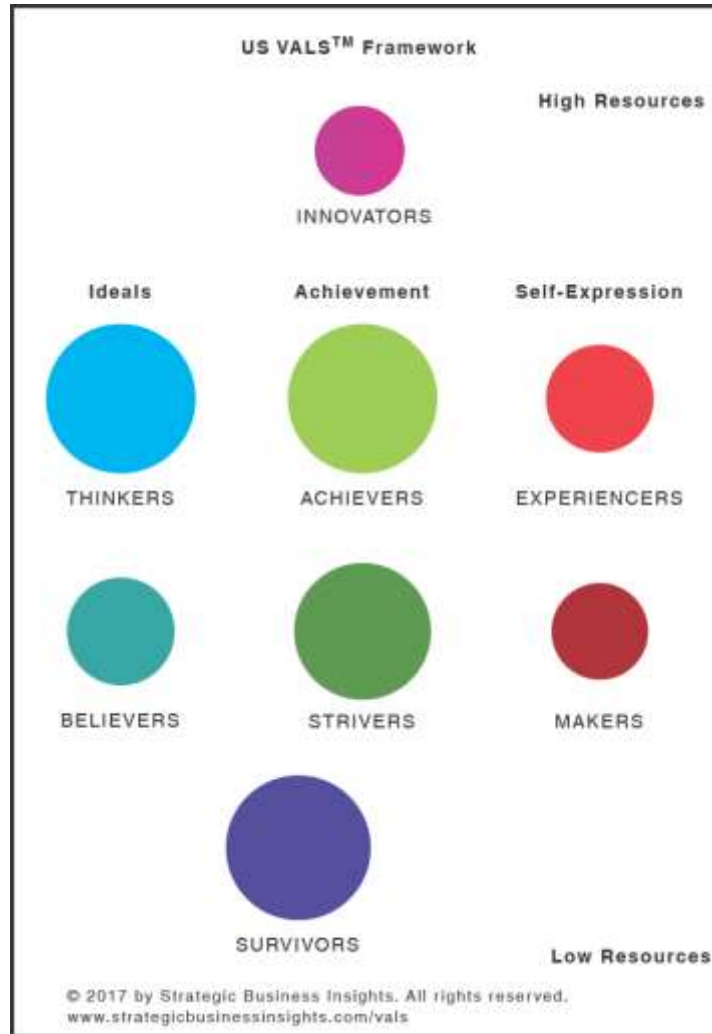
## Table 2.1 Psychographic Measures (2 of 2)

Psychographic	Statements
<b>Gift Giving*</b>	<p>I generally give gifts because people expect me to.</p> <p>I try to give gifts that carry personal messages to recipients.</p> <p>Gifts always communicate love and friendship.</p>
<b>Personal Relationships*</b>	<p>I find it hard to speak in front of a group.</p> <p>When I make friends I always try to make the relationships work.</p> <p>I enjoy making my own decisions.</p> <p>Others usually know what's best for me.</p>
<b>Buying Online*</b>	<p>It requires too much time to set up accounts with online stores.</p> <p>The look of a website is an important factor in my buying decisions.</p> <p>I tell others about my experiences in buying online.</p>
<b>At Leisure**</b>	<p>Played adult games (e.g., cards or mahjong)</p> <p>Visited art gallery or museum</p> <p>Went hunting or shooting</p> <p>Went to the movies</p> <p>Attended a sporting event</p>

\* Responses on a “strongly agree” to “strongly disagree” scale

\*\* Responses indicate the number of times respondents had engaged in the activity during the past 6 months.

# VALS™



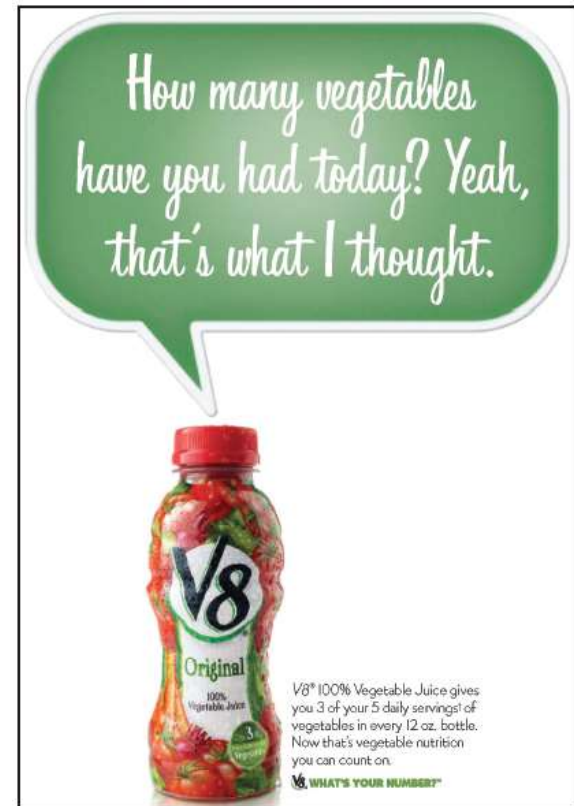


# Geodemographic Segmentation

- PRIZM<sup>®</sup>
- Location, demographics, and consumer behavior
- Lifestage groups
- Urbanization and affluence
- ConneXions
- P\$YCLE

