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“Brand Users Seldom Change and Seldom Differ”

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Abstract

This study tests and extends the discovery that competing brand user profiles are broadly similar, specifically investigating the consistency of this pattern over time. Examining 700 brands in more than 60 consumer packaged goods categories, for more than 160 variables, the authors document not only that brand user profiles seldom differ, but also that they seldom change much over three to six years. These findings have important implications for marketing theory and practice. For example, marketers need to focus mostly on who buys the category and what features they demand as opposed to thinking their brand buyers are very different to those of competitive brands. This paper extends the empirical results of prior brand profile findings, demonstrating their robustness and durability.

Keywords: Consumer Behavior, Consistency, Segmentation

BRAND USER PROFILES SELDOM CHANGE AND SELDOM DIFFER

1 Introduction

Sixty years ago, Wendell Smith (1956) declared that individual companies should appeal to the unique requirements of particular segments. Since then, segmentation and targeting strategy has become a widely researched marketing topic (Wedel and Kamakura 2000) with no shortage of research arguing for the importance of segmentation or examining segmentation processes (Dibb and Simkin 2009; Dibb and Simkin 2010; Wind 1978). It has also become a common marketing focus (Dickson and Ginter 1987; Wind 1978) embedded in a Segmentation → Targeting → Positioning framework to underpin competitive strategy. However, there has been less research on the real-world use of market segmentation (Sausen et al. 2005) especially in regard to its contribution to brand growth and profitability, with implementation studies comparing a segmentation-based targeting strategy with a more mass marketing strategy notably absent.

In his 1956 article, Smith said that segmentation should consider the dynamics of markets and marketing through time. However, it remains unknown whether market segments, once identified, will continue to be stable in the medium to long term (Esslemont and Ward 1989; Hoek et al. 1993; Lees and Winchester 2014) and under what conditions.

In 2013, over US\$40 billion was spent globally on market research, with segmentation studies traditionally accounting for a significant component (ESOMAR 2014). But research on segment stability, a key determinant of successful segmentation (Dibb 1999; Kazbare et al. 2010; Kotler 1967; Lemon and Mark 2006; Rees and Gardner 2005; Smith and Hirst 2001), has been neglected. This gap is enough to warrant research, but it is also now known that individual

attitudinal measures vary survey to survey (Castleberry et al. 1994; Dall'Olmo Riley et al. 1997; Dall'Olmo Riley et al. 1999) suggesting that attitude-based segments may vary over time and/or that consumers jump from segment to segment.

Segmentation studies can take many broad forms (demographic, psychographic, behavioral, benefits sought, cultural), with an important distinction between brand segmentation (e.g., users of American Airlines compared to United) versus product segmentation (e.g., users of economy versus business class) (Kennedy and Ehrenberg 2001). Analyses are conducted in many ways, such as clustering (Esslemont and Ward 1989), regression (Bass et al. 1968; Wedel and Kamakura 2000) and factor analysis (Lindridge and Dibb 2003). It is unknown whether different segmentation techniques or variables produce comparable results. The complex mathematics used in many approaches complicates the issue.

In contrast, the mean absolute deviation (MAD) technique is a transparent approach that has facilitated award-winning research. It is straightforward and robust, has known benchmarks, and does not suffer from the potential outlier bias of other methods (Gorard 2005; Leys et al. 2013). This approach has shown that user profiles of brands within a category seldom differ much from the category's profile (Hammond et al. 1996). The results have been generalized across numerous categories and variables, including user attitudes, demographics, media usage (Kennedy and Ehrenberg 2001a; Kennedy and Ehrenberg 2001b), markets, time periods, and composite segment classifications (Uncles et al. 2012). However, most of these studies have analyzed single shot survey data.

MAD analysis can identify when a brand appeals to a different profile from competitive brands, such as a brand of cereal appealing more to children than competing brands, or there is a segment of people buying by a 'green' brand or diet offering (Kennedy and Ehrenberg 2000).

Such deviations, however, have been shown to be the exception rather than the rule (Kennedy et al. 2000), and for marketing practitioners to make use of these rare exceptions, their stability must be confirmed. This is because short-term tactical market segmentation can lead to confusing and inconsistent marketing (Dibb 1998).

