

**AN EXPERIENTIAL EXERCISE IN PRODUCT BENEFIT SEGMENTATION**

George Miaoulis - Wright State University  
Russell I. Haley - University of New Hampshire  
J. Taylor Sims - Wright State University

**INTRODUCTION**

This exercise provides students with a practical learning experience in product benefit segmentation. Benefit segmentation stresses causal factors rather than descriptive factors for identifying market segments. The conceptual base underlying this approach is that the benefits which people are seeking in consuming a given product are the basic reasons for the existence of true market segments. For many products this approach predicts consumer behavior much more accurately than do descriptive factors such as demographics or volume of consumption. Because of its subjective nature, however, the benefit concept is difficult for marketing students to grasp without actual exposure to derivation techniques.

**BENEFIT SEGMENTATION ASSIGNMENT**

Students are asked to select a product category from a prepared list (or to name their own) and are told to research this product thoroughly (e.g. visit outlets where the product or service is sold, observe people buying it, talk to 10-15 people about it, find advertisements for it, do library research, etc.). One structured research approach to gathering data from consumers is summarized in the next section.

As a first step, students are asked to define their product category, list the competing brands and then to hypothesize what kinds of segments are seen as attractive targets by the major competitors in the category. Which marketers are competing for the same segments; which for different ones? Which marketers are using undifferentiated, concentrated, or differentiated strategies. Are any marketers committing the majority fallacy? Are there any segments being missed entirely?

For aid in the analysis of chosen markets students are next asked to fill out a segmentation grid (as shown in Figure 1). This particular example provides space for up to three segments. The instructor may be flexible on this point recommending that students use as few or as many segments deemed appropriate for the market being analyzed.

Figure 1

Sample Segmentation Grid

Name	SEGMENTATION GRID FOR _____		
	Segment #1	Segment #2	Segment #3
Name of the Segment			
Benefits Sought			
Category Beliefs			
Preferred Brands			
Volume of Consumption			
Occasions of Use			
Media Habits			
Personality/Life Style			
Demographics			

This exercise normally should take the student about 10 to 12 hours to complete. Student reports may be two or three type-written pages, not including the completed grid. Grades can be assigned on the basis of: (1) Quality of research; (2) Nature of segments chosen and their internal consistency; and

(3) Written analysis of findings. This assignment has accounted for about 25% of a student's grade in a semester course and up to 40% in a quarter course.

OPTIONAL CONSUMER RESEARCH

As a final research step students may attempt to identify any segments missed by actually interviewing consumers on the benefits sought from the purchase and use of the product previously selected. A list of all benefit groups mentioned should be compiled first. This list should then be reduced to those benefits mentioned most often and checked for reasonable independence between benefits, e.g., the “way the place looks” and the “comfortableness of the surroundings” may both be describing the same benefit such as “atmosphere”, and therefore not be independent. On the other hand the price of an item is independent of how large it is.

The composite list of the benefits for the product is presented to consumer respondents on a sheet of paper (Figure 2). The respondents are then asked to distribute ten points (pennies, poker chips, etc.) in the boxes next to the benefits which are most important to them in selecting the product for their use. If there are more than four benefits (n),  $2n+1$  points would be a better number of points for the consumer to distribute. Respondents are allowed to rearrange the points, pennies, etc. as often as they want in order for them to weigh the trade-offs of the benefits that have been presented to them. Those questioned should be users of the product in question or perspective consumers in order to obtain accurate benefit perceptions. This point is not always obvious to students in an introductory marketing course.

Figure 2

Sample Instrument for Consumer Trade-Off Analysis

GENERIC PRODUCT CLASS - BREAD

<input type="checkbox"/>	<u>Freshness</u>
<input type="checkbox"/>	<u>Nutrition/Nourishing</u>
<input type="checkbox"/>	<u>Economy</u>
<input type="checkbox"/>	<u>Taste</u>
<input type="checkbox"/>	<u>Good Sandwich Bread</u>
<input type="checkbox"/>	<u>Good Smell</u>

After data has been collected from 15-20 respondents students should construct a matrix of the

Figure 3

Sample Segmentation Matrix - Based on 20 Points

		1	2	3	4	5	6	7	*	*	20
B	Freshness	3	5	2							
E	Nutrition	2	1	1							
N	Economy	0	2	5							
E	Taste	3	0	2							
F	Good Sandwich										
I	Bread	1	2	0							
T	Good Smell	1	0	0							
S	Other Benefits	0	0	0							
	Total	20	20	20							

data similar to that shown in Figure 3.

From a visual inspection of the data, students can find groups of consumers who have similar configuration of benefits sought. Persons who are generally high on similar benefits and at the same time low on similar benefits would have similar configurations. All values of 3 or higher are then circled to help spot patterns of response. (If there are too many circles a higher cutoff number may be used.)

Now the student is ready to complete the segmentation grid, starting with the benefits sought. The items below the "benefits sought" row are supplemental segmentation variables used to further describe the nature of each segment. When the grid is completed except for the top row, a name can be chosen for each segment that captures the essence of that segment. Students are usually encouraged to select "memorable" names.

