Part II

Applying Marketing Perspectives and Solutions

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4

Segmenting the Poverty Marketplace

"Everyone is poor in a different way."

—Anonymous

The first three chapters of this book made the case that a social marketing approach is often missing from the mix of poverty-reduction solutions. We believe, as pointed out, that this discipline has a unique and strategic role to play in moving people up and out of poverty and to help keep them from falling back.

Part II, "Applying Social Marketing Perspectives and Solutions," introduces and illustrates five tools that are familiar to commercial marketers. These chapters also describe applications for developing program plans and strategies that support poverty-reduction programs:

Chapter	Marketing Tool	Question This Tool Tackles
4	Segmenting the market	Who are potential market segments for our efforts?
5	Evaluating and choosing target market priorities	Who should we focus on first or most?
6	Determining desired behaviors	What do we want them to do?
7	Identifying barriers, benefits, and competitors	What do they think of the idea?
8	Developing a desired positioning and strategic marketing mix (the Four Ps)	What do they need to do this?

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This chapter focuses on market segmentation. It defines and describes the process and then advocates for a micro versus macro segmentation approach, recognizing that the poverty marketplace is as vast and diverse as humanity itself. After all, the majority of us (more than 60%) are poor.

As with each of the chapters in the remainder of the book, we begin with an inspirational case story that illustrates principles and theories presented in the chapter. This chapter's case highlights efforts in Africa and Thailand to address the impact of HIV/AIDS on the poor. It shows how success in each case had its foundation in recognizing the need to identify homogeneous population groups and to develop strategies tailored to their unique set of wants, needs, and preferences.

HIV/AIDS: Reversing the Tide Through Audience Segmentation Techniques

The effect of HIV/AIDS on poverty is profound, but often it is not fully appreciated or consistently measured. Illness reduces income and increases expenses. Caring for family members reduces productivity and increases social isolation. Loss of income often forces the sale of assets, including productive ones such as cattle, goats, and chickens, leaving households even more vulnerable. This loss of income and assets further disrupts social support networks and undermines the acceptance and effectiveness of intervention and outreach efforts.

The social marketer's role in HIV/AIDS is often downstream, focusing on influencing behaviors that stop the spread of the disease and encouraging early diagnosis and treatment. Our potential role upstream is to influence policy makers, NGOs, philanthropists, and private-sector organizations to provide

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support that makes these behaviors easier and more accessible, affordable, and acceptable.

We begin making strategic decisions by answering the first and most important question: *Who do we want to influence?* As you can see from the following list of *potential target audiences* for an HIV/AIDS campaign, what we ultimately want to influence a target audience to do depends on who they are:

- *Women in Mexico* whose husbands work in agricultural camps in Florida and have unprotected sex with prostitutes who frequent the camps
- *Children in Rwanda, South Africa*, who are HIV-positive and whose parents living with AIDS are too ill to take them to a clinic for antiretroviral drugs
- *Young gay men in Brazil* who smoke crack together and share needles for injecting cocaine
- *Sex workers in Nepal* who find it difficult to buy condoms late at night or around the dance restaurant where they work and are afraid to buy them during the day at the local pharmacy because they know the people who work there and would be embarrassed
- *Single African-American moms in the United States, ages 18 to 24*, who are having unprotected sex with boyfriends who are also having unprotected sex with gay men—and the women don't know about it
- *Men ages 30 to 40 in Botswana* who have more than five sexual partners, only one of whom is a steady girlfriend—the one they don't have protected sex with

The following two stories have encouraging endings, in part because country leaders started by answering this important first question.

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Uganda: A Life Stage and Behavior-Related Segmentation Approach

Uganda has one of the world's earliest—and perhaps most dramatic—success stories in confronting AIDS. The prevalence of AIDS in the early 1990s was at 15%, falling to 6.5% by 2004. The decline was even greater among pregnant women (a key indicator of the epidemic's progress) in the capital city of Kampala, with the prevalence declining from a high of approximately 30% in 1993 to about 10% in 2004. And a survey conducted by the World Health Organization reported that casual sex encounters declined by well over 50% between 1989 and 1995.[1] Not surprisingly, Uganda's success has been the subject of intense study and analysis.