1.1 Aim of the study

This study seeks to extend previous work by empirically documenting whether brand user profiles remain stable over time using demographic and attitudinal variables. Longitudinal tracking can show whether different types of consumers consistently use brands—a fundamental requirement of segmentation. The assessment is achieved through the systematic replication of previous work (Hammond et al. 1996; Kennedy and Ehrenberg 2001a; Lees and Winchester 2014; Uncles et al. 2012) and its extension across time. Such work is critical to identify any boundary conditions that may exist in this space. If unique profiles of shoppers use competing brands in a product category, and if such a pattern persists over time, segmentation can be used with confidence. However, if profiles across competing brands are either indistinguishable or unstable, alternative strategic approaches will be required.

2 Literature Review

2.1 The importance of market segmentation

Smith's (1956) market segmentation concept became popular because it was seen as providing efficiency and effectiveness to marketing. Companies were presumably attempting to segment because they did not have the resources to target the full market (Zineldin 1996). However, recent evidence suggests that brands grow mainly through increases in penetration (Riebe et al. 2014; Romaniuk et al. 2014; Sharp et al. 2012), which requires broad targeting

(Sharp 2010). That is, targeting the broad market of category and potential category users (Kennedy et al. 2013).

At a strategic level, researchers have argued that segmentation, targeting, and positioning allow a company to avoid direct competition (Aaker and Shansby (1982). It is considered more profitable to treat certain groups of buyers differently than to treat all of them identically (Bock and Uncles 2002). However, it comes at the cost of excluding much of the market.

Tailoring advertising and media scheduling can make sense for sub-markets that are almost exclusively responsible for purchases of the product. For example, the sports clothing brand Lorna Jane manufactures clothes only for women, so its marketing strategy focuses on female-skewed media. But this only works if they can cost-effectively reach and influence more women—a presumption often not supported (Nelson-Field and Riebe 2011). What matters most is ‘knowing your market,’ and how best to reach and appeal to those who buy women’s sports clothes. No sophisticated segmentation technique is needed to discover this group, nor is it possible to evade competition in this market, as all big brands of women’s sports apparel appeal to this same audience; they actively copy each other’s sales attributes, offering roughly similar variants of tops, shorts and the like.

Market segmentation researchers have focused extensively on designing and implementing different analytical methods rather than on documenting the value of segmentation itself. If segmentation works, we should be able to show that those brands that have segmented are more successful than those that have not, or at least document brands that successfully appeal to a unique profile of consumers (Bass et al. 1968; Esslemont and Ward 1989; Lindridge and Dibb 2003; Wedel and Kamakura 2000). The norm has been simply to assume that segments exist, rather than testing for their existence (Uncles et al. 2012). There is even less empirical

research on the successes and failures of segmentation. Moreover, the complexity of statistical models limits the ability to verify quality, replicate results, or implement findings (Esslemont and Ward 1989; Kumar and Rust 1989). Whether segmentation can work in practice has been questioned (e.g., Danneels 1996; Dibb 1999; Dibb and Simkin 2009), as has the validity of targeting (Wright 1996; Wright and Esslemont 1994) which is underpinned by such segmentation. Thus, whether distinct segments exist for competing brands is a central concern for this paper.

2.3 Considering the evidence on segmentation implementation

It has long been argued that replication and generalization are vital to the advancement of knowledge (Amir and Sharon 1990; Anderson 1983; Ehrenberg and Bound 1993; Lindsay and Ehrenberg 1993; Reid et al. 1981), yet segmentation studies rarely undergo replication so their generalizability is largely unknown. While big firms routinely update segmentation studies for commercial reasons they do not publish them in the public domain. To move to generalizable knowledge about segmentation would be desirable to move toward applying the same method across many sets of data (Amir and Sharon 1990; Anderson 1983; Ehrenberg and Bound 1993; Hammond et al. 1996; Lindsay and Ehrenberg 1993; Reid et al. 1981). It would be useful to document whether competing approaches produce comparable results because if segments are robust, they should be identifiable using various measurement methods. Table 1 summarizes the past studies that have investigated customer profiles for competing brands demonstrating a typical pattern.

TABLE 1 ABOUT HERE

Across this range of differentiated conditions, all studies found consistent evidence that competing brand user profiles seldom differ. The researchers thus conclude that the belief that

most brands (as opposed to categories or stock keeping units (SKUs)) have unique user profiles is likely unfounded. However, these prior studies typically used a cross-sectional design looking at a single year in isolation. The present study examines many brand user profiles over time to determine if they are consistent in the medium term.

3 Method

3.1 Analysis Method

This study builds on the method used in previous brand user profile studies (Hammond et al. 1996; Kennedy and Ehrenberg 2001a; Lees and Winchester 2014; Uncles et al. 2012), except that it looks across time, using a multiple cross-sectional design. It explores the stability of or changes in consumer profiles over time in consumer packaged good (CPG) categories in the United Kingdom.

