

## Chapter 4

### Segmentation Models: Refining and Enhancing the Consumer-Brand Relationship

#### After completing this chapter, you will be able to:

- Discuss how segmentation models serve business objectives
- Explain why different consumer cohorts require different types of models
- Apply personas, archetypes and segmentation models for brand management

*“Customer segmentation that examines attitudinal and life stage needs for each purchase occasion gets to the heart of consumer behavior...”*

**McKinsey and Company” When Art Meet Science” 2006**

#### What is a Segmentation Model and what is its Purpose?

Segmentation modeling is a technique used to structure and create a deeper and more granular understanding of your customers so you can better align with their wants and needs. It is based on the premise that there is no such thing as the "average" customer but there are varieties of similar customers with different reasons and motivations for their shopping habits.

It starts out by dividing existing customers or targets into two or more discrete groups that share similar characteristics say as brand shoppers. So, for example, they may all be department store shoppers or even prefer to shop at one retailer and do so more consistently. They may also prefer one brand over another. Within these similarities there are often distinctions. One group may shop the store infrequently and only when the brand is on sale; another may be **loyalists** who shop often and are committed to buying the latest fashions and are not concerned with what is on sale. These groups are organized within segmentation models by a variety of information categories, which differ depending on your various business objectives.

## **Demographic, Geographic, Socio-graphic, Psychographic and Behavioral Segmentation Models**

Common types of segmentation models include **demographics**: (organizing consumer profiles by age, gender, education, race, occupation or income). Demographics are the simplest way to segment customers as the data is readily available from U.S Census tracts. **Geo-demographic** segmentation (organizing data by region, city or metro size, population density or climate), is another common type of segmentation. Census tract data is also available for geo-demographic segmentation. These are two useful points of departure for new businesses and for those whose business objective is to first target and then determine by sales responses which consumer segment is likely to want what the business offers. One has to begin somewhere and demographics joined together with geo-demographics, both readily accessible and offering a broad view of the market, provide a good starting point.

A commonly used hybrid model is the following framework which takes age ranges or generations of Americans and the cultural times in which they came of age and develops general descriptions of who they are and their values. So, for example, the “Baby-Boomers” born between 1946 and 1964, have been influenced by World War II , post war prosperity and certain social values such as a high regard for formal education and a exodus to the suburbs for a distinctive lifestyle. Below is an outline of this overall segmentation model:

- Traditionalists: Born prior to 1946
- Baby Boomers: Born 1946 to 1964
- Generation X: Born 1965 to 1980
- Generation Y (or Millennials): Born 1981 to 2000

This is often used to chart population growth and **lifestages** that is, when certain social actions such as when a drivers license becomes available, to determine if the trend lines favor or challenge certain brands given their core customer identity, or **brand persona**. This has been used by Harley-Davidson, for

example, to ascertain how population trends by generations may impact their available pool of potential customers in the U.S.A.(1) See; “Blame Harley Davidson Downfall on Baby Boomer Demographics”, by Charles Sizemore, [www.forbes.com](http://www.forbes.com), November 13, 2013.

**Sociographic** segmentation modeling, sometimes called **lifestyle segmentation**, looks to social patterns of how people live their lives and as a way of seeing their priorities, emerged from the realization of the superiority of this type of data over demographic and geo-demographic data for predicting consumer behavior. The latter models are static as they don't deal with activities but with an identity or social category (e.g. income level or someone's age). A similar segmentation model to lifestyle is **lifestage segmentation**. In every society and in its sub-cultures, there are **rites of passage** which are patterns of behavior structured by pre-defined events in one's life ( such as marriage, or first job or buying your first home ) which leads to certain types of purchases. Because these are "must-buy" stages, they are more predictable as patterns of consumer behavior. Here, they are in use in existing businesses or if an emerging business wishes to purchase more sophisticated data bases or methods for mining data. We'll explore this in greater detail latter in this chapter.

The realization that these are better predictors of behavior has also led to the gathering of data from point of sale transactions ( cash registers) and from credit cards. Again, shopping patterns at stores or on-line generate data is transformed into **behavioral segmentation**, such as frequency of store visits, patterns of in-store shopping, departments or brands shopped, or the use of credit cards, cash or checks; all of these provide the brand manager with information and distinctions that lead to profiling consumers by the patterns of their shopping and purchasing for more effective business decisions.

The ultimate model is called **psychographic segmentation**. If the other models deal with who the consumer is and how consumers live or behave, the psychographic models

determine the “why” of behavior or the attitudes that motivate the behavior. Knowing this enables brand managers to forge a much more intimate relationship with customers and a much deeper emotional experience between the consumer and the brand.

### *Aligning Models with Business Objectives*

The choice of how you design the model depends on what business objectives you want to achieve, So, for example, the extensive use of shopper behavior segmentation models stems from the need to identify different consumer purchasing motives and patterns. Here, the objective may be to **optimize merchandise assortments** in the store and have the right merchandise in stock or to intensify the focus of marketing messages and offers to a highly sought after segment of consumers. Delineating your customer data base which has information on your customer’s shopping habits as to frequency and purchase patterns would be useful to tap into. Another might be to inform short-term and long-term **cost per customer** decisions on how budgets should be distributed that maximize the best return on generating and retaining new customers. A model that drilled into the data base and mined information on customers history and dollar amount and potential amount of spending in a department or retail store would be useful .

