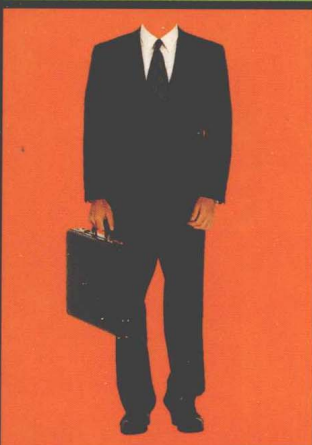
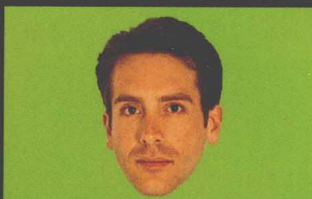
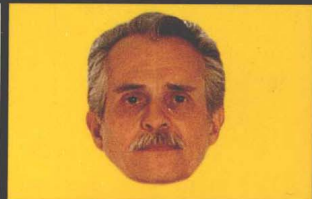


# DIVIDE AND



# CONQUER

**TARGET YOUR CUSTOMERS  
THROUGH MARKET SEGMENTATION**

**HARRY WEBBER**

Founder of SMART (Selective Marketing Advertising Research Technologies)

# **DIVIDE AND CONQUER**

**Target Your Customers  
through Market Segmentation**

*Harry Webber*



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# Introduction

**I**magine having a terrific product to sell and a captive audience of 100 possible prospects to sell it to. Which way would you move more product? Would you have one salesperson stand on a chair with a microphone and pitch the entire room at the same time? Or would you instruct 20 salespeople to work their way through the crowd, meeting and greeting folks, acquainting themselves with the most likely customers, then figuring out exactly what it would take to get them to say yes to the product?

If you chose the latter scenario, then you understand the basic concept behind segmented, or selective, marketing, a powerful and necessary weapon for any marketer to master in the 2000s. If, however, you chose scenario number one, you still believe in the principles of mass marketing, and I offer this book as an important—make that *essential*—alternative to that tradition. A wake-up call. To maintain the pace of change in today's splintering marketplace, product and service campaigns can no longer survive on "one-pitch-fits-all" marketing strategies. Markets must be efficiently selected before they can be effectively sold.

Now is the time for your company to grow bigger by thinking smaller. Today, many well-informed problem-solving companies are sharing meaningful information with groups of like-minded consumers through the efficiencies of selective marketing. Slowly

but surely, these companies are gaining ground on their mass-marketing competitors, who are still spending millions trying to make a single pitch hit vast numbers of very different individuals.

Practitioners of selective marketing build *relationships*, which will continue to grow while mass-market competitors' sales begin to plateau. Those relationships will open the door to other relationships, and as you address their ever changing needs, you will grow your business. As the number of selected market segments addressed by your selective marketing program increases, so too will your knowledge of your product's or service's place in their lives.

This book is an anecdotal overview of some famous (and not so famous) brand building campaigns from the viewpoint of the person responsible for creating consumer relationships for those brands. This is not a numbers book because I consider my clients' numbers to be proprietary, as do they. Suffice it to say that the brands covered in this book are leaders in their respective product categories. This book is about the insights gained in the process of generating those leadership positions by those who were on the front lines.

This is about how to go from here to there, market segment by market segment. This book will take you from the boardrooms of Madison Avenue and Detroit to the killing fields of the South Bronx and Watts. It addresses the mind-set of those who live for the latest NBA scores to the hope of those who are living with AIDS. We look inside of the heads of people of wealth and people who play with trains. SMART always looks for common threads to tie each client's brand to. This is the work of selective marketing.

Because memory is imperfect, I apologize in advance for any factual errors or omissions. Feel free to E-mail any corrections or comments (or business) you may have to [smartcommco@earthlink.net](mailto:smartcommco@earthlink.net), and we will post those corrections and comments (the good ones) at [www.smartcomm.com/dncupdate](http://www.smartcomm.com/dncupdate). Aside from that impor-

tant disclaimer from our lawyers, I hope you enjoy the ride.

*Divide and Conquer* was written for senior corporate marketing managers. You are the selected market for this book. In it, I share the tactics utilized by selective market experts to effectively and efficiently define, infiltrate, and motivate the principal societal, cultural, and demographic segments of our domestic marketplace. Selective marketing can lead to the captivating, meaningful, inventive communications efforts that capture an audience's imagination wherever they are encountered.