Some previous studies have used deviations from the category's profile; in contrast, this study calculated deviations from the average of the competing brand user profiles. The two methods show similar results: one considers whether brands differ from the category profile, whereas our method shows whether brands deviate from the average brand in the category.

The practice of using one dataset in research has been criticized for leading to errors and invalid findings (Barwise 1995; Ehrenberg and Bound 1993; Hubbard and Armstrong 1994; Hubbard et al. 1992; Lindsay and Ehrenberg 1993). This study avoids that problem by comparing 69 categories.

3.2 Data

Multiple cross-sectional datasets were extracted from Kantar World Panels, a panel provider consisting of 15,000 households that are demographically and geographically

representative of the UK population (Kantar 2015). Sixty-nine categories were analyzed including body sprays, fruit juices and nappies.

Of the many variables used to analyze profiles in this study, 86% were attitudinal and 9% demographic. The attitudinal variables in the data set included various issues often considered relevant by marketers such as, “I often look at the price per unit”, “I like to pamper myself”, and “I try to support regional food producers”. In theory, all could relate to a consumer’s preferences for a specific brand. Age and gender are often used to segment a market (Cannon 1984; McDonald 2004; Pooler 2002; Walker 1998; Winter 1980) including as part of composite segments (e.g., active young women aged 25-39 years who care about the environment).

4 Results

The analysis approach is demonstrated using data from the cola category over a five-year period (2008 to 2012). The top 14 brands by market share for each year were analyzed. The top brands account for a substantial portion of the market, so we are describing the profile of the most successful brands and how it does or does not change (rather than detailing specifics of individual brands). This also simplifies the story, as over a five-year period brands are introduced (replacing those originally in the top 14) or deleted from the market. An ‘all other’ 15th brand was included to represent the remaining brands.

For each of the top brands, the user profile was calculated by dividing the total users of the brand by the total members of each profile variable and multiplying this figure by 100 (to give a percentage). For example, in Table 2, 10% of Coca-Cola’s users live in one-member households, 30% in two-member, 22% in three-member, 24% in four-member, and 15% in larger households.

The average of all brand user profiles is calculated, and each brand's values have this figure subtracted from them. Coca-Cola has a deviation of 1 percentage point in one-member households because 10% of its users are from this segment in comparison to 9% of the average of the competitive brands. The calculations continue for all brands and variables, providing deviations between each brand and the average. The mean absolute deviation (MAD) or the average of the deviations regardless of sign (+/-) is calculated for each variable.

TABLE 2 ABOUT HERE

For each year, an average MAD is calculated. MADs below 5 are unlikely to be managerially significant. Those higher than 5 and 10 are systematically described.

This initial stage replicates the existing knowledge that brand user profiles seldom differ. This analysis for one year is extended to all other profile measures for all consecutive years.

TABLE 3 ABOUT HERE

Table 3 shows that overall, not only do the user profiles seldom differ (no average year MAD exceeds 5) but they also seldom change over five years in the cola category. The average MAD for the category was consistently 2 when analyzing demographic and attitudinal variables. This process was systematically repeated for the remaining categories, showing very consistent results (Table 4) and thereby empirically demonstrating that brand user profiles seldom differ and seldom change.

TABLE 4 ABOUT HERE

There was one major exception where the MAD was not consistent over the five years. The toothbrush category had MADs between 2 and 4 over the period of the study (a time experiencing growth and evolution of technologies). Further analysis revealed that this deviation resulted from electric toothbrush brands appealing to older couples with no children, with the

deviations from the average increasing over time. Functional differences were causing other large deviations. For example, Johnson's Baby Shampoo skews away from older households and those with no children, for obvious reasons. These examples show that categories can evolve in what they sell and who buys, but such cases are rare; more often, brands copy each other's successes and deviations are short-lived.

4.1 Deviations

Previous research (Kennedy et al. 2000) found that just 8% of deviations were greater than 5%, with very few over 10%, a pattern replicated (Uncles et al. 2012). This paper found similar results (Table 5). Even over longer time periods, on average in any given year, 12% of deviations were more than 5%, with just 2.3% at more than 10%.

TABLE 5 ABOUT HERE

Across over 700 brands and 163 variables from more than 60 CPG categories, brand user profiles seldom differ or change much over the three to six year period. Also, we found that smaller brands did indeed have higher deviations than larger brands. Using the cola category in 2012 as an example, we found that MADs decreased from 1.1 (largest five brands) to 1.9 (middle five brands) to 2.3 (smallest four brands). The pattern of smaller brands having larger deviations was consistent between 2008 and 2012.

