A REASSESSMENT OF LIFE STYLE AND BENEFITS-BASED SEGMENTATION STRATEGIES

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A probability sample of 260 residents of a representative midwestern city was used to test a causal model that comprised three basic dimensions. Path analysis confirmed a relationship between life style and the situational component; also documented was a causal relationship between the situational component and the benefits sought by the consumer. The analysis failed to document the often presumed relationship between life style and sought benefits. Thus, the efficacy of life style or benefits-based market segmentation strategies arguably is enhanced via the incorporation of the situational dimension. Such a modification in the development of marketing strategy will provide synergy that will increase consumers' propensity to respond favorably to marketers' efforts.

INTRODUCTION

Currently segmentation is one of the most widely accepted strategies for securing a competitive advantage in the marketplace. The use of segmentation in the development of marketing strategy is based upon two general premises. The first is that all markets are inherently heterogeneous in nature with definitive groups of consumers responding in direct ways to product offerings and promotional efforts. The second is the practical ease of identifying consumer groups that behave differently from others when confronted with a firm's marketing strategy. Two basic approaches have been used to divide the market into viable segments. One is the use of dimensions unrelated to the product, notably demographics and psychographics, which are person-based criteria. In contemporary practice, however, demographics have given way to psychographics because of the difficulties with the former in distinguishing between consumers in meaningful ways. In perspective, the complex and ever-changing nature of the marketplace in conjunction with the unique character of the various purchase and consumption situations to which consumers must respond make it virtually impossible to categorize consumers strictly on the basis of age, income, family life cycle, ethnicity, or geographic location. An added element that impacts the viability of such a segmentation strategy is that it is illogical to assume that a consumer with a specified demographic profile will respond in a uniform manner in each and every situation.

The other basic segmentation approach is to use dimensions that are related to the product; benefits derived from consumption and usage rates are the two most common dimensions used. Benefits segmentation has been referred to as the "best" or "most useful" approach to segmentation because benefits are closely aligned with market behavior and often provide the only rationale for the existence of the various segments (Greenberg and Schwartz McDonald, 1989). In using benefits-based segmentation, the assumption is that choices are made on the basis of the demand character of the product and the consumer's ability to derive the desired utility from that product. Benefits segmentation can be contrasted with psychographic segmentation in which the assumption is that differences among consumers cause them to behave differently in purchase and usage situations.

The Journal of Marketing Management
Volume 2, Issue 2, pages 42 - 46

THE SITUATIONAL COMPONENT

Considerable attention has also been given to the impact of the situational dimension on buyer behavior. For example, the purchase of a product that is intended as a gift may elicit a response in the marketplace that is quite different from the response to the same basic product when it is purchased for personal consumption. Similarly, clothing purchased for a formal affair will likely differ from clothing purchased for attending a sporting event. Thus, it may be argued that the situation to which the consumer responds will impact the utility sought by that consumer. This phenomenon gives rise to the identification of a second important component for evaluation in this study, which we label the conditional utility situation. For the purpose of this study, the conditional utility situation is defined as the perspective, germane to a specific scenario, that the consumer adopts when assessing a range of potential purchase or consumption alternatives. While marketers feel comfortable with the belief that the unique set of circumstances encountered in a situation tends to produce a standard predictable response or buyer behavior, there has been considerably less attention paid to the systematic relationships that the situational dimension possesses relative to life style and sought benefits. Thus, this research departs from the focus of most previous efforts in that it seeks to define the interactive or linking role that a specified situational component has in the development and implementation of life style and benefits-based segmentation strategies.

PURPOSE OF THE STUDY

Depending upon the stability of the purchasing situation, either person-based or product-based segmentation can be applied as a single dimension. Person-based segmentation can be successfully applied in those cases where needs and motivations are stable. Product-based segmentation is more appropriate when needs, motivations, and sought benefits vary across purchase or usage situations (Greenberg and Schwartz McDonald, 1989). It would seem logical to assume, however, that the purchasing decision for many products will involve both sets of variables - person-based variables that can be associated with different modes of consumer behavior and product-based variables that cause consumers to behave differently in a variety of purchasing situations. These differences may be directly related to the way product features and benefits are prioritized in a given situation rather than the overall level of importance for the product itself. In order to increase the understanding of the interplay of the sets of variables, three questions need to be answered:

- Does life style influence the conditional utility situations associated with the purchase of a particular product;
- Does the conditional utility situation determine the features and benefits sought by the consumer; and
- Does life style influence the features and benefits sought by potential purchasers?