It appears that Uganda's decline in HIV prevalence was associated with the realization that reaching and persuading different population groups would require different interventions and messages appropriate to unique needs and abilities to respond. Different behaviors are promoted for very different markets:

- Young people who had not yet begun to have sex were cautioned to wait.
- Young people who had just begun to have sex were urged to return to secondary abstinence.
- Sexually active young adults were encouraged to reduce their number of partners.
- Married couples were encouraged to remain monogamous.
- Sex workers, and others engaged in the riskiest behaviors, were encouraged to correctly and consistently use condoms.

The balanced promotion of all of these behaviors is commonly known as the "ABC" approach. "A" stands for abstinence or delayed sexual initiation among youth, "B" is for being faithful

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or reducing the number of sexual partners, and "C" is for correct and consistent condom use for casual sexual activity and other high-risk situations.[2]

It should be noted (and this is expanded in Part III, "Ensuring an Integrated Approach") that a powerful segmentation scheme such as this one succeeds only if it is fully implemented. And full-scale implementation requires a high level of political commitment to HIV prevention and care and involves a wide range of partners in all sectors of society. This integrated approach and commitment of resources made possible critical elements in Uganda's program implementation. This included sex education programs in the schools to help teens negotiate postponing sex, same-day results for HIV tests to decrease the need to travel long distances, self-treatment kits for sexually transmitted diseases (shown to help prevent HIV infection and increase the use of condoms), and providing subsidized condoms and increased availability in remote locations.

Thailand: A Health Status Segmentation Strategy

Thailand's "Condom King," Senator Mechai Viravaidya, is founder and chair of the Population and Community Development Association (PDA), a leading public health nongovernmental organization in Bangkok, Thailand. In an interview published online in September 2007, he shared his views with Glenn Melnick, a professor at the University of Southern California:

> "As a youngster, I was taught by my parents, who were both physicians, that they expected something sensible out of having spent all this money on the education of their children, something that would make the world a little bit

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> better and would help a few people. Their admonition to me was that if people like you work only for money, who will help the poor?"[3]

He believed that what he did to help alleviate the spread of HIV/AIDS and to then empower those living with AIDS was necessary to help the disadvantaged people in his country, those who would be most vulnerable when the HIV/AIDS crisis first materialized in the late 1980s. He quoted a study in 1990 that estimated if nothing were done about the impending HIV epidemic, up to four million Thais could be infected by the year 2000, and 460,000 deaths from AIDS could be expected.

Initially, other Thai politicians refused to recognize AIDS as a problem. Publicizing it would potentially hurt one of their major industries: the sex trade. But Viravaidya warned those who managed the sex industry that it was in their interest to take every precaution against the spread of AIDS, or the industry would lose both its sex workers and its customers to the disease. The PDA ran programs to publicize and halt the spread of AIDS:

- Movies were shown to expose the fatality of the disease and to stigmatize those who spread it.
- Amway salespeople helped distribute literature about the disease and distribute condoms.

Targeting Those at Risk for HIV/AIDS

The key to stopping the spread of HIV/AIDS at this early stage was to develop an integrated public information campaign. Viravaidya was certain that it would take more than the government to accomplish such a massive outreach. The business, religious, and educational sectors needed to be included as critical

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partners. "Everyone joined." Gas stations and McDonald's restaurants gave out condoms; banks and insurance companies distributed printed AIDS information to their customers and the public. Cars passing through toll booths received AIDS information and condoms with their change. Radio and television stations were required to air 30-second AIDS education messages every hour. TV and radio stations that put correct AIDS information into their regular programming received subsidies. And Viravaidya was not shy about distributing condoms and promoting their use all on his own. "The condom," he would explain, "is a great friend. You can do many things with it…. You can use different colors on different days—yellow for Monday, pink for Tuesday, and black when you are mourning"[4] (see Figure 4.1).

FIGURE 4.1 Mechai Viravaidya, the Condom King, working hard to make condoms a social norm

Much has been achieved. The levels of HIV that were feared in the early 1990s have been checked, and the number of new HIV cases occurring annually has fallen. Most importantly,

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there is irrefutable evidence that the high-risk behaviors that facilitate HIV transmission have decreased. Commercial sex establishments have a 100% condom use policy that is vigorously enforced.

