

# Marketing

A Relationship Perspective

von

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ing criteria, the marketer must try to identify good predictors of differences in buyer behaviour. There is an array of options and no single, prescribed way of segmenting a market (Wind, 1978). A marketer has to try different segmentation variables, alone and in combination, to find the best way to view the market structure. In addition, the bases selected must fulfil the criteria outlined earlier for effective segmentation. Table 3.2 outlines the major variables that might be used in segmenting consumer markets. Here, we look at the major groups of consumer segmentation criteria: **profile, psychographic and behavioural**.

Variable	Examples
<b>Profile</b> <ul style="list-style-type: none"> <li>• Demographic                             <ul style="list-style-type: none"> <li>– Age</li> <li>– Gender</li> <li>– Family size</li> </ul> </li> <li>• Socio-economic                             <ul style="list-style-type: none"> <li>– Social class</li> </ul> </li> <li>• Geographic</li> </ul>	Under 12, 12-18, 65+ Female, male 1-2, 3-4, 5+  Working class, middle class, upper middles North America, Western Europe, Middle East
<b>Psychographic</b> <ul style="list-style-type: none"> <li>• Lifestyle</li> <li>• Personality</li> </ul>	Achievers, strivers, survivors Compulsive, authoritarian
<b>Behavioural</b> <ul style="list-style-type: none"> <li>• Benefits sought</li> <li>• Purchase occasion</li> <li>• Purchase behaviour</li> <li>• Usage</li> <li>• Perceptions and beliefs</li> </ul>	Convenience, status, performance, price Self-buy, gift, special occasions Solus buying, brand switching Heavy, light Favourable, unfavourable
<i>Source: Adapted from Jobber, 2010, modified</i>	

Table 3.2: Major segmentation variables for consumer markets

## Profile Segmentation

Profile segmentation variables allow customer groups to be classified in such a way that they can be reached by communications media (e.g. advertising, direct mail). Even if behaviour and/or psychographic segmentation have successfully separated between consumer preferences there is often an urge to analyse the resulting segments in terms of profile variables such as age and socio-economic group in order to communicate to them. The reason is that readership and viewership profiles of newspapers and television programmes tend to be expressed in that way (Jobber, 2010).

We shall now examine a number of the most common **demographic, socio-economic and geographic segmentation variables**:

- **Demographic variables** are the most popular bases for segmenting customer groups. One reason is that customer needs, wants and usage rates often vary closely with these variables. Another is that demographic variables are easier to measure than most other types of variables described hereafter. Even if market segments are first

**Exhibit 3.1****Segmentation of Triumph lingerie**

Triumph International is one of the world's leading manufacturers of lingerie, sleepwear and swimwear and was founded as a family business in Germany in 1886. Still a family business (privately owned in its entirety by the family Spiesshofer & Braun) Triumph International has grown to 40,000 employees and an annual turnover of CHF 2.5 billion (EUR 1,7 billion).

# Triumph

Bad Zurzach in Switzerland has now become the headquarters of the parent company, Triumph International. Triumph enjoys presence in over 120 countries encompassing the globe and is one of the leading underwear producers in the world. The company has 50 subsidiaries around the world. Its top selling markets are Germany, UK and Japan.

In 2007 Women's underwear accounted for app. 80% of the revenues.

The company's expansion has historically been based on geographical decentralization. For example, the Asia/regional operations are coordinated by Triumph International Overseas, headquartered in Hong Kong. As of the mid-1990s, the company's decentralization was considered unique: 'Triumph is the only international brand to be marketed and manufactured locally.'

Triumph's principal activities are the manufacturing and distribution of women's (and men's) underwear, as well as clothing worn for in-house and leisure purposes. The Company distributes its products through its sole subsidiary Triumph International Vertrieb GmbH, while product marketing is done by another company.