Customer segmentation also allows guiding and prioritizing of research and product development initiatives. Knowing the different types of consumers who frequent and embrace the brand, enables brand managers to provide targeted **Product-Message-Offers** that is, mass marketing communications customized to each customer segments wants or needs . Depending on their profile, these may include different categories of **types of purchasers** such as, frequent shoppers, ultra-loyalists, bargain hunters or new shoppers buying the brand for the first time. In this situation, reaching out and surveying those who offer the greatest return on investment could lead to a product development assortment tailored directly to their needs.

Segmentation research can also help uncover both the common thread that unites a potential brand community and the distinctive way each segment aligns its purchasing motives with the brand. Discovering this unifying principle means the brand can devise strategies to encourage the creation of brand communities, such as those we discussed in our last chapter (and which we'll explore later in this chapter, with an in depth look at the seven types of Harley Davidson consumers), which are powerful generators of brand loyalty. In the Harley Davidson reference above, brand managers became privy to very granular data from these seven types of consumers and were in a better position to respond to different customer types while honoring the brand identity.

This achieves two important business objectives: First, it meets the desire of today's consumer to receive offers of products or services that are of interest to them, also known as **mass customization** and secondly, it optimizes the impact of these marketing messages to increase sales, profits and **market share**, or growth within the category in which the brand competes because less time, money and personnel are needed as a better focus leads to better business outcomes.

### *Research Resources for Building Data Bases and Segmentation Models*

Developing segmentation models requires consumer data . The data can be from secondary sources such as the Census bureau mentioned above or from **primary research** such as focus groups or sample surveys that directly interface with core consumers of the brand.

On-line, many companies have created primary research panels of targeted consumers who have agreed to participate in research on an on-going basis. Proctor and Gamble's "Tremor" panel is one that is well established and provides them with data on demand. For the more robust socio graphic and psychographic types of models two of the most widely used and actionable research platforms are VALS and PRIZM.

VALS is an acronym for “*Values, Attitudes & Lifestyles*”. It segments consumers into eight psychological types based on their personality dynamics and how these are markers of behavior patterns. Marketers and brand managers, once the types that align with the brand’s identity and image are discovered, can tailor messaging to the **cluster** or general type of consumer described by the segmentation model. PRIZM or “*Potential Rating Index for Zip Marketers*” is a similar model but works more on the sociographic level than VALS. It segments by households, shopping patterns, preferences and geography the entire USA population, which it has clustered into 66 distinctive types of consumer cohorts. Given that there are approximately 120,000,000 USA households, this creates on average 2,000,000 households per cohort. In order for brand managers to locate targets, these cohorts are then organized into zip code clusters of cohorts with similar lifestyles. The 42,000 USA zip codes which are broken down, re-organized and clustered around several of the 66 consumer cohort groups provide a critical mass of on average approximately 700 targeted zip codes per cohort or type of consumer group. Lifestyle overlaps, that is consumers in more than one of the 66 clusters, open up an even more significant number of households to this zip code cluster marketing.

What makes this useful is the tendency of people with the same lifestyles to live in the same neighborhoods or zip codes. So, for example, the zip codes for Westchester NY, Buckhead GA (just outside of Atlanta) and Walnut Creek CA (just outside of San Francisco) , show, in spite of their geographic distances, closely aligned types of consumers by lifestyle. “*Consumers of a feather flock together!*” Brand management and marketing communication strategies can now take on a broader geographic reach and a larger market segment and remain consistent in the message, further enhancing the brand profile, awareness and business potential. Below is an example of a PRIZM cluster and the sociographic information it

offers.

## PRIZM CLUSTER PROFILE HERE(2)

Here is an actual case of a client and a retailer where the absence of a segmentation model obscured business opportunities and the use of a PRIZM analysis provided new insights and fresh opportunities.

### *Case Study: Bill's Brand Central Station*

Jhane Barnes was an award winning designer of premium priced menswear. She was known for her unique sweater and sport shirt patterns which she designed using advanced geometric formulas resulting in eye catching patterns and prints. She had a successful business and advertised in GQ and occasionally Esquire, the premier trendsetting magazines for men's fashion.

One of her clients was Neiman Marcus where, over a decade, she had built up a small but steady clientele with her menswear collection. The business for the past year had been stagnating and the question arose as to the reasons and the profile of the Jhane Barnes customer. Who was he, what was his lifestyle which led to his purchase of the brand and what, if anything had changed?

