A DIFFERENTIATED BRAND SHOULD APPEAL TO A SPECIAL SEGMENT OF THE MARKET…BUT IT DOESN'T !

Byron Sharp, Monica Tolo and Amelia Giannopoulos
University of South Australia

Abstract

Recent research has shown that competitive brands are bought by very similar client bases, that is, brand level segmentation is slight or non-existent. In this research, we examined a case where rather extreme attempts had been made to differentiate the brand and appeal to a distinct demographic group. Our purpose was to see how far the 'no brand level segmentation' finding generalises by pitching it against an extreme test. We found little in the way of brand level segmentation, certainly nothing that would make a difference to the marketing management of the brand.

Introduction

Recent award winning research has shown that competitive brands are bought by very similar client bases, that is, brand level segmentation is slight or non-existent (Kennedy, Ehrenberg, and Long 2000). This is a finding that many marketing managers find difficult to accept, there is a feeling that the hard work that is put into differentiating the brand from competitors must result in the brand appealing to a particular type of customer. It appears perhaps that marketers overestimate the level of differentiation that they have achieved, that much of their efforts really go into making their brand 'competitive' and this means making the brand similar, not different, to competitors (ie, matching their offer). This said, just occasionally marketers make a very conscious effort to target a particular part of the market, to the extent that their marketing mix strategy may ignore or even put-off other segments of the market. In this research, we examined such a case of extreme differentiation and targeting to see if it did result in the expected brand level segmentation.

Our Purpose

Our purpose was to see how far the 'no brand level segmentation' finding generalises by pitching it against a difficult test. We chose a credit card brand whose marketing team told us that they believed that the brand appealed to a distinct and identifiable demographic segment - namely women, particularly women with children. The credit card was what is known in the trade as an 'affinity card' because it gives a small donation to a well known maternity hospital for every dollar cardholders spend using the card. This card may be contrasted to a 'loyalty card' which rewards consumers with points or money for the expenditure they make on the card. Quite reasonably, the marketing department felt that the affinity aspect had made the card appeal to women with children rather than the rest of the credit card using population, in addition the card was promoted at the particular maternity hospital and it featured a prominent picture of a mother and baby on each credit card. This last feature was thought to be particularly unappealing to much of the rest of the population, especially single males. In summary, the marketing team had strong and reasonable reasons to believe that the card

appealed to a particular customer segment but did not have hard data available to check this - their assertion that this was a genuine case of brand level segmentation piqued our curiosity.
It turned out that the brand did not particularly appeal to the female part of the market, no more than any other brand did. Nor did it particularly appeal to women with children. This is shown in the following section and is followed by discussion and implications.

Methodology

We undertook a telephone survey of a sample of 400 individuals. The interviews were carried out in February 2000 by trained IQCA accredited interviewers using the CATI (Computer Assisted Telephone Interviewing) system.
Three groups of respondents were interviewed, they were all credit card holders. These groups consisted of: (1) a random sample of credit card holders, selected from the electronic white pages phone book; (2) customer lists from the marketing team that separated the product's cardholders; and (3) non-cardholders. These groups were analysed separately.
Demographic questions were included in the study to identify the profiles of different customer groups.

Results

Table 1 shows the gender breakdown of all respondents across the three samples.

Table 1: Gender of all respondents

Gend er	**Random sample %(n)**	**Non-Cardholders %(n)**	**Cardholde rs %(n)**
Female	60% (92)	58% (88)	63% (63)
SAMPLE SIZE	154	152	100

Male to female ratios are similar across all samples interviewed

There is a female skew for the entire client base (60% female), not just the product's cardholders as was expected by the marketing team. The female skew could also be a result of the sample frame (credit card holders contacted via phone), it is however a known feature of credit cards and credit unions that they are consumer rather than business banking products and consequently men are slightly underrepresented in their client bases. The important point is that it can be seen from the above table that the male to female ratios are similar across all credit cardholders interviewed. Therefore this is a category specific, rather than brand specific difference between the groups.
In Table 2 we examine the sample in terms of household structure.

Table 2: Description of household

Household description	Random sample	Non-Cardholders	Cardholders
Single person	18% (28)	11% (17)	12% (12)
Group of single people sharing	2% (3)	1% (2)	3% (3)
Couple with no children at home	31% (48)	34% (51)	32% (32)
Family with young children at home	27% (42)	27% (41)	32% (32)
Family with older children at home	20% (31)	26% (40)	20% (20)
Other	1% (2)	1% (1)	1% (1)
SAMPLE SIZE	154	152	100

Only half of cardholders have children. There is no substantial skew towards young families.