But Viravaidya believed more needed to be done, especially for a different market segment.

Helping Those with HIV/AIDS

While preventing transmission of HIV was essential to a successful HIV/AIDS control program, Viravaidya believed not enough was being done for people who were already living with HIV. More often than not, they lost their jobs, used up their savings, and returned to their village communities to be taken care of by their families. Others, not welcome, suffer from discrimination and have no way to make a living.

So in 2004, the PDA introduced a program called *Positive Partnerships* that lends money to HIV-positive persons as long as they find themselves a "buddy" for a small-business venture—someone who is not infected. Funded by the Pfizer Foundation in Thailand, the person who is not infected, often a friend or family member, is responsible for becoming a community ambassador for people living with HIV. "Buddies" talk to neighbors and community groups about the realities of HIV, trying to replace fear with facts.[5]

Since the official launch in 2004, about 750 partnerships have started, and 84% of them are repaying their loans on time, exceeding the rate of repayments within the general Thai banking system. And surveys of community members in the project areas indicate that anxiety levels around AIDS and the stigma against people living with HIV have dropped from 47% to about 14%.[6]

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Viravaidya believes that people living with HIV are now seen as an asset in their community. They are a source of capital. They also are appreciated, because they are helping their community while spreading understanding and tolerance. "It's a truly magnificent project whereby people who are literally given up for dead and hopeless are now becoming a very key element in their communities.... It's just turning total defeat into a wonderful victory."

Steps in Determining Target Market Priorities

Determining targets for your campaign is a three-step process:

1. *Segment the market.* You should divide the larger population of initial interest for your campaign into smaller homogeneous groups. These groups should have something in common—something that makes them likely to respond similarly to your offer. This chapter defines four traditional variables that you can use to segment your market: demographic, geographic, psychographic, and behavior-related. We also describe a recommended approach when choosing from among these options.
2. *Evaluate the segments.* Next you evaluate each segment using a variety of factors that are described in detail in Chapter 5, "Evaluating and Choosing Target Market Priorities": segment size, problem incidence, problem severity, defenselessness of the segment, ability to reach the segment, readiness of the segment to change a behavior, incremental costs to reach and serve, likely responsiveness to the marketing mix tools (Four Ps), and organizational capabilities.
3. *Choose target market priorities.* Ideally, you then will be able to choose one or a few segments as target markets for your

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campaign. Importantly, you will be able to demonstrate that you made this decision after identifying the most relevant segments to consider and then conducting a thorough and objective evaluation of each segment based on stringent and relevant criteria.

The Traditional Theory and Practice of Market Segmentation

A brief explanation (or review for some) and description of the traditional commercial marketer's view of market segmentation will be helpful prior to exploring its application to the poverty marketplace.

Market segmentation is the subdividing of a market (population) into distinct subsets of similar potential customers (individuals).[7] A *market segment* is a group of customers who share a similar set of needs, wants, and preferences.[8] A *target market* is a segment you decide you want to focus on and influence.

The rationale for segmentation is straightforward. Marketers want to persuade a target market to "buy" their product. To accomplish this most successfully, they develop an offer (product, price, place, promotion) that is uniquely designed to appeal to the wants, needs, and preferences of a specific, desirable group—an offer they hope will be more tempting than that of the competition. Some organizations have a *concentrated marketing strategy*, developing products to appeal to only a few market segments (such as Enterprise, offering rental cars to people whose cars have been wrecked or stolen). Others appeal to a variety of segments with a variety of offers, using a *differentiated approach* (such as Starbucks). A few have an *undifferentiated approach*, treating the market as an aggregate, focusing on what is common in the needs of most people rather than on what is different (such as Google).[9]

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There are four major segmentation variables: demographic, geographic, psychographic, and behavior-related (see Table 4.1):

- *Demographic* variables are the most familiar, dividing a population into groups based on factors such as age, family size, family life cycle, gender, income, occupation, education, religion, race, generation, and nationality. This is a popular way to segment the market because it creates groups that are easier for the marketer to define, research, reach, and monitor.
- *Geographic* variables are also common; they refer to where a segment lives, works, or travels.
- *Psychographic* variables distinguish groups on the basis of less-definitive factors such as personality characteristics, cultural norms, values, and lifestyle. We all know others with whom we share a similar demographic and geographic profile, yet we have differing wants, needs, preferences, leisure activities, books we like to read, and candidates we vote for.
- *Behavior* segmentation divides the market on the basis of knowledge, attitudes, and behaviors relative to the product being sold. Variables include occasions for usage, benefits sought, and buyer readiness. Some consider these the most "inspiring" characteristics because they provide the marketer with rich insights into potential windows of opportunity. In fact, some segmentation strategies start with dividing a market into those most ready to buy. Then they develop detailed profiles of this segment, examining how this group differs from others in terms of demographic, geographic, and psychographic characteristics.