We were able to draw a random sample of the zip codes which were the predominant and reoccurring sources of the brands most loyal consumers. From here, we applied a PRIZM cluster analysis. (Please see the full results in the attached ancillaries) Several key facts emerged from the drill down into the customer base. Firstly, there wasn't one Jhane Barnes cohort but three. Each tended to buy different parts of the collection (knit tops, woven tops etc.) at different times of year. Secondly, there were two distinct age sets; a younger and smaller consumer base who often shopped on-line and a much older and larger one that

preferred the likes of Neiman's; the latter tended to be golfers and belonged to country clubs while the former tended to be tennis players and health club members. The third, a smaller segment, bridged the patterns of the first two.

The product line has always been trend right and reflected Jhane's young attitude and her ability to design into trends without losing the brand's identity. As style trends became younger, she followed suit. So, for example, the fit patterns of knits and sweaters were made to mirror the trending fashion toward trim **metro-sexuals**, those young, professional urbanities who stayed in shape. However, the bigger and core customer base was the older and somewhat less active cohort. Not only did we discover that the new fit patterns made some of the garments too tight for comfort for this segment, but that the ads being run did not align with what magazines this customer tended to read. So, for example, we found that the golfers were subscribing to Forbes, Fortune and Golf Digest and not to GQ, Esquire and Sports Illustrated. This was one of several distinct socio-graphic lifestyle variables that the PRIZM clusters confirmed which contrasted with where the brand was advertising. We were getting to the bottom of why the business had slowed and what could be done to get it moving again.

We were now able to recommend, with confidence, that a two tiered business existed which required the creation of a sub brand for the younger cohort and a stronger presence of that cohort, on-line, where he tended to shop. We even recommended a name "*JB by Jhane Barnes*" feeling that "*Jhane by Jhane Barnes*" "might be too feminine. Referencing Jhane Barnes, however, seemed sound given that there was a following and brand recognition. To revitalize the core business, we recommended a review of the fit patterns and if budgets warranted, a shift in some ad dollars to the magazines where the core customer readership tended to be.



## The Role of Segmentation Models in Engaging Consumers

There are a variety of segmentation models to assist in brand management. The choices are driven by a combination of the availability of data, budgets, time and business objectives. The models we will examine all seek to **engage** the customer, that is to meaningfully connect and ultimately form a relationship which leads to brand loyalty. This again is a manifestation of consumer-centricity in the successful management of the brand.

### *Luxury Segmentation Models and Engagement*

Let's begin with a psychographic model as it provides the most granular and in depth detailed framework :

The models generally revolve around two independent variables such as the degree of wealth and the need for status. In the model below which we will now analyze, this results in four consumer segments each psychologically driven by less desire or more desire for overt signs or codes of luxury status.

A pivotal hypothesis in the study, is that there is an inverse relationship between low wealth and high status, so that the lower the wealth of luxury seekers and the greater the need for status, the more likely they will define luxury by products or services that display frequent and overt signs of brands, logos, and a social style with which they wish to be identified such as being seen in upscale luxury social settings.. Conversely, the study identifies a psychographic segment ( #2 below) that has precisely the opposite psychological and sociological dynamic.

1) High wealth/high status; 2) high wealth/ low status; 3) low wealth/ high status; 4) low wealth /low status (3)For a scholarly exposition of this model see: Y.J. Han et.al. "*Signaling Status with Luxury Goods: The Role of Brand Prominence*" *Journal of Marketing*, Vol 74 July 2010 pp 15-30.

The study referenced above, provides a profile by which to identify the segment that each customer occupies. This would enable the retail associate to approach each customer as part of a psychographic sub-set, each in a different yet appropriate manner; they would be trained as they are now in luxury retail to discern the customers preference or distaste for certain forms of status symbols. Discrete inquiries by the associates or an intimate knowledge of the taste and proclivities of existing clientele, completes the experience expected by luxury consumers .

There are also implications for advertising messages and for special event planning and targeted

invitations. The customer base refined by the segmentation model provides the data for forging strategic decisions as to what the appropriate brand narratives and conversation content with clientele should sound like and what invitees should be kept from a VIP list so as to avoid a serious faux pare.

In conclusion, the above policies seem a reasonable deduction given that the key research finding regarding logos and other luxury brand signs or codes is:

*“...different consumers prefer quiet versus loud branding because they want to associate themselves with and/or disassociate themselves from different groups of consumers.”(4) Ibid p 16*

The segments or cohorts in this model are described as follows:\*

**Patricians:** High Wealth/Low Need for Status= A desire for subtle or ”quiet” signals  
By which they signal to each other and which can only be discerned by likeminded.

**Partisans:** High Wealth/High Need for Status=Want to disassociate from have-notes; prefer “loud” signals. Are partisans for luxury symbols.

**Pretenders:** Low Wealth/High Need for Status= Want to associate with the “Haves” especially The “Partisans”...mimic need for ”loud” signals; They are pretenders about the Their ability to afford luxury goods. (most likely to buy counterfeits)

**Patrons:** Low Wealth/Low Need for Status=Don’t need status consumption, or wish to Associate with wealthier cohorts; not concerned with signaling or not by using Luxury goods. They are somewhat patronizing about the status needs of others.