## CONCLUSIONS

This paper has described a simple approach to involve students in the learning process about benefit segmentation. The exercises in each step could be used in many marketing courses. The findings of this assignment have been used to facilitate the development of student exercises in product management and promotional strategy. The primary benefits of this exercise are: (1) it thoroughly involves students in a learning process that is certainly more fertile than that presented in the typical marketing text; and (2) it provides students with their

## Exploring Experiential Learning: Simulations and Experiential Exercises, Volume 5, 1978

first opportunity to interact with the marketing environment as potential managers.

### APPENDICES

Appendix I presents a completed grid for the candy/breath mint product category completed during 1976. While all rows of information have been provided here, students should be instructed that not all supplemental variables are appropriate for every product category.

Appendix II is a list of consumer products for which access to information by students is not overly difficult. Students are generally encouraged to select a product category from this list.

### REFERENCES

1. Delozier, M. Wayne, Dale M. Lewison, and Arch G. Woodside, "Using Experiential Learning Exercises in Marketing," in M. Wayne Delozier, Dale M. Lewison, and Arch G. Woodside (eds.), Experiential Learning Exercises in Marketing&. Santa Monica, California: Goodyear Publishing Co., 1977, pp. 1-7.
2. Haley, Russell I., "Benefit Segmentation: A Decision- Oriented Research Tool," Journal of Marketing, Vol. 32 (July 1968), pp. 30-35.
3. Reitter, Robert N., "Product Testing in Segmented Markets," Journal of Marketing Research, Vol. 6 (May 1969), pp. 179-184.

Appendix I

Benefit Segmentation Example: Candy/Breath Mints

	Segment #1	Segment #2	Segment #3	Segment #4
Name of the segment	Self-oriented	Other-oriented	Pacification	Taste Experience
Benefits sought	Taste change after eating smoking, drinking coffee. Eliminate stale mouth and unpleasant taste/feeling.	Does not want to offend in social situations. Mask bad breath, wants confidence breath does not smell.	Tension relief, pick-me-up, passing of time, a wake-up.	Mints are a <u>good taste experience</u> . Sweet candy taste. A mild taste.
Category Beliefs	Mints do eliminate "bad" taste, refresh and perks up mouth. Mini-mints are stronger and better.	Traditional breath mints are effective. Medicinal qualities are important.	Chewing gums are the primary tension relief, perk-up product. Mints are a secondary product.	Mints taste different. A sweet mild candy taste is good.
Preferred brands	Tic Tac as a very strong mint. Dynamints as strong.	Certs is the primary brand. Clorets is a minor brand.	Chewing Gums are preferred. Secondary products Lifesavers, Tic Tac, Dynamints.	Lifesavers. Dynamints fruit flavors is a strong second. Tic Tac is a weak third.
Volume of Consumption	Average, 1-2 packs/week.	Heaviest usage, 2 or more packs/week.	Lightest usage, 1 or less packs/week.	Heaviest usage, 2 or more packs/week.
Occasions of use	After eating, smoking, and drinking coffee.	Before and during social situations.	Boiling, tense, or end-less situations. Driving waiting, in a classroom.	Anytime, all the time. Whenever available.
Media Habits	Average TV viewing.	Average TV viewing. High word-of-mouth communication.	Average TV viewing. Above average radio listening.	Very heavy TV viewing.
Personality/life Style	Consumers with high self-involvement.	Socially insecure. High social contact. Dependent on social approval.	People whose daily life has or encounters routine situations.	Hedonistic.
Demographics	Adults 18-49. More women than men.	Salespersons, teenagers, women.	Students, adults with routine jobs, people that do alot of driving.	Primarily children 6 to 12. Some teenagers and adults.

Appendix II

Suggested Products for  
Benefit Segmentation Analysis

After Shave	Headache Remedies
Air Fresheners	House Paint
Artificial Sweeteners	Insect Repellant
Baby Bottles	Jeans
Bath Oil	Ketchup
Bathroom Bowl Cleanser	Kleenex
Beer	Knapsacks
Bicycles	Laundry Detergent
Blankets (electric, down, wool)	Lawn Mowers
Bleach	Lipstick
Breakfast Drinks	Magazines - Women's
Butter - Margarine	Magazines - Men's
Cake Mixes	Magazines - Special
Cat Food	Motorcycles
Cigarette Lighters	Movies
Cigarettes	Padlocks
Cigars	Pantyhose
Electric Clocks	Paperback Books
Coca (Hot Chocolate)	Paper Towels
Coffee	Pens
Coffee Pots	Perfume
Cologne - Men's	Pipe Tobacco
Denture Cleaners	Radios - AM/FM
Deoderants	Radios - CB
Diet Soft Drinks	Razor Blades
Dietetic Foods	Shampoo
Dish Detergent	Shaving Cream
Disinfectants	Sneakers
Dish Washing Detergents	Snack Products - Crackers
Disposable Diapers	Soap
Dog Food	Soft Drinks
Dry Breakfast Cereal	Soup
Fabric Softeners	Sunglasses
Floor Wax	Tennis Rackets
Flower Pots	Toilet Paper
Food Wrap	Toothpaste
Frozen Dinners	TV Programming
Furniture Wax	Television Sets
Golf Balls	Trash Bags
Greeting Cards	Typewriters
Hair Brushes	Vacation Packages
Hair Conditioner	Watches
Hair Coloring	
Hand Lotions	