# Benefit Segmentation

- Benefits sought represent consumer needs
- Important for positioning



**Source:** Campbell Soup Company

# Expectations of Service Providers

- Social Benefits
  - Recognized/known by staff
  - Treated in a way that they feel important/friendship
- Special Treatment Benefits
  - Helping when something goes wrong
  - Receiving priority treatment
- Confidence-Related Benefits
  - Feel confident service will be provided correctly
  - Clear descriptions of services and what to expect

# Product Usage

- Usage-rate segmentation (heavy, medium, light)
- Lots of competition for heavy users

# Learning Objective 2.2

**2.2** To understand how to identify, select, and reach target markets.

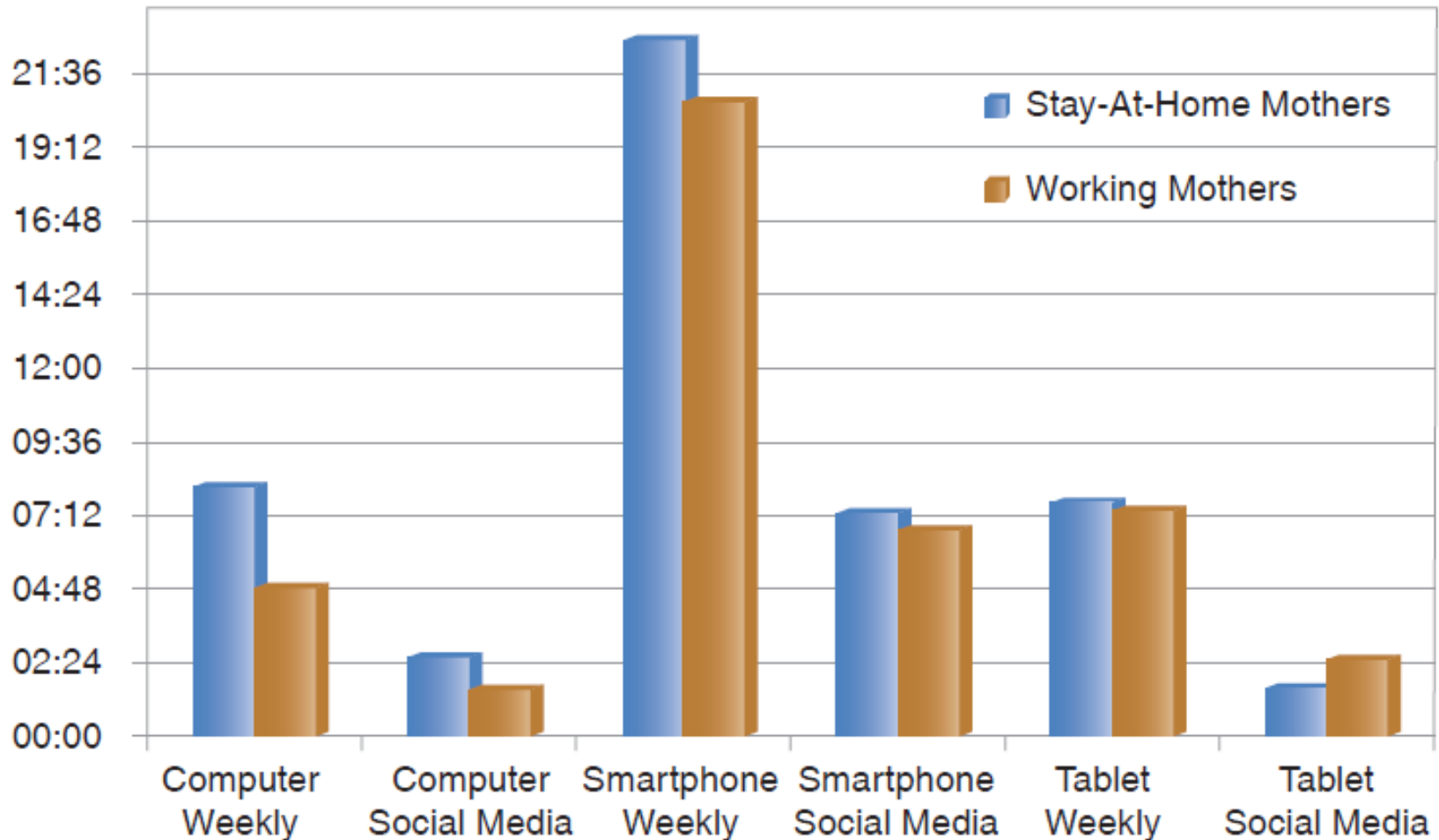
# Airlines Example

- Coach
- Premium Economy (50% more than coach)
- Business Class (2+x Premium Economy)
- First Class (3-4x Business)

