

RESEARCHING THE CONSUMER



DEAR CONSUMER: MAY WE HANG OUT WITH YOU FOR A WHILE?

Laskerville—a code-named small town outside Chicago, with a population of 8,000, not counting the three or four visitors who slipped in and out of town. You could see them in the market square, in local bars, at car dealerships, even at the funerals. It was they who gave the town this code name, and the townspeople didn't even know it.

They were researchers from the Chicago-based Foote, Cone & Belding (FCB) advertising agency, whose founder's name was Albert Lasker. They would cast away their business suits and don jeans and boots. To mingle with the villagers. Trying to get a fix on what turns the wheels in small-town U.S.A. What better way to find out about consumer attitudes, lifestyles, concerns, and mores, than to observe those consumers firsthand in their natural habitat.

QUALITATIVE AND QUANTITATIVE

What the FCB researchers were doing is called *participant observation*, one of the many methods of researching the consumer. There are qualitative methods (*participant observation* is an example), and then there are quantitative research methods. Okay, answer the following question:

Q. Would you like to read up on consumer research methods now, or would you rather first read a few substantive chapters on CB?

- A.** I want to read them now as I am eager to do some CB research projects soon.
- B.** I want to read the substantive CB concepts first so I may know which CB concepts to research.

If you answered A, please go to Research Appendix (at the end of the “topic chapters”). If you answered B, turn the page to go to Chapter 2.

Incidentally, you have just participated in a quick quantitative survey research!

MARKET SEGMENTATION

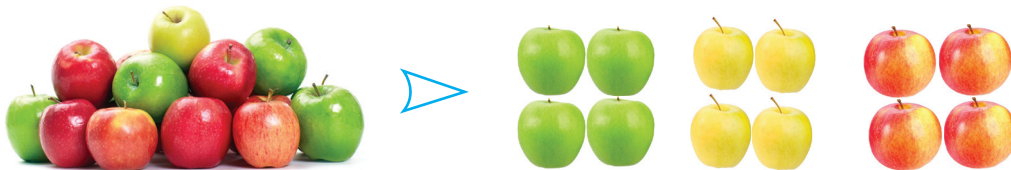
WHERE MARKETING STRATEGY MEETS CONSUMER RESEARCH

Perhaps no other concept in marketing is more potent than the concept of segmentation. The core idea is that all consumers are not alike, and that to satisfy individual consumers, we must bring them market offerings designed to meet their specific needs. **Market segmentation** is the process of identifying key differences among the population of consumers and clustering them into distinct groups corresponding with their different needs and characteristics. These resulting groups are called *market segments*.

In an absolute sense, seldom are any two consumers entirely identical. In this sense, then, every consumer is a segment unto himself/herself. But many of the differences are minor, and for practical reasons, it is wise to not pay heed to every little difference. We end up grouping consumers, therefore, into broad groups, using grouping criteria that imply significant differences. For example, we could simply group consumers by their sex, thus treating men and women as two distinct segments. Or we could cluster all people into brown-eyed and blue-eyed consumers, but this grouping is unlikely to be of any consequence (except perhaps for the marketers of eye makeup). Thus, the core purpose of segmentation is to identify consumer groups whose marketplace behaviors will be significantly different.

In this note, we describe various consumer characteristics—both demographic and psychographic—that serve as bases of segmentation

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The readers of this book can be divided into two broad segments, in terms of their preference for covering this topic:

SEGMENT A desires to read up on a significant application as prelude to reading various CB concepts and theories.

SEGMENT B believes that it is better to get a good grasp of the CB Concepts first to fully appreciate this application.

To meet the preferences of both these segments, we append this topic at the end of all of the “topic chapters.” That way, readers may continue reading about the fascinating concepts of CB in the next and subsequent chapters, right away. They will also have the freedom to read this application after a few CB topic chapters, and re-read it later at the end of all of the CB topic chapters.