*\*foreign language names of last three cohorts changed to reflect more understandable concepts*

It is worthy to note that the researchers used PRIZM in the same manner that we did in the Jhane Barnes study. They were able to locate by zip code and validate the income ranking and lifestyle values by clusters (these include the three wealthiest segments in America all of which had a high awareness of luxury brands) and find the very consumers they wished to interview.

The brand management implications suggest that differing tones of messaging as well as differing design elements in the products have different appeals to different segments of shoppers of the same brand. The challenge becomes to offer this distinctiveness that the segments call for

without compromising the integrity of the brand's identity. Here is where luxury brands and their brand managers have stood the test of time. The tendency of lesser brands compromising to let the dominant **brand image** as defined by the consumers perception of brand values determine the **brand identity** ( as defined by the heritage and craftsmanship of the brand) is never the temptation for luxury brands as it is for premium or mass fashion brands.

Other segmentation models found in the luxury space include what we outlined from the

An additional segmentation study by Unity Marketing, a well known specialist in the luxury research sector, has developed a behavioral segmentation model which complements the Han study in the Journal of Marketing referenced above: Here are the consumer profiles(5) **Luxury Report 2014: The Ultimate Six Year Guide to U.S. Affluence by Pam Danziger**, [www.unitymarketingonline](http://www.unitymarketingonline)

#### Unity Marketing Segmentation Model

- **X-Fluents (Extremely Affluent)** who spend the most on luxury and are most highly invested in luxury living;
- **Butterflies**, the most highly evolved luxury consumers who have emerged from their luxury cocoons with a passion to reconnect with the outside world. Powered by a search for meaning and new experiences, the butterflies have the least materialistic orientation among the segments, yet they have have strong spending potential for the right brand experience;
- **Luxury Cocooners** who are focused on hearth and home. They spend most of their luxury budgets on home-related purchases;
- **Aspirers**, those luxury consumers who have not yet achieved the level of luxury to which they aspire. They are highly attuned to brands and believe luxury is best expressed in what they buy and what they own.
- **Temperate Pragmatist** a newly emerged luxury consumer who is not all that involved in the luxury lifestyle. As their name implies, they are careful spenders and not given to luxury indulgence.

To activate this model, requires lifestyle secondary data such as PRIZM to provide socio graphic profiles which correspond to the types outlined above as well as geographic locators so they can be reached.

Finally, Kapferer and others suggest another segmentation model based on wealth and non-wealth and conservative lifestyle vs. a “modern” or advanced lifestyle. (6)**LTS, 2<sup>nd</sup> Edition, Chapter 5**  
This model again results in four major segments and is used to explain how those without

significant wealth can be included as on-going and potential luxury purchasers.

The lifestyle and the lifestage concept is at the foundation of this model. Consumers, made aware of luxury brands through the internet and through global marketing, have in addition to rising incomes, rising expectations of how they wish to live. This includes both partaking of luxury brands as experiences and as lifestage gifts, often to themselves as personal rewards for life achievements. This helps to explain how luxury brands seemingly affordable to only the very rich who are a fraction of the population (also referred to as the **Super Rich**, or UHWI, Ultra HighWorth Individuals, 1% of the overall population in the U.S.) have experienced, over the past two decades, phenomenal growth.

But this growing segment, apart from the Super Rich, can also be segmented by their attitudes toward luxury as a system of social values. In this model. purchasing decisions are largely based on personal values. Brand managers would do well to track these segments not only because of their size and growing purchasing power but also because the Super Rich are harder to locate, and less amenable to interviews and survey research. (7) *“Building a Profile for Today’s High Value Luxury Customer”* by Doug Gollan, Media Post Publications, Sept 10, 2014, Here is a model that describes them and provides brand managers with a more granular idea of how to approach them(8) *“ Value Based Segmentation of Luxury Consumption Behavior( K.P. Wiedmann, Psychology and Marketing, Vol 26, Issue 7, July 2009, pp 625-651 See also:Chevalier and Mazzalovo, in Luxury Brand Management Ibid pp 153 -164*

### **Value Based Segmentation**

**Financial:** The premium price is the fundamental benchmark of luxury and the value driver

**Functional:** Here the perceived uniqueness of the product and its quality is the value driver

**Individual:** The individual purchasers personality in terms of their view or perception of luxury

**Social:** The need for conspicuousness or group affiliation achieved through the luxury purchase

Again, the brand manager should be framing the customer base in terms of the above types or categories for informing store personnel and for general brand marketing communications.

The objective in building and applying these models is **Brand Engagement** or fostering

emotional relationships with targeted segments. The process is to seek, communicate, connect with and create brand loyalists. In each brand management strategy, there is a unique and compelling brand experience where the product is secondary to the engagement between the brand and the consumer.

### *Mass and Premium Brand Segmentations and Engagement*

Below are three major types of brand engagement, the first being “*Involving*” customers. **P&G.** (Proctor & Gamble) the leading Consumer Package Goods (CPG) Company in the USA, was an earlier adopter of engaging consumers on-line as a way of ensuring a consumer-centric alignment with product development. It also saw the dual benefit of market research as a tool for data collection and a means of consumer engagement.