In reality, marketers rarely limit their segmentation to the use of only one segmentation scheme. More often, they use a combination of variables that provide a rich profile of a segment, distinguishing the buyer not only by clear preferences, but also by associated demographics and media habits.[10]

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TABLE 4.1 Major Traditional Segmentation Variables

Major Segmentation Variable	Specific Categories	Sample Classifications (Commercial Marketing, United States)
Demographics	Age	Under 6, 6 to 11, 12 to 17, 18 to 34, 35 to 49, 50 to 64, 65 and over
	Gender	Male, female
	Family size	1, 2 or 3, 4 or 5, 5 or more
	Family life cycle	Young, single; young, married, no children; young, married, youngest child under age 6
	Life stage	Going through a divorce, going into a second marriage, taking care of an older parent, buying a home for the first time, and so on
	Income	Under $10,000, $10,000 to $30,000, $30,000 to $50,000, $50,000 to $100,000, $100,000 and over
	Occupation	Professional and technical, manager, elected official, technician, service worker, maintenance, clerical staff, sales, farmer, student, homemaker, unemployed, retired
	Education	Grade school or less, some high school, high school graduate, some college, college graduate, graduate degree
	Religion	Catholic, Protestant, Jewish, Muslim, Buddhist, Hindu, other
	Race	White, Black, Asian, Hispanic
	Nationality	North American, South American, British, French, German, Italian, Japanese, Pacific Islander, Mexican, African
	Social class	Lower lowers, upper lowers, working class, middle class, upper class
	Generation	Silent Generation, Baby Boomers, Generation X, Generation Y, Millennials
Geographic	Region	Northeast, Southeast, North Central, South Central, Northwest, Southwest
	Density	Rural, suburban, urban
	Workplace	Work site with more than 100 employees, work site with fewer than 100 employees, home office

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Major Segmentation Variable	Specific Categories	Sample Classifications (Commercial Marketing, United States)
Psychographic	Lifestyle	Achievers, strivers, strugglers
	Personality	Compulsive, gregarious, authoritarian, ambitious
	Innovation	Innovators, early adopters, early majority, late majority, laggards
Behavioral	Occasion	Use product regularly, use product only on special occasions
	Benefits	Quality, service, economy, convenience, speed
	User status	Nonuser, ex-user, potential user, first-time user, regular user
	User rate	Light user, medium user, heavy user
	Loyalty status	None, medium, strong, absolute
	Buyer readiness	Unaware, aware, informed, interested, desirous, intending to buy
	Attitude toward product/category	Enthusiastic, positive, indifferent, negative, hostile

Adapted from Keller and Kotler, *Marketing Management*, 12th edition, p. 248.

Segmenting by Level of Poverty

Let's start this poverty-related segmentation discussion by defining four groups: the Extreme Poverty Market, Moderate Poverty Market, Relative Poverty Market, and Vulnerable to Poverty, as shown in Figure 4.2. The arrows, starting on the left, represent the poverty reduction strategy that social marketers can contribute to:

- Moving those in *extreme* poverty to *moderate* poverty
- Moving those in *moderate* poverty to *relative* poverty
- Moving those in *relative* poverty out of poverty (but they are still vulnerable)

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- Making sure that those who are *out of but vulnerable to* poverty don't enter (again)

