## **Exploring Experiential Learning: Simulations and Experiential Exercises, Volume 5, 1978** AN EXPERIENTIAL EXERCISE IN PRODUCT BENEFIT SEGMENTATION

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## 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

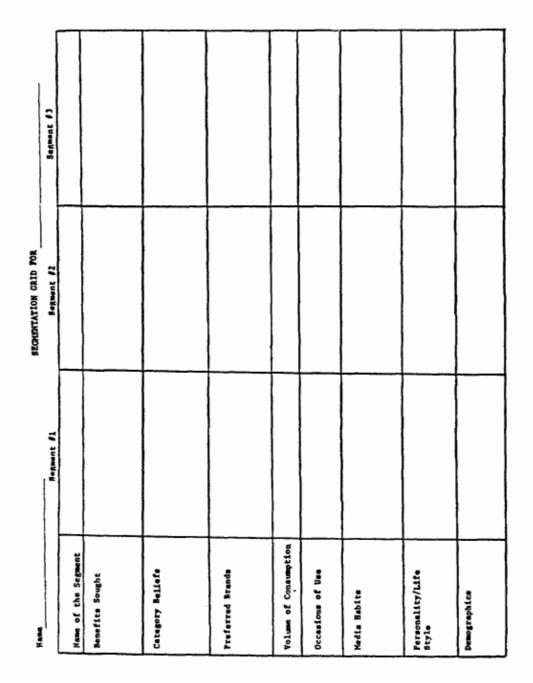
Students are asked to select a product category from a prepared list (or to name their own) and are told to research this product thoroughly (e.g. visit outlets where the product or service is sold, observe people buying it, talk to 10-15 people about it, find advertisements for it, do library research,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



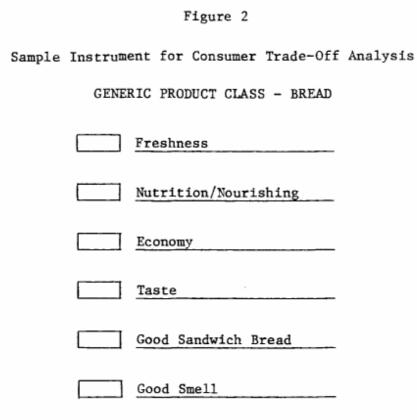
This exercise normally should take the student about 10 to 12 hours to complete. Student reports may be two or three type- written pages, not including the completed grid. Grades can be assigned on the basis of: (1) Quality of research; (2) Nature of segments chosed and their internal consistency; and

(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.

# **Exploring Experiential Learning: Simulations and Experiential Exercises, Volume 5, 1978** OPTIONAL CONSUMER RESEARCH

As a final research step students may attempt to identify any <u>segments missed</u> by actually interviewing consumers on the <u>benefits sought</u> 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 m 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.



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

Figure 1
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Sample	Segmentation	Matrix	-	Based	on	20	Points	

		1	2	3	4	5	6	7	•	•	20
)	Freshness	3	5	2							
5	Nutrition	2	1	1							_
ĩ	Economy	0	2	5	L	ļ			1	1	
:	Taste	3	0	2					_		
	Good Sandwich Bread	1	2	0							
	Good Smell	1	0	0							
	Other Benefits	0	0	0				1			
	Total	20	20	20					1		

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

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.), <u>Experiential Learning Exercises in Marketing&</u>. 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

	Septent 11	Segment (2	Segment 03	Segment #4
Name of the sement	Self-oriented	Other-oriented	Pacification	Taste Experience
Benefits sought	Taste change after eating smoking, drinking coffee. Eliminate stale mouth and unpleasont taste/feeling.	Does not want to offend in mocial situations. Mask had breath, wants confidendo breath does not smell.	<u>Tension relief</u> , pick- me-up, passing of time, a wake-up.	Mints are a good taste experience. Swoet 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 prefer- red. Secondary products Lifesavors, Tic Tac, Dynamints.	Lifesavers. Dynamints fruit flavors is a strong second. Tic Tac is a weak third.
Volume of Consumption Occasions of USE	Average, 1-2 packs/week. After eating, smoking, and drinking coffee.	Heaviest usage, 2 or more packs/week. Before and during social situations.	Lightest usage, 1 or less packs/wook. Boring, tenso, or and- less situations. Driving waiting, in a classroom.	Heaviest usage, 2 or more packs/week. Anytime, all the time. Whenever available.
Media Habita	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.
Desographics	Adults 18-49. More women then men.	Salespersons, teenagers, women.	Students, adults with routine jobs, people that do alot of driving.	Primarily children 6 to 12. Some teensgers and adults.

Benefit Segmentation Example: Candy/Breath Mints

#### Appendix II

Suggested Products for Benefit Segmentation Analysis

After Shave Air Fresheners Artificial Sweetners Baby Bottles Bath Oil Bathroom Bowl Cleanser Beer Bicycles Blankets (electric, down, wool) Bleach Breakfast Drinks Butter - Margarine Cake Mixes Cat Food Cigarette Lighters Cigarettes Cigars Electric Clocks Coca (Hot Chocolate) Coffee Coffee Pots Cologne - Men's Denture Cleaners Deoderants Diet Soft Drinks Dietetic Foods Dish Detergent Disinfectants Dish Washing Detergents Disposable Diapers Dog Food Dry Breakfast Cereal Fabric Softners Floor Wax Flower Pots Food Wrap Frozen Dinners Furniture Wax Golf Balls Greeting Cards Hair Brushes Hair Conditioner Hair Coloring Hand Lotions

Headache Remedies House Paint Insect Repellant Jeans Ketchup Kleenex Knapsacks Laundry Detergent Lawn Mowers Lipstick Magazines - Women's Magazines - Men's Magazines - Special Motorcycles Movies Padlocks Pantyhose Paperback Books Paper Towels Pens Perfume Pipe Tobacco Radios - AM/FM Radios - CB Razor Blades Shampoo Shaving Cream Sneakers Snack Products - Crackers Soap Soft Drinks Soup Sunglasses Tennis Rackets Toilet Paper Toothpaste TV Programming Television Sets Trash Bags Typewriters Vacation Packages Watches