Among the most well-known brands in the Triumph brand portfolio are: Triumph, Sloggi, BeeDees, Valisère and HOM. Sold individually and in multi-packs, Sloggi's unique packaging and branding performed strongly on the shelves of leading department stores during the nineties. Sloggi's success had turned briefs into a fast-moving-consumer-goods (FMCG) market. By late 2009, Triumph International had sold over 450 million pieces of Sloggi around the world.

Triumph is constantly balancing its design between sex appeal and function. However, this delicate balance is less an issue for women today than in the past. Women see their sexuality differently than they did a decade or more ago. Women are sexy for themselves, not to impress a man.

Today's market is a consumer's market. Consumers rightly do not only expect fashionable products in excellent quality for their money, but they also expect a pleasant shopping experience to go with it.

Triumph is working together with approximately 40,000 retail trade customers (franchise and partner stores) all across the world. Triumph's own retail stores (altogether 1,620 stores worldwide to date) offer the opportunity to really showcase different

Triumph brands, present their product in the way it should be and create an emotional experience for consumers. It provides the opportunity for Triumph to present their entire collections under one roof in selected locations.

## Triumph lingerie segmentation in the Nordic markets

Triumph is lingerie market leader in three of four Nordic markets (Denmark, Norway and Finland), with 20-30 percent market share. In these markets Triumph has a broad customer group (+25), but the brand is strongest in the older target group (35+). It is a challenge to target the daughter, her mother (and the grandmother) at the same time.

In order to make a better targeting of Triumph lingerie range and to increase women's buying frequency rate (up from 1,7 bra per year), Triumph has developed a traditional segmentation ('The wardrobe segmentation concept'), based on 4 usage situation and 4 fashion types segments.

The aim with 'The Wardrobe Segmentation Concept' is to:

- Increase traffic in the stores
- Put focus on Triumph's broad assortment
- Strengthen Triumph's position as lingerie expert

## 4 usage situations



1. Daywear – all day comfort
2. Sport – active support
3. Special – evening sexy
4. Home-wear – comfort at home

## 4 Fashion Types

Urban Minimalist

Soft & Romantic

Life in colour

Seductive details



### 1. Urban Minimalist

She likes it sexy, streamlined and simple. With a big city edge and no frills attached, she feels that her female power should do the talking, not the underwear

### 2. Soft & Romantic

Ultra-feminine is her style. She feels that lingerie is a woman's right and should be as girly as possible with pastel colours, curvy shapes and delicate textures

### 3. Life in Colour

She has a zest for life and boring blacks and whites will not do. With her high energy styles she wants fun lingerie in latest colours, lively patterns and sexy shapes.

### 4. Seductive Details

Cool, edgy and sensual – that's her style. She is an original and dresses after her mood, mixing up colours and paying special attention to details like lace, bows and vintage cuts

This 4 ('Usage situations') x 4 ('Fashion types') = 16 different lingerie products:

PROMOTION Triumph  $\forall$



*The ultimate "under" wardrobe*

We all have our own personalities, especially when it comes to our own private underwear collections. Our do-commy-noctndipit amet dedit elit luptat inim veliquat. Ip alisi enim velit acci blam diamcoopt amet dedit elit luptat inim velim diamcon sequiblm dicitat dicit nuput ill lum in ut/upet. [www.triumph.com/vk](http://www.triumph.com/vk)



YOUR TYPE	1 Urban Minimalist	2 Soft & Romantic	3 Life in Color	4 Seductive Detail
DAYWEAR	 01 228 KR, TRUSSARDI 179 KR	 01 228 KR, TRUSSARDI 179 KR	 01 228 KR, TRUSSARDI 179 KR	 01 228 KR, TRUSSARDI 179 KR
ACTIVE	 SPORTS 01 278 KR	 SPORTS 01 278 KR	 SPORTS 01 278 KR	 SPORTS 01 278 KR
LINGERIE	 01 228 KR, TRUSSARDI 179 KR	 01 278 KR, TRUSSARDI 139 KR	 01 278 KR, TRUSSARDI 139 KR	 01 278 KR, TRUSSARDI 139 KR
NATUOJ	 NATUOJ 428 KR	 NATUOJ 428 KR	 NATUOJ 428 KR	 NATUOJ 428 KR