P & G early on recognized the shift in power to consumers that the Web had created and the ability of web-based activists to impact the general public’s perception of the brand through social media. Co-opting the blogs and other platforms, P & G created on-line communities of consumers who agreed to join opinion panels and to participate in brand marketing surveys regarding product development and launches; each of these permanent survey panels were segmented in different ways in various cohorts of age and lifestyle. One that they organized, ‘Tremor’, has over 500,000 “Moms” who agree to test products, packaging etc. before they go to market. This strategy was one of the ways A.G. Lafley, CEO ensured that P & G implement his mantra “*The Customer is The Boss*”.

The strategy also recognizes the shift to consumer-centric market planning and the new role of customers as active participants in the brand’s evolution. This is a forerunner of what we will introduce later in the chapter; the shift from storytelling by brand managers to story listening from those told by consumer loyalists and how the integration of these two narratives generates brand engagement.

A second form of brand engagement is, “*Romancing*” customers. The J. Peterman catalog accomplishes this by creating beautiful pen and ink watercolor product sketches for each classic upscale item that is offered for sale. But what is really being offered is a brand . and emotional engagement.

The catalog assortment is curated to reflect the lifestyles of defining moments in the periods, places and events of Western history and culture. The insouciant lifestyle story lines that accompany each sketch, transports the reader into another time and place as reflected in the catalog’s brand positioning statement:

*“Clearly, people want things that make their lives the way they wish they were...”*

Below is a rendering and the adjacent copy from a recent Peterman catalog:

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### **A Moment Before the Applause.**

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The house lights dim, slowly.  
She comes though the doors, down the center aisle, slowly.  
Whispers erupt, like a wave across the silence. Almost loud.

The catalog cover, which is numbered (and purposely smaller in dimensions that

most catalogs) describes its contents as an “Owner’s Manual”, suggesting that it is to be kept as a source of “solutions” for those who

*“...want things that are hard to find. Things that have a romance, but a factual romance about them.”(9)*

The story-lines are clearly targeted to a generation ( many of whom are Baby-Boomers) that finds the content relevant to their own education and/or life experience.

A third type of engagement can be found in “*Delighting*”: customers. **KLM Airlines**® used a “surprise campaign” to delight their customers many of most of whom were Generation Xers. This targeting recognized how this cohort communicates and its lifestyle dynamic. Tapping into the power of mobile devices to reach and align with customer’s specific lifestyles, KLM devised a rewards program second to none for its immediacy, differentiation and personalized customer relevance. Tracking their flights via their customers’ use of mobile device check-ins and reviewing their frequent flyer customer profiles (which they could readily access), the airline employees would locate, prior to each flight, each person inside the terminal’s waiting area. They then handed each a small gift that was unique to that passenger’s lifestyle and trip destination. As an example, a NYC guidebook with sport bars highlighted for a soccer fan passenger bound for New York City or a headband for a customer going on a ski-trip in the Alps!

From first greetings to "thank you" notes engaging consumers as part of the brand experience has become protocol and a factor in creating and maintaining consumer loyalty. As we shall see in the next chapter, the brand experience and the emotional dynamic it creates and sustains has become a primary brand management objective.

## *Brand Communities as an Engagement Strategy*

Building brand communities is not a marketing function per se – it is a business strategy that should be aligned with corporate wide goals. Engagement helps engender these communities – which define target customers, loyalists and advocates.

We can confirm that it is a business strategy because “*Engagement*” is a quantifiable metric, which moves the purchase and profit needle. The most successful outcomes are in those companies that have monetized this metric and can correlate them with measurable loyalty outcomes. One engagement scale from FedX had been created which confirms that :

“*Every one percent increase in customer loyalty represents approximately \$100,000,000 in revenue. We spend a lot of time looking at how to build customer loyalty.*” Micheal Glenn, EVP, FEDX “the Positive Economics of Customer Engagement”, p. 68

A classic example of an approach to engagement and community be can be found in the challenge faced in 1984 by the iconic **Harley Davidson®** brand.



In 1984, the company teetered on the brink of bankruptcy and possible liquidation. Management responded by reformulating the competitive strategy and its business model around the philosophy of a brand community. It restructured every aspect of the company, ranging from its culture to the operating procedures to align with this revitalization.



The foundation for this revitalization was the “brotherhood” of riders community idea. The company began to sponsor community-outreach events, enlisting employees rather than temporary hires to participate in the events. This motivated many employees to become riders as well as riders to join the company, both of whom often became vocal brand advocates.

More and more, decisions at all levels were grounded in the community perspective as the company acknowledged the community as the rightful “owner” of the brand. What preceded this was the shift to a consumer-centric mind-set and the development of a highly detailed customer segmentation model. Here is how it unfolded;

The crises faced by HD stemmed from its brand strategy which assumed that the brands appeal was, in part, from its selective distribution and limited availability.

Dealers however, were clamoring for more units as sales hovered around 60,000 bikes a year – and consumer demand suggested that perhaps as many as 2 or 3 times that number of units could be sold – so distribution wasn’t an issue...the dealers had budgeted to buy more what had been. The key question to be answered was – “can we ramp up production without compromising the cache of the brand?”