5 Discussion

This study confirms that competing brand user profiles seldom differ and there are few surprising managerially meaningful deviations when analyzing demographic and attitudinal variables. It extends previous research by analyzing customer profiles over time, showing that the leading brand profiles remain relatively consistent for up to six years in consumer packed product categories. The results are in line with those over shorter time periods in financial

services (Calantone and Sawyer 1978; Lees and Winchester 2014) and mobile phones (Dibb and Simkin 2010).

5.1 Theoretical Implications

The substantial consistency of customer profiles over time is good news for those who use segmentation studies, because it seems to confirm the stability required for segmenting strategies (Dibb 1999; Kazbare et al. 2010; Kotler 1967; Lemon and Mark 2006; Rees and Gardner 2005; Smith and Hirst 2001; Wedel and Kamakura 2000). However, the fact that brand user profiles seldom differ calls into question a marketer's ability to attract customers with a profile different from other competing brands (Hammond et al. 1996; Kennedy and Ehrenberg 2001a; Uncles et al. 2012). In hindsight it is perhaps not surprising given other robust patterns about brand loyalty and buyer behavior that have been so neatly described (mathematically with the NBD-Dirichlet) (Goodhardt et al. 1984), including repertoire buying being the norm and that brands share customers in line with their size, not features or positioning. However, it does raise concerns about using the framework of Segmentation → Targeting → Positioning to underpin competitive strategy for growth (especially where segments are defined in terms of demographics and attitudes).

5.2 Practical Implications

One practical implication is that most marketing managers do not need to worry that their customer base will change much. Marketers can develop strategic plans with confidence that in five years, the demographic and attitudinal aspects of their target audience will most likely be similar to what they are today (subject to major trends that are likely to be known e.g., aging populations, changes to the economy or major functional changes in their category).

For most brands that want to grow, their advertising should typically appeal to the broad audience of category users (even if this takes adaptation e.g., ads in Spanish for those who speak Spanish). This recommendation is also consistent with the evidence that brand growth occurs through increasing the number of buyers (Sharp 2010). Although marketers need to be on the lookout for good media buys, the audience to be reached will remain mostly static (category users) for most brands most of the time. It seems that big brands may need to worry less about tailoring their offers for particular unique groups of people. However, as individual level automated targeting and 3D printing evolve further monitoring will be needed if higher profits look possible. Big brands will need to continue to ensure that they maintain a broad customer base and offer the attributes that buyers require.

On the research front, it is important to understand the market, i.e., who buys and why; however, segmentation studies that set out to find how the user profiles of competing brands differ are unlikely to yield the most valuable knowledge required to aid brand growth.

5.3 Limitations and Priorities for Future Research

This study has limitations. The data was from just one location, and for CPG purchases only rather than including business-to-business, services, durables, heavy goods, non-profits, social and political marketing. As for the time frame, is six years long enough? For much strategic planning, yes, but many brands have been around for a far longer time. Coca-Cola, for instance, was introduced into the UK 116 years ago. Examining more extended periods of time could be interesting, as investigating the evolution of a brand's consumer base, especially around times of growth, could yield new insights. There is also need to extend the work of Calantone and Sawyer (1978), where segments were found to be stable in the aggregate but not at the

individual level. This result may be explained by the duplication of purchase law (Ehrenberg 2000; Ehrenberg et al. 2004), but documenting this hypothesis is needed.

It is also possible that smaller brands may deviate more than discussed here but this knowledge shows us what their buyer profile will look like once the brand is large—the profile will look like the profile of the average brand or category.

Replications using more category-specific or brand-specific segmentation variables, especially behavioral variables and types of benefits sought may also be useful in future studies.