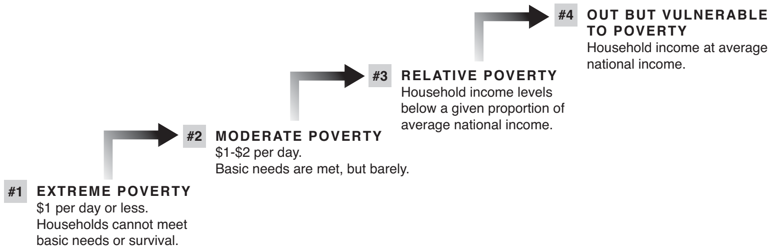

FIGURE 4.2 Poverty markets applying income segmentation

By now, hopefully it is obvious that these four markets are heterogeneous, composed of hundreds, if not thousands, of unique groups of individuals with varying demographic, geographic, psychographic, and behavior characteristics. To illustrate, consider not only the uniqueness of each of these single market segments described in Table 4.2, but also the differing desirable behaviors and strategies that are needed to inspire their adoption. Assume once more a focus on segmentation for HIV/AIDS-related efforts.

TABLE 4.2 Unique Market Segments for HIV/AIDS Progams

	Extreme Poverty	**Moderate Poverty**	**Relative Poverty**	**Vulnerable to Poverty**
HIV/AIDS Status	AIDS Infected when selling blood	HIV-positive	Not HIV-positive	Not HIV-positive
Geographics	China's Henan Province	Rural Cambodia	Haiti	New York City
Demographics	Male heads of household 30 to 50 years old Farmers Children living at home	Pregnant women 18 to 34 years old Married Low literacy	Children ages 10 to 12 living at home Attending school irregularly	Disabled veterans Ages 50 and over Unemployed Single

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	Extreme Poverty	Moderate Poverty	Relative Poverty	Vulnerable to Poverty
Psychographics	Loves farming Reliable, trust-worthy Wants to help his family	Subservient	Traditional beliefs in "magic rather than microbes" Honor voodoo priests	Hopeless Angry
Behavior-Related	Not taking anti-retroviral drugs due to side effects or taking drugs, but not regularly	Unaware of HIV status	Sexually active Not using protection	Injection drug users

The Prevalence of and Problem with Macrosegmentation

As the term implies, macrosegmentation strategies assume "one size fits all"—or, at the most, a couple of sizes. And as an article in *The Economist* in July 2005 proclaimed and illustrated, years of mistakes have taught sponsors that "Grand macro-solutions often neglect the nagging micro-foundation."[11] They described one such example they titled "The Moral of Bednets," summarized as follows:

> At the World Economic Forum in Switzerland in January 2005, a speech on malaria by Tanzania's president which included the statistic that 150,000 African children were dying of malaria every month prompted Sharon Stone, the Hollywood actress, to stand up and pledge $10,000 for bednets on the spot. She then challenged her fellow audience members to do the same. In five minutes, around 30 others followed and raised $1,000,000—enough to buy 250,000 nets at $4 each.[12] Sadly, according to the article in *The Economist*, six months later this generosity is not likely to be instantly gratified. The problem is the strategy targeted a macro market (all those who would benefit from bednets) and did not

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> take into consideration the multiple diverse segments (the micro-foundation) that success would depend on: *suppliers*, *distributors*, and the *users* themselves. First, there were local entrepreneurs who were making bednets who would be put out of business by this free-for-all strategy. And governments didn't want this to happen as these commercial sellers would be needed in the future after this wave of funding had been depleted. Secondly, there were many additional established small distributors of bednets with micro-loans they would be forced to default on because of the free nets. Thirdly, the strategy assumes that recipients of the nets would install and then retreat them as required on a regular basis. There was no assurance this was the case, with one newspaper in Uganda reporting that a government official was warning (other) villagers not to turn their nets into wedding gowns![13]

As this example illustrates, before potential macro solutions are deployed in a marketplace, it is important to identify segments that will be key to success and then research their needs and potential reactions to your proposed strategy. This will often lead to a microsegmentation strategy that includes segments for end-user segments (often more than one), as well as others who might "make or break" the deal. This is the only way to help ensure that you will achieve well-intended consequences, as well as avoid unintended ones.