The executive team feared that the increased production would alienate the core loyalist but they had only impressionistic and anecdotal evidence of this customer. More granular and deeper insights were needed as to the riders attitudes towards the brand.

A customer sample survey was designed and 16,000 questionnaires were sent out – “Expecting a typical response rate of 2 to 5% max, the returns numbered over 4000– a 25% of return! This suggested an intensely interested and perhaps very loyal customer base. The resulting data confirmed the best of both possible worlds-[\(10\) Consumer Segmentation Study, 1990](#)

There were seven (7) distinct demographic/lifestyle customer segments, each of which experienced the brand in lifestyle settings that were different and aligned with their various socio-

economic backgrounds. The next insights were the most dynamic in terms of leading to a fresh brand strategy:

1) A broad swath of brand loyalists existed who, in spite of their social and economic differences, were united around a singular perception of the brand experience as reflected in the **brand persona** of the rebel archetype. The “*open road*”, the “*freedom*”, the expressive unique sound of the Harley Davidson engine, the pride of ownership and other attitudinal dynamics, were mentioned as brand attributes by almost all the respondents. Here was the basis for the brand community and for sustainable growth.

2) Building on both the unity and the differences, Harley Davidson was now able to plan unique “*product- message – offers*” to different segments in different marketing venues. They now knew by segment which media to use, which message would most likely resonate and which model was preferred as well as its lifestyle end-use. Yet there was still a community bonded together by the brand archetype.(11)Harley Davidson 2009 Annual Report.

## Harley Davidson's Segmentation Model

Name	Demographics/Values	Attitudes/Psychology	Model Owned
Sensitive Pragmatics (29%)	Tend to be blue collar workers Easy going and practical	They like the "high" of riding	Touring Model Owners
Laid Back Campers (24%)	Quiet and soft spoken These bikers are patriotic: labeled as: "Made in America"	They like to use the bikes to cruise around not to speed or race	Sportster Owners
Cool-Headed Loners (17%)	Higher income "white collar" individuals	Consider a Harley the perfect getaway Call the Harley a "fingerprint"	Soft tail owners
Adventure Loving Traditionalists (10%)	Loves risks and seeks thrills	Rides a Harley for independence, freedom, and adventure	They purchase all models
Classy Capitalists (8%)	Described as "Rich Urban Bikers" or RUBS Represent the traditional American success story 45-50 years old	They love the attention they get when riding a Harley	Softails owners
Misfits (7%)	Enjoys having the reputation of being a "bad guy" or "wild man"	The sound and speed of a Harley are most important to this group Love to get a chance to "open up" on the road	Dyna owners
Stylish Status Seekers (5%)	Young, stylish, and elite	"Riding a Harley separates you and makes you stand out"	CVO models Custom Harley's

In a decade; unit sales increased from 60,000 to over 130,000 a year – This was the more impressive as it was accomplished in a competitive sector which also experienced the more aggressive marketing of Japanese brands (Kawasaki, etc.) and to a lesser degree German, British and Italian challengers as well!

The use of segmentation models and targeting to create a community can also be tied to a strategy of building engagement through first creating a community on social media. This could include aligning a brand with a segment that is not your traditional consumer. This is what the Mercedes brand managers did when they began the process of launching the CLA model.

Although we will examine in greater depth the social media strategy in later chapters, here is a brief capsule of how Mercedes brand managers proceeded.

In 2010, the average age of the Mercedes-Benz consumer was 57. The challenge of the brand manager was to appeal to a younger and more spirited demographic without alienating the core consumer whose purchases sustained the business. This required several shifts in strategy.

Firstly, the demographic that was targeted were two: Millennials and Generation X creating an age range of 25-39; secondly, the attitude and the corresponding message had to change. Classic Mercedes brand ads focused on the engineering attributes of the brand persona. Innovation and efficiency were the personality attributes of the brand. These new targeted cohorts were edgier in their lifestyles and somewhat more adventurous in their dispositions than the engineering/performance values which were the content of the classic ads. Thirdly the medium by which the targeted segments tended to receive their information was not magazines, where many of the classic ads appeared, but social media wherein the targeted consumers were heavily influenced by key opinion leaders from within their cohorts (12)How Mercedes Benz Uses Marketing Segmentation, Blog by )”Stephen Zoeller, November 25, 2014

## **The Role of the Brand Persona and Archetypes in Segmentation Modeling**

Successful brand engagement requires the alignment and balancing of brand identity with brand image. **Brand identity** is what the brand manager in the form of the brand's DNA, brings to the market; **brand image** is what the market reflects back to the brand managers as to its perception of the brand. The mix results in the **brand persona**, a generalized somewhat fictitious description of what is seen by the brand manager as the typical core consumer of the brand. When the description is the result of listening to the narratives of key customers and blending with this narrative the brand's **DNA**, where the brand's archetype resides, we arrive at a concept which anchors both marketing and merchandising, keeping them from drifting off course. This also sets the stage for the brand's segmentation model which we explore further on in this chapter.