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TABLES AND FIGURES

TABLE 1
Summary of Previous User Profile Studies

Evidence of segmentation from user profile analyses	
Authors	Key aspects of study
(Hammond et al. 1996; Kennedy and Ehrenberg 2001a; Kennedy and Ehrenberg 2001b)	Brand user profiles seldom differed for consumer packaged goods, services and durables.
(Barwise and Ehrenberg 1988; Nelson-Field et al. 2005; Nelson-Field et al. 2007; Sharp et al. 2009; Winchester and Lees 2013)	Television and radio user profiles seldom differed.
(Uncles et al. 2012)	Private-label, variant, and composite segment user profiles seldom differed. Brand user profiles in emerging markets seldom differed.
Boundary conditions of user profiles	
(Ehrenberg and Kennedy 2000; Kennedy and Ehrenberg 2001a; Uncles et al. 2012)	Managerially significant exceptions to the pattern are obvious (the Bank of Scotland appealing more to people living in Scotland, who also read Scottish newspapers).
Stability of segments in the medium to long term	
(Kennedy and Ehrenberg 2000)	Light bulb user profiles remained broadly stable over two years.
(Lees and Winchester 2014)	Banking service user profiles remained stable over three years.
(Dibb and Simkin 2010)	European mobile phone segments were still present three years later (non-MAD).
(Calantone and Sawyer 1978)	Benefit segments were stable at an aggregate level but not at an individual level due to household structures changing as people age; i.e., children are born, deaths occur, people get married and divorced, etc.

TABLE 2
Household Composition User Profiles for Colas

Brand	One	Two	Three	Four	Five+	Average "brand" MAD
Coca Cola	10	30	22	24	15	1
Diet Coke	11	33	21	23	12	1
Pepsi Max Sugar Free Cola	10	29	22	26	14	1
Pepsi Cola	7	24	24	27	18	2
Diet Pepsi	10	32	23	24	12	1
Coca Cola Zero	9	37	19	24	12	1
Tesco American Diet Cola	8	32	21	25	13	1
Caffeine Free Diet Coke	12	32	22	20	15	2
Tesco American Cola	8	20	20	28	24	2
Asda Diet Cola	7	26	23	26	19	3
Asda Cola	6	21	20	26	28	2
Diet Coke and Citrus Zest	12	34	20	24	11	2
Cherry Coke	9	28	23	26	14	3
Diet Cherry Coke	9	32	24	24	11	1
All Other	10	34	19	23	14	1
Average	9	30	21	25	15	
MAD	1	4	1	2	4	2

TABLE 3
Cola User Profile MADs for All Years

	2008	2009	2010	2011	2012	Average "variable" MAD
Household Size	2	3	3	3	3	3
Number of Children	2	2	2	2	2	2
Social Class	3	3	2	3	3	3
Housewife Age	2	2	2	2	2	2
Family Cycle	2	2	3	3	2	2
Location	2	2	2	2	2	2
Income	2	2	2	2	2	2
Ethnicity	0	0	0	0	0	0
Educational Level	2	2	2	2	2	2
House Ownership	2	2	2	2	2	2
Car Ownership	3	3	3	2	2	3
Newspaper Readership	1	1	1	1	1	1
Average "year" MAD	2	2	2	2	2	2

TABLE 4
All Category User Profile MADs

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Avg. MAD
Crisps	5	4	4	-	-	-	5
Deodorants	4	4	4	-	-	-	4
Shampoo and Conditioner (2-in-1)	4	3	4	-	-	-	4
Pizza Bases	3	3	4	-	-	-	4
Instant Porridge	4	3	3	-	-	-	3
Luxury Yogurt	3	3	3	-	-	-	3
Pizza	3	3	3	-	-	-	3
Toothpaste	3	3	3	3	3	4	3
Toothbrushes	3	2	3	4	4	4	3
Plain/Natural Yogurt	3	3	3	-	-	-	3
56 other categories ...							
Flavors	1	1	1	2	2	-	1
Savory Snacks	1	2	1	-	-	-	1
Open Nappies	1	1	1	1	1	1	1
Average	2	2	2	2	2	2	2

*Sorted by deviation size

TABLE 5
Summary of User Profile Deviations

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Avg.	Avg. % ≥ 10%
Pizza Bases	22	26	32	-	-	-	27	5.0
Luxury Yogurt	24	24	25	-	-	-	24	5.0
Instant Porridge	25	23	25	-	-	-	24	5.9
Pizza	23	19	24	-	-	-	22	5.6
Shampoo and Conditioner (2-in-1)	22	20	21	-	-	-	21	8.8
Plain/Natural Yogurt	21	22	17	-	-	-	20	3.6
Body Sprays	24	20	16	-	-	-	20	3.6
Toothbrushes	14	12	20	23	23	26	20	5.5
Breakfast Cereals	19	18	16	-	-	-	18	4.7
Sweet and Semi-Sweet Biscuits	17	17	16	-	-	-	17	5.9
56 other categories ...								
Instant Decaf Coffee	3	3	3	-	-	-	3	0.0
Savoury Snacks	1	4	2	-	-	-	2	0.3
Open Nappies	0	0	1	1	1	2	1	0.0
Average	12	12	12	9	10	12	12	2.3