SMART (an acronym for Selective Marketing Advertising Research Technologies) is one of the first marketing communications firms to specialize in segmented, or selective, marketing. Since 1986, I and my colleagues have dedicated ourselves to the development and refinement of selective marketing: *the practice of motivating action through intensive intelligence gathering*. Determining who are the most likely prospects for our clients' products or services and influencing their perception of our clients' abilities to meet their needs and fulfill their desires are the essence of selective marketing. Our research, creative, and media teams have been called the "thought police" by some of our clients, in reference to the attention we pay to the details that define each consumer individually—*selectively*.

Once we have accurately identified the target customer's needs, values, and preferences, our thought police quantify the purchase patterns of our client's selected market. They evaluate the efficiency of the selected market's principal

### **SMART Marketing:**

Practitioners of selective marketing seek to build relationships with individual market segments; mass marketers aim broadly and hope to hit as many customers as possible with a single pitch.

### **SMART Marketing:**

Selective marketing motivates action through intensive intelligence gathering to determine our selected consumer's personal (or professional) wants, needs, and desires.

media, then put that information to work to develop a mutually beneficial and supportive long-term product or service relationship program. The definition of the target market may comprise any number of the traditional segmentation categories dominated by the prevailing interest categories with which the targeted consumer most closely identifies.

### **THE SIGNIFICANCE OF THE INDIVIDUAL**

This is a book about values. *Divide and Conquer* examines the business practice of identifying the American public's innermost values and beliefs, one at a time, and then using that knowledge to initiate, navigate, influence, and maintain consumer relationships with those most likely to say yes to your client's product or service. You will come to understand how and why consumer insights and information regarding personal opinion and attitude are being utilized by astute selective marketers. You will learn how to utilize such information in determining which methodologies are most effective in motivating your selected market segment to act.

To experts of niche marketing and a growing number of Fortune 500/1000 sales executives, mass marketing is becoming an outmoded concept in American business. They are learning from experience that marketing must become increasingly pluralistic and decidedly less monolithic if they are to build strong and loyal customer bases. To ensure the viability of their brands in the long term, many former mass marketers are utilizing selective marketing programs for the obvious—but often overlooked—fact: Different folks need different strokes.

America's fragmenting marketplace is being tracked, studied, and sold with the precision of a smart bomb. Segment by segment, group by group, and individual by individual, markets are being identified, defined, focus-grouped, mall-intercepted, phone-pollled,

quantified, qualified, analyzed, redefined, and targeted with the appropriate strategy, creative, media, and evaluation apparatuses. Hitting these targets efficiently and repeatedly is one of the most challenging tasks facing America's marketing communications and media decision makers in the next millennium.

Conquering the new marketing frontier in the coming century will require an astute understanding of and facility with the "relevant realities" of many diversified consumer networks. In other words, the realities facing an African-American, low-income, rural teen are considerably different from the realities facing a WASP, wealthy, gay man in his mid-40s. Both realities are relevant to both prospective consumers. But generally, the realities facing one of these consumers are of no interest or consequence to the other. That's why we have to dig, dig, dig. Dig? Consider the state of the marketing profession in the late 1990s. A Yankelovich, Clancy, Shulman (the internationally renowned and respected marketing research firm) study of marketers, market researchers, and chief executives of Fortune 1000 firms for the American Marketing Association revealed that the majority of those polled no longer believed that

- To be successful a product must have mass appeal.
- Marketing is a textbook science as opposed to an art.
- Advertising is the most effective marketing tool.
- The best product wins the biggest market share.
- Good marketing can sell any product.

In short, this study revealed what proponents of selective marketing already knew: Mass marketing and the traditional marketing resources are no longer capable of coming up with the solutions that solve the problems of how to move product successfully in the current era. In a rush to "reengineer" themselves into

leaner, meaner, and decidedly younger mirrors of their clients, traditional marketing firms have simply used up their intellectual capital, which we at SMART define as the ability to generate ideas capable of inspiring sales and fueling growth. Furthermore, they have done this without making the investment in technologies that might help them replenish this critical asset. That is to say that many of the nation's top-rated advertising agencies have succumbed to the "brain drain" brought on by tighter marketing budgets, falling fees and commissions, and the scrutiny of public ownership. Money got tight and Madison Avenue rejected expensive, experienced practitioners for considerably cheaper "fresh blood." The intellectual capital that went into building the mega-brands was out. New was in. As a result, mass marketers are now floundering to answer critical questions posed by our rapidly changing society; for example, what does the increase in smoking among young people mean to the health care industry? How does the rise in sexually transmitted diseases affect the birth rate? Important questions like these are generating "best guess" answers from the nation's mass marketing practitioners. To date, the results of this brain drain have been an 80 percent failure rate in domestic

new product introductions, according to Bill Gorman's *New Product News*.