### **Brand Personas in Mass and Premium Brands**

This use of the brand persona is widely used for apparel and for fashion brands. Here's how it works . Advertising and marketing campaigns need to be focused on a typical consumer who represents the brand. The look of the photography, the imaging and setting, the model chosen, all must be guided by the brand. The content may vary but the tone and image should be consistent. The persona serves as the silent director of an ad campaign ensuring that it consistently captures and communicates the personality of the brand and its values. Referring back to the "persons" attributes and personality is a good way to maintain a consistent brand message.

The same guideposts are used for determining the appropriate merchandising decisions for the target customers.

*Mass Brands and Personas*

Here's an example of how persona's serve as guard rails for a large US specialty chain located in the Midwest which markets moderately priced women's apparel:

The company is Christopher and Banks with over 400 stores and \$ 500,000,000 in sales and a brand persona named "Mary" who is 40 something, a size 10 and has 2 children : This and what follows was the result of conducting focus groups:

*" Mary could work as a teacher, nurse or bank teller. She drives a minivan. Her husband drives a Jeep. She prefers sit-down restaurants such as TCI Friday's to McDonalds. She reads People and Good Housekeeping but shuns Vogue....She is someone you would want to sit down and have lunch with" (13) See; Christopher and Banks Shuns Trends in Fashion, Targets Women in their 40's" by Amy Merrick [www.wsj.com](http://www.wsj.com), 2004*

Company managers take field trips to check out typical "Mary's" in their everyday activities at grocery stores or at movie theatres, recording what they are wearing. Pictures of "Mary" which are in various places at headquarters are thus updated. These serve as merchandising guideposts for the design teams so everyone is clear as to the target consumer for whom the product is being designed and for whom the brand is being positioned. This is a definitive model of a mass apparel brand and its strategy for ensuring that a moderately priced, mainstream fashion, classic women's sportswear product comes out of its design and merchandising departments. This helps to ensure that the creative vision of the brand and not the design team's personal choices informs the design effort. Consistently executing this set of deliverables to the targeted consumer, is the essence of the **brand promise**.

Several tactics in this strategy should be noted. Although most personas begin with an idea of what the targeted customer is about, it must at some point be confirmed or adjusted by actual consumer input. The danger in failing to do so, is that the brand can become irrelevant to the consumer lifestyles even though the product may continue to be differentiated from the competitors.

Here, both the focus groups and the field trips provide a stream of market data which while totally **qualitative** and useful for formulating generalizations, cannot be used for projecting propensity to purchase in any specific way. Confirmation of their accuracy remains best confirmed by sales.

### *Premium Brands and Personas*

Another model of brand personas is found in the Kate Spade brand. Here we have a more contemporary consumer than with Christopher and Banks, in fact one that places the brand within the so-called "accessible" luxury space.

The first step was defining the DNA of the brand and its target customer( 14) "*Can Kate Spade Become a \$ 4 Billion Business?*", by Robin Mellery-Pratt, *The Business of Fashion*, November 26, 2013. Here is how the executive management team describes the process of developing the brand persona, starting with Craig Leavitt, CEO: "We had to get the DNA of the brand first, then the rest would follow." And Mary Beech the Chief Marketing Officer:

*"the Kate Spade women lives in a ten-floor walk up but has champagne glasses. She does not take hours doing all her holiday cards perfectly, she has a glitter party with her friends"*(15)*Ibid* The consumer is not defined by her demographics ( although she is described as 25-44 over \$ 100,00 in annual income, married and college educated) but by her lifestyle and her personality..." *an ageless mindset*(16)*Kate Spade's Mary Beech Talks Brand Storytelling*", by Julia Neel, [www.wwd.com](http://www.wwd.com), 7.21.2014

Again, Mary Beech: "*She sings off-key, but with great spirit , and she has wallpapered the rental apartment*". (17) *Ibid*)"

In a similar vein, here is how Deborah Lloyd, President and Chief Creative Officer of Kate Spade describes Kate, her lifestyle and the brand promise:

*" Our brand promise is to help our girl lead an interesting life, to live her life in colour in every sense of the word..its about encouraging our girl to live this colorful life. ".(18)"Can Kate Spade Become a \$4 Billion Business?.Ibid*

This concept of color and colorful is not simply a metaphor for an "interesting life" but serves as a merchandising guide by embedding color as a constant in product development and as an aesthetic for the colorful interiors of the Kate Spade boutiques. The brand persona guides business development.

These and other persona attributes are used within the company to ensure a common understanding and internalized focus on the part of the management team on who "Kate" is and what her lifestyle looks like. But we still need consumer input to authenticate the descriptions and a strategy to manage it.

