

## What Is at Stake?

Knowing how important a product or service is to your customers will help you decide which of their expectations are most likely to reveal their willingness to purchase your product. If your products are purely functional, you will probably want to investigate such garden-variety factors as the price sensitivity and brand loyalty of potential purchasers. But if such purchasers are facing life-altering choices, you will want to inquire into their most deeply held beliefs.

	Issues the business wants to address	Consumers' concerns	What the segmentation should try to find out
<b>Shallowest decisions</b>	<ul style="list-style-type: none"> <li>• Whether to make small improvements to existing products</li> <li>• How to select targets of a media campaign</li> <li>• Whether to change prices</li> </ul>	<ul style="list-style-type: none"> <li>• How relevant and believable new-product claims are</li> <li>• How to evaluate a given product</li> <li>• Whether to switch products</li> </ul>	<ul style="list-style-type: none"> <li>• Buying and usage behavior</li> <li>• Willingness to pay a small premium for higher quality</li> <li>• Degree of brand loyalty</li> </ul>
<b>Middle-of-the-spectrum decisions</b>	<ul style="list-style-type: none"> <li>• How to position the brand</li> <li>• Which segments to pursue</li> <li>• Whether to change the product fundamentally</li> <li>• Whether to develop an entirely new product</li> </ul>	<ul style="list-style-type: none"> <li>• Whether to visit a clinic about a medical condition</li> <li>• Whether to switch one's brand of car</li> <li>• Whether to replace an enterprise software system</li> </ul>	<ul style="list-style-type: none"> <li>• Whether the consumers being studied are do-it-yourself or do-it-for-me types</li> <li>• Consumers' needs (better service, convenience, functionality)</li> <li>• Their social status, self-image, and lifestyle</li> </ul>
<b>Deepest decisions</b>	<ul style="list-style-type: none"> <li>• Whether to revise the business model in response to powerful social forces changing how people live their lives</li> </ul>	<ul style="list-style-type: none"> <li>• Choosing a course of medical treatment</li> <li>• Deciding where to live</li> </ul>	<ul style="list-style-type: none"> <li>• Core values and beliefs related to the buying decision</li> </ul>

decisions, and approaches to segmentation that emerge as the gravity of a consumer's buying decision increases.

What follows are three illustrations representing three points along the spectrum. Of course, many gradations exist between them.

**The shallow end.** A manufacturer of men's shaving products faced a dilemma: how to spur fast growth when the firm already dominated the most profitable subcategory—shaving systems (a razor handle plus replaceable blades). Fearing it would cannibalize sales of its own shaving systems, the company shied away from disposable shavers, an obvious area to enter. But under pressure from senior management, the razor-and-blade business unit commissioned a new segmentation to find out whether there really was any basis for its fears.

Shavers are a small-ticket item. Though men naturally want to look neat and clean, most do not agonize over which technology or brand to choose, since all produce

more or less the same result. Men's main concerns traditionally have been the comfort and closeness of the shave, how easy the razor is to use (which often determines whether people favor a system or a disposable), and the price.

Accordingly, to determine whether a new product would cannibalize existing ones, a first segmentation used detailed household purchase records to put customers into one of three classifications: those who buy systems exclusively, those who buy disposables exclusively, and those who switch between the two. To management's surprise, the switching segment was very small, suggesting that the company could introduce a more expensive disposable razor without taking business away from its systems.

The next question was whether enough disposables users, who are thought of as looking for a low-cost way to shave, would buy a higher-quality but more expensive