Generally across the three samples, the structures of the households are similar. Table 2 shows that only half (52%) of the product's cardholders have children. Furthermore only 32% of the cardholders have young children, therefore there is no skew towards young families for this particular credit card.

So cardholders are no more likely to be female and no more likely to have children. While this result is counter to the marketing department's expectations perhaps the lack of a female skew is accounted for by the fact that many credit cards are often jointly held by male and female partners. This would make a female skew difficult.

But what of just the females in the sample, might they have been more recently pregnant, perhaps taking out the card after visiting the maternity hospital ?

Table 3 shows data for female respondents only.

Table 3: Description of household split by females only

Household description	Random sample	Non-Cardholders	Cardholders
Single person	15% (14)	11% (10)	14% (9)
Group of single people sharing	2% (2)	1% (1)	5% (3)
Couple with no children at home	27% (25)	28% (25)	27% (17)
Family with young children at home	33% (30)	30% (26)	29% (18)
Family with older children at home	21% (19)	28% (25)	24% (15)
Other	2% (2)	1% (1)	2% (1)
SAMPLE SIZE	92	88	63

The number of females with younger children is similar across the groups.

Again there are few differences between the three groups.

Discussion

It is not uncommon for marketers to spend money on market research seeking to understand what sort of customer buys their brand compared with the type of customer who buys a competitors brand. Such research is thought to show how the brands differentiation is revealing itself in the market. The market research industry has developed techniques which focus on finding small (perhaps trivial) differences. But academic research has shown little differences between brands customer levels in demographic (Hammond, Ehrenberg, and Goodhardt 1996), personality (Evans 1959) and demographic / psychographic values (Kennedy, Ehrenberg, and Long 2000). In a market where competitive brands can be readily substitutable your customers are more or less similar (Kennedy, Ehrenberg, and Long 2000).

Occasionally, brand level segmentation has been observed and in each case it has been due to an extremely obvious brand feature, often restricted distribution, for example Scottish newspapers have been shown to have a customer base more skewed towards people living in Scotland than other UK newspapers do (Kennedy, Ehrenberg, and Long 2000).

We examined a rather extreme attempt to differentiate and appeal to a particular demographic segment. Yet the brand showed a lack of the relevant type of demographic-based segmentation.

This is not to say that different product types don't sell to different types of people, eg, people who do not own a dog generally do not buy dog food. At category level there are distinct differences between products that will attract certain types of customer. But these assumptions cannot be made when attempting to segment the market at brand level.

Generally those people who purchase from the same product category are similar. Competitive brands will generally be bought by the same kinds of consumers (Hammond, Ehrenberg, and Goodhardt 1996). Past research has therefore provided no supporting evidence to suggest that competitive brands differentiate themselves to the point where they appeal to different types of customers. Our finding reinforces this generalisation.

Implications

The obvious implication is that marketing managers should not focus their marketing communications, for a brand, only on a particular segment of consumers. By doing this they are limiting the amount of consumers who could be purchasing their product (Hammond, Ehrenberg, and Goodhardt 1996).

This research does not show that such an extreme attempt at differentiating and targeting, ie, the affinity card, had failed, just that the obsession with targeting distinct segments is often misplaced. Being competitive means selling to 'the market', not a special segment.

In this case the affinity aspect gave the marketing team a story to take to the market, something that would hopefully attract attention and sales. But, at the end of the day, the brand's biggest aspect was really that it was a credit card – so it sold to *every type of person* interested in buying a credit card.

If the card really had sold much more to women with young children and much less to the rest of the population would we consider that as being successful? Could we write it up as a case study example of a successfully differentiated brand ? Many marketing text books imply that they would take this view. Yet the obvious implication might be that the brand had restricted its potential market share.

Fortunately, this dilemma turns out to be academic because competitive brands seldom ever appeal to different segments than their competitors. Even, it might appear, when marketers try to.

References

Evans, Franklin B. (1959), "Psychological and Objective Factors in the Prediction of Brand Choice Ford versus Chevrolet," *The Journal of Business*, 32, 340-69.

Hammond, Kathy, Andrew S. C. Ehrenberg, and Gerald J. Goodhardt (1996), "Market Segmentation for Competitive Brands," *European Journal of Marketing*, 30 (No. 12), 39-49.

Kennedy, Rachel, Andrew Ehrenberg, and Stephen Long (2000), Competitive Brands' User-Profiles Hardly Differ, *Market Research Society Conference (UK)*, Brighton, England.