The key to authenticating the descriptors that Mary Beech and the others use was to tell the brand story digitally, on line, in social media. An essential part of the strategy was to be in on-going communication with her. This was to be both storytelling and story listening or a dialogue between brand managers and core consumers, which has become an essential part of fashion brand strategies. Again, Mary Beech observes “ *A brand’s voice begins with your brand promise ;it begins with ...your real customer*” (19) Ibid

In essence the research, confirmation and evolution of the brand persona is on-going and this transcends fashion brands and applies to any brand that is truly consumer-centric. Witness this similar expression from the Vice President of Global Marketing for Johnson & Johnson the pharmaceutical and consumer products goods company in her comments on consumer-centricity and the dynamic role of the consumer in the evolution of the brand persona :

*“ One of the most important factors in building a relationship is listening...we need to spend more time listening because in story telling that still keeps us in charge of the beginning, middle and end and that’s really not how it works anymore.)* (20) “Johnson & Johnson Exec, by Lauren Johnson, Mobile Marketer, May 18, 2012

#### *Case Study: Bill’s Brand Central Station*

A similar expression of the power of the brand persona occurred during a client presentation by our company to the management team of the Tommy Bahama brand. This is an upscale premium brand of cruise and vacation sportswear largely for men. It is currently distributed in Nordstrom and Bloomindgale’s and it own free standing stores. There is a strong Carribean Island context in which the brand and its product are presented.

We were asked to provide our client with a presentation to Tommy Bahama management for the license for men’s after shave fragrance. We put together story boards, mocked up bottles, labels and boxed gift sets to show how the product would be displayed at retail and how our merchandising captured and conveyed the essence of the Tommy Bahama brand and the Tommy Bahama lifestyle.

As we completed our presentation, their management team began to analyze the various elements of the merchandise packaging. The question that they all asked in one form or another was:



“Would Tommy like this color label?; Is this the kind of scent that Tommy is likely to wear?; is this the shape of the bottle that is “Tommy”? Clearly they all shared in an approach to evaluating if product and packaging was “ **on-brand**” , that is, did it capture and convey the brand persona! This was confirmed by the “answers” that were generated from their almost rhetorical questions. As a discussion ensued among them, it was as if “Tommy” was in the room and existed as a real person when in fact the very brand name was a construction; there was no actual Tommy Bahama. The result of this internalization by management of the brand personality, attitudes and values was the emergence of a consensus from the group on each aspect of the presentation that impacted on the brand.

### **Archetypes, Brand Personas and Segmentation Models**

The brand persona is the centerpiece for developing customized segmentation models which when properly designed can drill down into cohorts such as Single Mom and discover segments that has been hidden from view. The business opportunity increases with the degree of granularity generated by the model. Here is an example.

#### **Aligning Archetypes with Consumer Segments**

There are currently over 10 million single mothers in the United States with children at home under 18.( 21) “ *Engage Moms: Marketing And The Single Mom*, by Stephanie Azzarone, Media Post Publications, October 26, 2011

At one time this cohort may have been seen as a monolithic consumer segment. However, a study done at Women at NBCU generated the following segmentation model.

- **Girl Interrupted**” (13% of moms). This is the most negative of the categorizations. These women are more likely to be Caucasian, young and lower-income. They also tend to live with extended family, but without receiving much support. Yet, they are the most technologically connected of all.
- **"Dream Girls"** (15% of moms). More likely to be Hispanic and receive a lot of family and friend support, Dream Girls have a more positive outlook on life and are excited about being moms.
- **"Survivor Mom"** (13% of moms). She is older, struggling financially and more likely to be divorced or widowed, but also confident in her parenting choices and buying decisions and the most brand loyal.
- **"Second life Moms."** (?) Also older and more likely to be divorced, these moms tend to be

more educated, to work full time, and be financially secure.

How might a company that designed and marketed baby carriages approach this as a business opportunity?

Firstly, the decision as to what business they were really in might generate the archetype of the Caregiver. Providing safe and comfortable caregiver solutions in the form of baby carriages would serve this cohort well. Next the personas could be developed for each which would create a sub-set of caregiver-mother archetypes as anchors for the four personas. The caregiver would be the constant but their differing life stages and life circumstances would alter the “ *product-message –offer*” to ensure its relevancy for each segment.

### **The Connection to Experiential Marketing**

This has become the basis for **experiential marketing** or interfacing with brand touch points beyond the product itself. (22) *For the breakthrough work on Experiential Marketing, see: Bernd H. Schmidt: Experiential Marketing, Free Press, NY, 1999) For a complement to this approach see: Marc Gobe, Emotional Branding* This contrasts with the “ **features and benefits**” approach of traditional product-centric marketing . There, product features and benefits (such as , “*tastes better*”, “ *30% MORE*”, “*same size/lower price*” ) were the essence of what was communicated to the consumer as the reason to purchase. Today, most consumers, and not only luxury consumers, are demanding that companies do more than just provide quality services or products from their brands. Emotional fulfillment and a seamless brand experience from first “hello” to post purchase “thank you” notes to consumers has become protocol and a factor in creating and maintaining consumer loyalty. As we shall see in the next chapter, the brand experience and the emotional dynamic it creates and sustains has become a priority brand management objective.

This offers an example of how a brand manager might integrate these key concepts and brand elements for robust and sustainable business development. What strategies might you add to

this?