Triumph  $\forall$  PROMOTION

This segmentation concept is then implemented in the stores:



Sources: [www.triumph.com](http://www.triumph.com), adapted from Hollensen, 2010

defined using other bases, such as behaviour, their demographic characteristics must be known and analyzed in order to assess the size of the target market and to reach it efficiently. We shall look at the demographic variables **age, gender and life cycle**:

- **Age** has been used as a basic segmentation variable in many markets. The market for holidays is a classic example, with holiday companies tailoring their products to particular age groups such as 'under 30s' or 'senior citizens'. Another example includes Procter & Gamble selling Crest spinbrushes featuring favourite children's characters. For adults, it sells more serious models, promising 'a dentist-clean feeling twice a day' (Kotler and Armstrong, 2009). In these segmentation schemes it is rational that there are significant differences in behaviour and product/service requirements between the demographic segments identified.
- **Gender** segmentation is a basic approach has long been used in clothing, cosmetics, and magazines. Many segmentation schemes use gender as a first step in the segmentation process, but then further refine their targets within the chosen gender category, e.g. by social class. In some markets the most relevant variable is gender preference as marketers have noticed opportunities for targeting women. Citibank, for example, launched Women & Co., a financial program created around the distinct financial needs of women.
- **Life cycle segmentation** centres on the idea that consumers pass through a series of quite distinct phases in their lives, with each phase being associated with different purchasing patterns and needs. The unmarried person living at home may have very different purchasing patterns from a chronological counterpart who has left home and recently married. It is also recognized that the purchasing pattern of adults often changes as they approach and move into retirement. Producers of baby products, for example, build mailing lists of households with newborn babies on the basis of free gifts given to mothers in maternity hospitals. These lists are dated and used to direct advertising messages for further baby, toddler and child products to the family at the appropriate time as the child grows. The basic life cycle stages are presented in Table 3.3. In some instances segmentation by life cycle can help directly with product design, as is the case with package holidays. In addition to using age as a segmentation variable, holiday firms target very specifically on different stages of the life cycle, from the Club Med emphasis on young singles, to Centre Parcs family holidays, to coach operators' holidays for senior citizens (Hollensen, 2006).
- **Socio-demographic variables** include social class and income. Here we shall look at **social class** as a predictor of buyer behaviour. Like the demographic variables discussed above, social class has the advantage of being fairly easy to measure, and is used for media readership and viewership profiles. In many cases, occupation and social class are linked together because, in numerous developed economies, official socio-economic group (social class) categorizations are based upon occupation. One way of doing it is shown in Table 3.4. The extent to which social class is a predictor of buyer behaviour, however, has been open to question as many people who hold similar occupations have dissimilar lifestyles, values and purchasing patterns. Nevertheless, social class has proved useful in discriminating between owning a dishwasher and having central heating, for example, and therefore should not be discounted as a segmentation variable (O'Brian and Ford, 1988).
- **Geographic variables** facilitate the division of markets into different geographical units such as nations, regions, states, countries, cities, or even neighbourhoods. The geographic segmentation method is useful where there are geographic locational



Stage	Financial circumstances and purchasing characteristics
Bachelor: Young, single, not living at parental home	Minor financial burdens, recreation oriented; entertainments outside home
Newly wed: Young couples, no children	Better off financially, two incomes; purchase home, some consumer durables
Full nest I: Youngest children under 6	Home purchasing zenith; increasing financial stress, may have only one income earner; predominantly purchase of 'necessities'
Full nest II: Youngest child over 6	Financial position recovering; some working spouses
Full nest III: Older married couples with dependent children	Financial position better still; update household products and furnishings
Empty nest I: Older married couple, no children at home	Home ownership summit; renewed interest in travel and leisure activities; buy luxuries
Empty nest II: Older couples, no children at home, retired	Partially drastic cut in income; medical services bought
Solitary survivor: Still in labour force	Income fine, but likely to sell home
Solitary survivor: Retired	Special needs for medical care, affection and security