THE STUDY

Central to an understanding of the causal influences on buyer behavior is the directional flow of relationships invoking an overt response by the consumer. One conceptualization is that the features and benefits sought are the foci with other variables preceding and succeeding them in the flow of influence (Greenberg and Schwartz McDonald). Another conceptualization is that the impact of life style is filtered through a number of sets of succeeding variables, notably the features and benefits of the product in question (Greenberg and Schwartz McDonald). Numerous studies have been made of the direct linkages that exist between life style, product benefits, situational influences, and buyer behavior. Comparatively few studies, however, have focused on the order of flow ... from life style through the conditional utility situation and the features and benefits sought in some sequence culminating with the consumer's response in the marketplace. A refinement or reconceptualization of the purchase process such as that sought by this study is important because it can lead to more effective marketing strategies. The directional flow of relationships conceptualized in three research questions and explored in this research is presented in Figure 1.

PROCEDURES

Data were collected from a randomly selected sample of 400 residents of a nationally representative midwestern city. Each potential respondent expressed, via an advance telephone conversation, a willingness to participate prior to the mailing of a comprehensive eight-page questionnaire. The product chosen for this study was a technology-based consumer durable. Recent product innovations for all brands have been aimed at making the product more user-friendly.

The questionnaire included three distinct yet related sections - psychographic scales, statements pertaining to appropriate conditional utility situations, and statements germane to product features and benefits sought by consumers. A generally held premise of life style use is that product-specific life styles have greater relevancy than general life styles. In line with this premise, 17 psychographic scales emerged from focus groups as potentially relevant for the product under scrutiny. Statements regarding potential conditional utility situations and corresponding product features and benefits were developed and tailored for each psychographic scale. If, for example, the psychographic variable being measured was "materialism," the corresponding sets of questions regarding conditional utility situations and product features/benefits reflected materialistic considerations.

RESEARCH RESULTS

A total of 242 usable questionnaires were returned, representing a response rate of approximately 60 percent. Using Cronbach's alpha to assess the original 17 life style scales resulted in the deletion of 12 scales that did not exhibit sufficient reliability to be retained for further analysis. Four of the five scales are similar to others commonly found in studies employing psychographics. The fifth, techie, is less common but particularly relevant to the product used as the basis for this study. Figure 2 offers a brief description of the five retained scales. To insure unidimensionality of the remaining five psychographic variables, confirmatory factor analysis was used. This analysis resulted in the removal of "sociability" from further consideration. Surprisingly, it was this scale that exhibited the highest level of reliability. The scale's high incidence of misloaded items, however, indicated likely problems in the validity of the statements developed to assess the corresponding conditional utility situations and sought benefits. Finally, path analysis was used to assess the