### **SMART Marketing:**

Hitting these targets efficiently, meaningfully, and repeatedly is one of the most challenging tasks facing America's marketing communications and media decision makers in the next millennium.

In their book, *The Marketing Revolution* (HarperBusiness, 1991), Kevin J. Clancy and Robert Shulman, former chairman and CEO, respectively, of Yankelovich, challenged the way media are traditionally priced and evaluated. In the case of television advertising, for example, they suggest that astute buyers base their decisions on

cost per thousand people *involved* in a television program, as opposed to cost per thousand people *exposed* to a television program. In their CPM/CPMI comparison of the ten top-rated pro-

grams, buying “involved” viewers resulted in a significant 18.5 percent cost savings.

Perhaps even more significant was a study of 470 randomly selected female heads of households subjected to programs and commercials in conditions that mimicked normal in-home viewing conditions. Clancy and Shulman were able to construct a reliable program involvement measure. The object of their study was to establish an entertainment value for different programs. Concurrent with this measure, they also calculated for the commercial’s unaided recall, aided copy point recall, credibility for each message recalled, and purchase interest. This study concluded that as program involvement goes up, all five commercial or advertising measures also go up. This is a chilling indicator for those mass marketers who have long preached the mantra, “more is better.” This study proves that, today, more just costs more. Involved is better.

This book attempts to explain, through case studies, how selective marketing establishes ongoing consumer relationships through *collective experiences*—the sum takeaway after the selected consumer has been exposed to a specific series of meaningful impressions—that help products and services meet and exceed the needs and expectations of their most likely customers.

## **DEFINE YOUR SELECTED MARKET**

Before you can approach a selected market, you must familiarize yourself with the physical, emotional, cultural, and intellectual environment in which that market exists. It is of critical importance that you gain a clear understanding of the forces at work in the market before determining where your product or service can be most successfully positioned to meet the needs of your targeted consumers. You need to understand

- Why the lack of knowledge about your product translates to a no-sell—in any language
- That advertising must talk to its market, not its makers
- That an insider's understanding of your targeted market segment gives you the ability to convey your product or service as both different and better than your competitor's
- How emotions impact a consumer's decision to purchase
- That identifying your targeted segment's emotional needs and wants is an ongoing effort, because those needs and wants change—sometimes frequently; and sometimes you may even have to rework an in-progress campaign or start over to ensure that it reflects the changing face of your target market

### ***You Just Don't Understand Me***

"You just don't understand me." It's the sentence that has spelled the end of countless personal relationships. And for a marketer who doesn't truly understand his or her client's target customer, the result is the same: the end of the relationship. I repeat: Selective marketing is the process of building relationships between your brand and your brand's target consumers, and you can't do that unless you understand what makes them tick.

The concept is hardly new. For centuries, astute merchants and wandering peddlers have sent "shills" ahead into target towns to find out which merchandise they should have on display when entering the town square. A more organized and well-known example of this practice came on the heels of World War II, when, according to the *Los Angeles Times*, a Japanese firm sent undercover "spies" to learn the automotive habits and needs of American suburbanites. By finding out what the customers wanted—while Detroit's Big Three were busy competing among themselves—the Japanese ulti-



mately changed the face of the international automotive market and brought an end to American dominance in the automotive industry.

### ***Understanding Your Target Customer Is Your First Job***

But how do you get there from here? The extent to which it is necessary to go to track down the most likely prospects for our clients' selected markets is not for the faint of heart. At SMART, for example, we have gone one on one in gang territory; we've eavesdropped in ladies' rooms; if the client wants to build a relationship with locomotive engineers, somebody from SMART is climbing into the locomotive. Selective marketing is not passive, ivory-tower number crunching. Selective marketing is knowing their names, speaking their language, and understanding their needs, then fulfilling them faster, better, cheaper than the competitors.

Simply put, *everything* about selective marketing is based on

- Identifying the differences that define the characteristics of a market segment
- Knowing what is needed to transform a population segment into a viable market segment
- Learning that *qualitative*, rather than quantitative, research enlightens
- Recognizing and addressing the fact that, for certain products and services, customers may make an emotional decision, then justify it intellectually
- Acknowledging the power that peer or social approval has on some customers' decision to buy
- Realizing that managing a market segment means you must work at the local, not the global, level

#### **SMART Marketing:**

Selective marketing means knowing their names, speaking their language, and understanding their needs, then fulfilling them faster, better, cheaper than your competitors.