*Source: Adapted from Hollensen, 2006, modified*

*Table 3.3: Stages of the family life cycle*

Social class grading	Occupation
A	Higher managerial
B	Middle management
C1	Supervisory/lower management
C2	Skilled manual
D	Semi-skilled/unskilled
E	Lowest levels of subsistence

*Source: Adapted from Hollensen, 2006, modified*

*Table 3.4: Social class/Occupation*

differences in consumption patterns and preferences. For example, in the UK beer drinkers in the north of England prefer a frothy head on their beer, whereas in some parts of the south, local taste dictates that beer should not have a head (Jobber, 2010). Geographic segmentation is still widely used, at least as one element in a combination of segmentation bases. Undoubtedly, geographic segmentation is potentially at its most powerful and useful when considering international markets, and therefore is considered in more detail in the framework of segmenting international markets and countries.



The increasing concern regarding the poor predictive power of many of the above stated 'conventional' bases for segmenting consumer markets, coupled with improvements in data collection and analysis methods, has led to the development in recent years of more contemporary and, some would suggest more powerful, bases for segmenting consumer markets like **psychographic and behavioural segmentation** which shall be discussed in more detail now.

### Psychographic Segmentation

Psychographic segmentation involves grouping customers according to their **lifestyle and personality characteristics**:

- **Lifestyle characteristics:** This research attempts to isolate market segments on the basis of the style of life adopted by their members. At one stage these approaches were seen as alternatives to the social class categories discussed above. Lifestyle segmentation is based upon the fact that individuals have characteristic modes and patterns of living, which may influence their motive to purchase selected products and brands. For example, some individuals may prefer a 'homely' lifestyle, whereas others may see themselves as living a 'sophisticated' lifestyle. Lifestyle segmentation is concerned with three main elements: activities (such as leisure activities, sports, hobbies, entertainment, home activities, work activities, professional work, shopping behaviour, house work and repairs, travel and miscellaneous activities, daily travel, holidays, charitable work); interaction with others (such as self-perception, personality and self-ideal, role perceptions, as mother, wife, husband, father, son, daughter, etc., and social interaction, communication with others, opinion leadership); and opinions (on topics such as politics, social and moral issues, economic and business-industry issues and technological and environmental issues). The question that arises is the extent to which general lifestyle patterns are predictive of purchasing behaviour in specific markets (Sampson, 1992). Nevertheless, lifestyle segmentation has proved popular among advertising agencies, which have attempted to relate brands (e.g. Hugo Boss) to a particular lifestyle (e.g. aspirational).
- **Personality characteristics** are more difficult to measure than demographics or socio-economics. They are generally inferred from large sets of questions often involving detailed computational (multivariate) analysis techniques. Although the idea that brand choice may be related to personality is intuitively appealing, the usefulness of personality as a segmentation variable is likely to depend on the product category. Buyer and brand personalities are likely to match where brand choice is a direct manifestation of personal values but for the majority of fast-moving consumer goods, such as detergents and tea, the reality is that people buy a repertoire of different brands (Lannon, 1991).

The approaches to consumer market segmentation that have been described so far have all been associative segmentation. That is to say, they are used where differences in purchasing behaviour/customer are perceived as being associated with them. If a company uses social class, for example, to segment a market it is assuming that purchasing behaviour is a function of social class. Most of the problems with using such associative bases tend to be related to the issue of the extent to which they are in fact associated with, or are a reflection of, actual purchasing behaviour. Because of this, numerous marketers believe that it is more sensible to use direct bases for segmenting markets. Such bases take actual consumer behaviour as the starting point for identifying different segments. They are often referred to as **behavioural segmentation bases** and shall be described in more detail now.