FIGURE 1
PROPOSED MODEL OF LIFE STYLE-BASED EFFECTS ON BUYER BEHAVIOR

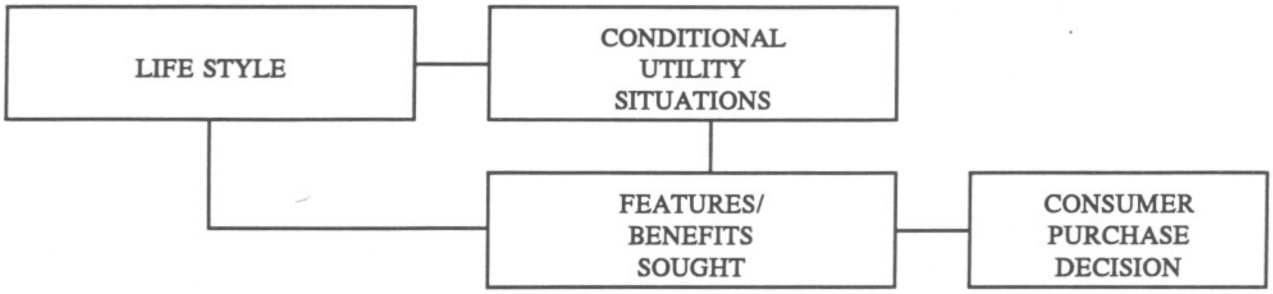


FIGURE 2
DEFINITIONS OF RETAINED PSYCHOGRAPHIC SCALES

- **CREATIVITY** is a measure of the desire to apply new and innovative approaches to routine tasks. It may be expressed via avenues available to consumers in general and not just to artists ... it may even involve activities such as hobbies, arts, and crafts.
- **EGO/ESTEEM** relates to an individual's sense of pride and self-worth. It is a measure of one's perception of accomplishment vis-a-vis his or her peers; it also relates to one's attempts to attain achievements that others will view favorably.
- **SIMPLICITY** is a measure of the propensity to employ techniques and products that will ease the burden of those tasks that are expected of an individual. It reflects an attempt to conserve time and energy while still completing the tasks required in one's job and personal life.
- **TECHIE** involves the measurement of one's obsession with the mechanical and electronic characteristics of a product as well as the inclination to purchase products of a technical nature.
- **SOCIABILITY** is the aspect of one's life style as it relates to the level and nature of activities outside of the home. It relates to interpersonal relations, seeking out of people, and interest in members of the opposite sex, as well as the need for friendly, agreeable relationships.

relationships between life style (LS) as measured by the four retained psychographic scales, conditional utility situations (CUS), and product features/benefits (F/B). The results are presented in Table 1. Meaningful relationships between life style and conditional utility situations as well as between conditional utility situations and product features/benefits have been documented. No meaningful relationship is exhibited for the relationship between life style and product features/benefits. These results form the basis for restructuring the model of behavior as depicted in Figure 3.

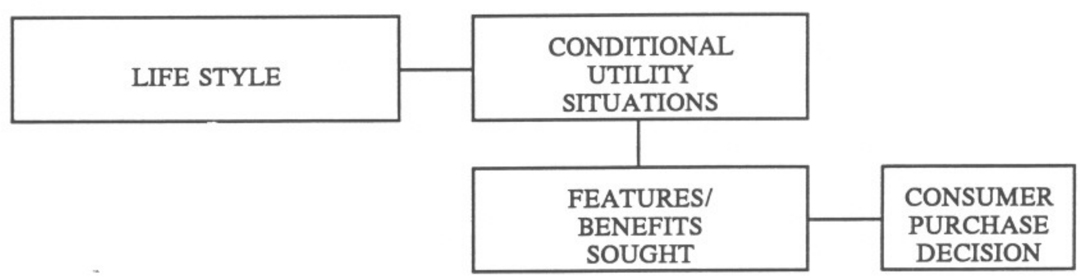
MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

The most important conclusion from this study is that there is a predetermined sequence or structure that characterizes the sets of influences within the purchase decision process. Within this newly developed paradigm, it is important to note that the impact of life style on buyer behavior is not direct; rather it is filtered through relevant sets of intervening variables. From a managerial perspective, the decision is not simply the determination of whether to use people-based or product-based segmentation strategies. Marketing managers must reconceptualize the purchasing decision as a process that involves both strategies with situational involvement embedded in a hierarchical framework. The flow of consumer decision making is pictured as moving from life style to conditional utility situations to product features/benefits and ultimately to overt purchase behavior in a predictable sequence. Looking at it another way, the product features and benefits that are sought by consumers and are believed to be drivers of buyer behavior are impacted by the conditional utility situations. In this context, the conditional utility situation serves to define benefits, giving primacy to some and subordinating others for prospective purchasers with various life styles. From this relationship, we can define customer satisfaction as the outcome of purchase and the use of a product defined in terms of important features and benefits sought in a given conditional utility situation. Thus, customer satisfaction is a postpurchase phenomenon reflecting

TABLE 1
PATH COEFFICIENTS FOR PROPOSED MODEL LINKAGES

Dimension	Linkage From	To	Path Coefficient
Creativity	LS	CUS	.56
Ego/Esteem	LS	CUS	.63
Simplicity	LS	CUS	.94
Techie	LS	CUS	.62
Creativity	LS	F/B	.10
Ego/Esteem	LS	F/B	.08
Simplicity	LS	F/B	.13
Techie	LS	F/B	.08
Creativity	CUS	F/B	.50
Ego/Esteem	CUS	F/B	.39
Simplicity	CUS	F/B	.59
Techie	CUS	F/B	.48

FIGURE 3
RESULTANT MODEL OF LIFE STYLE-BASED EFFECTS ON BUYER BEHAVIOR



how well the product met expectations in regard to important features/benefits (Churchill and Surprenant, 1982).