# Segments Should Be...

- Identifiable
- Profitable
- Reachable

# Reachable Market Segments





# Mobile Targeting

- Showrooming
- Geofencing
- Websites are versatile

# Learning Objective 2.3

**2.3** To understand real-time bidding as compared with market segmentation.

# Real-Time Bidding (RTB)

## Defined

A technique that allows advertisers to reach the right user in the right place at the right time, which also sets the price advertisers pay per impression or action

# Web Crawlers

## Defined

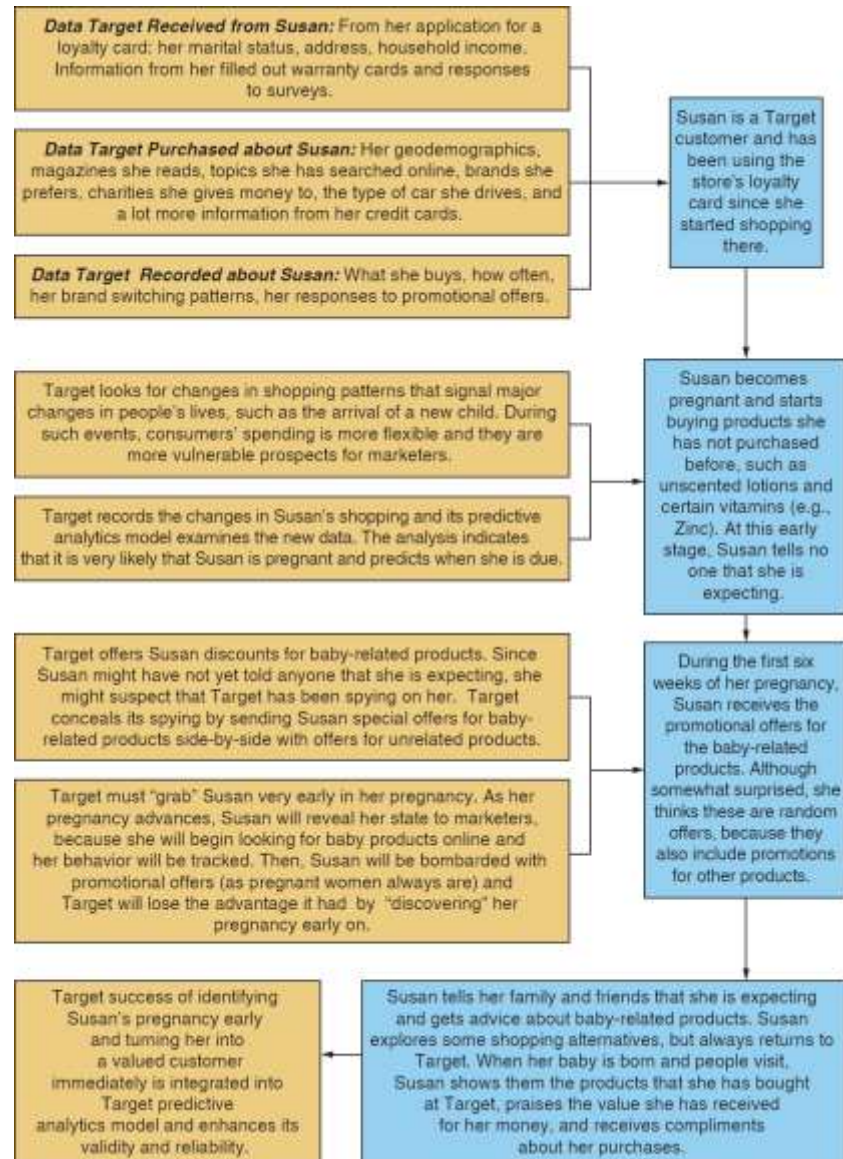
Programs that capture content across the internet and transmit it to the data broker's servers

# Predictive Analytics

## Defined

Measures that predict consumers' future purchases on the bases of past buying information and other data, and also evaluate the impact of personalized promotions stemming from the predictions.

# Application: Target



# Ad Exchange

## Defined

A big pool of ad impressions – websites – paste their ad impressions into the pool, hoping someone will buy them

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