The positioning of the situational component operationalized as the conditional utility situation as a mediator contradicts the assumptions pertaining to a direct relationship between life style and the product features and benefits sought by the consumer. Discarding previous approaches to segmentation, marketing managers must seek to identify relevant life style dimensions, conditional utility situations, and sought features/benefits that are applicable to the specific product category. In turn, this approach will allow the development of models that are more appropriate for use as guides in the development of marketing strategy and programs. Underscored is the marketplace reality that consumers are primarily interested in what a product can do for them when confronted with a particular situation and the need to resolve a problem. This problem may be consumption or purchase oriented and might differ dramatically from one situational context to another. Therefore, it can be stated that the purchasing decision process as visualized necessitates further segmentation. More homogeneous segments can be derived when life styles are redefined or translated in terms of the relevant conditional utility situations and again in terms of the product features and benefits sought by the consumer. Strengthening this conclusion is the lack of a meaningful relationship between life style and the sought features/benefits associated with the consumer durable studied in this project. Typically person-based segmentation is deemed more appropriate across the variety of purchase and consumption situations germane to durable goods (Greenberg and Schwartz McDonald). The results of this study raise severe doubts regarding this belief. It is also possible that the generalized nature of life style, even when developed for a specific product category, precludes meaningful relationships without the framework imposed by a conditional utility situation.

The market segments derived by implementing the proposed model can provide new positionings in regard to a product. For example, the product features and benefits that are emphasized in advertising campaigns may appear in the wrong situational context or be directed toward the wrong life style segment. The resulting specificity of the ordered sequence can serve to enhance marketing efforts in this regard. Especially cogent are the opportunities the marketing manager will have to develop strategies that capitalize on the synergy derived from this ordered interaction. While promotion is the most readily apparent area where this concept can be successfully employed, it also appears that the consideration of intervening variables holds forth numerous innovative possibilities in managing and manipulating other elements of the marketing mix. For example, the number and types of intermediaries are relevant considerations as is the firm's pricing strategy. Perhaps the addition of product features or changes in the level of customer service could be coordinated with consumer life styles and integrated within a segment specific marketing strategy. In that the performance directly impacts consumer satisfaction (Block and Richins), it is logical that interest be directed to the mediating role of conditional utility situations in emphasizing certain benefits as opposed to others. Marketers must be aware of and understand the interactive sequence in order to be in a position to deliver and assess consumer satisfaction, the implication being that consumer satisfaction is based on operant features and product benefits.

It stands to reason that the importance of the product, based on enduring or situation-specific goals, will determine the extent of the role of conditional utility situations. The more important the product, the greater the role of the conditional utility situation as an interpreter of features/benefits. Likewise, a reduced product importance will mean a lesser role for the conditional utility situation. For example, in purchasing seasonal clothing, product importance in terms of protectiveness from the elements will be associated with the conditional utility situation whereby the purchaser is motivated or more aware of features/benefits providing the sought protection and less aware of other features/benefits such as styling and color. In this context, the conditional utility situation can be thought of as a motivational state much as we have previously considered product involvement. Indeed, the existence of the conditional utility situation redefines situational involvement as goal-oriented rather than simply risk-oriented.

CONCLUSIONS

This research provides a new perspective on the use of life style and benefits as bases for developing market segmentation strategies. It refutes much of the previous research that purports that the relationship between life style and overt purchase behavior is direct. It delineates a plausible paradigm by which marketers can operationalize psychographics based strategies. The research also supports the efficacy of the use of benefits-based segmentation strategies. Still, the causal model developed would seem to indicate that while such a strategy is viable, the use of both life style and benefits in conjunction with conditional utility situations provides a synergistic impact that enhances the effectiveness of the resulting strategy. It is the addition of the conditional utility situation to the segmentation equation that constitutes the primary contribution of this research, the real value of which lies in the application of this theoretical construct in marketing practice.

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