The Case for Microsegmentation

Stephen Smith illuminates the need for microsegmentation best when he says "Targeting the poor involves a multistep procedure. You cannot do anything for the ultra-poor if you cannot find them, or distinguish them from the moderately poor."[14] Smith, as others have, notes that the extreme poor have far different needs than those with even modest financial resources or skills. We believe these needs, when microsegmented, can be addressed with precision. We make

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the case for this approach first with a (virtual) visit to New York City's Health Department on Valentine's Day 2007, and then to the Hutongs of China:

> New York City continues to be the epicenter of the HIV/AIDS epidemic in the United States, with only 3% of the country's population but 18% of the HIV/AIDS cases.[15] Over the past two decades, New York City's epidemic has increasingly affected *blacks* (44% of AIDS cases in 2003 versus 31% in 1987), *Latinos* (32% of AIDS cases in 2003 versus 25% in 1987), *women* (31% of AIDS cases in 2003 versus 12 % in 1987), and *the poor*. Within each of the groups are unique segments categorized by types of risk behaviors, including men who have unprotected sex with men (MSM), men who have unprotected sex with men and women (MSMW), men and women having unprotected sex with multiple concurrent partners, intravenous drug users who share needles, and high school students having unprotected sex.
>
> Despite these odds and challenges, Mayor Michael Bloomberg wants to make NYC a national and global model for HIV/AIDS prevention, treatment, and care. And making condoms more accessible and more the norm for each of these segments is a cornerstone strategy.
>
> New York City's condom initiative dates back to 1971, when the Health Department started distributing them through its clinics. The program expanded during the '80s to include community-based service organizations. Distribution increased more than seven-fold in June 2005, when the Department launched an Internet-based bulk ordering system.[16] Then, on February 14, 2007, the New York City Health Department unveiled the NYC Condom, becoming the first city in the nation with an official brand, and announced an expanded distribution system (see Figure 4.3). To reach targeted market segments, the city reached beyond "main street" distribution channels such as health centers and community service organizations (a

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macrosegmentation approach) to the "side streets," where very specific micro target markets shop, dine, do laundry, get their hair cut, and hang out.[17]

FIGURE 4.3 New York City's branded condom package (2007)

"Get Some" condoms are free, and campaign messages encourage citizens to "Get Yours. Grab a handful and go!" at hundreds of locations in the city, including *subways, barbershops, African hair braiding parlors, nail salons, delis, wine and liquor stores, laundromats, mini-marts, bathhouses, spas, tattoo parlors, theaters, bars, taverns, saloons, restaurants, ethnic cafes, health clubs, YMCAs, churches*—even *retail stores* such as Kenneth Cole. As co-chair of the condom campaign, Kenneth Cole believes "Any successful product has a strong brand, and condoms are no different." During the Valentine's Day press conference, Cole also unveiled a new line of T-shirts and boxer shorts, each sporting a condom-sized pocket and a discreet woven label reading "Safety Instructions: This garment and its contents should be worn whenever conceivable." And the message that "safer sex is better sex, whatever one's orientation" is central to the campaign.

And consider how easy the city is making it for more and more potential distribution sites to come onboard. A New York City establishment can become a partner in the campaign simply by calling 311 or visiting the website at www.nyccondom.org. The Health Department will then deliver free NYC Condoms in

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bulk and replenish them as needed. These expanded efforts were expected to increase the number from 2.5 million per year to some 18 million per year. In fact, it has increased to 39 million per year![18]

Now consider this additional example of microsegmentation, this time in China and this time carried out by a private-sector company, using a strategy that can be used by antipoverty workers as well:

A global pharmaceutical company entered China in 1995. Its entry market plan looked at China's total market of 1.2 billion people and reasoned that reaching just one quarter of them would result in unprecedented success. Going after the market using a broad, undifferentiated approach did bring sales, but after nine months sales peaked and began to decline. Efforts to rally the sales force were ineffective. The company began to examine the methods of other companies, perhaps better attuned to the purchasing patterns in China. They found that established and successful companies were not using mass marketing but rather a finely tuned process of block-by-block, street-by-street penetration targeting "Hutongs." These are communities of residential streets lined on both sides by courtyards shared by many families. These communal gathering places provide valuable word-of-mouth promotion as a family excited about a product shares that enthusiasm with the other families who then try the product. This strategy of targeting microsegments resulted in repeat purchasing behavior, and "company sales quadrupled in one year."[19]

We can find support for microsegmentation at the national government level as well.

Again, China, for example, has enjoyed unprecedented growth in economic terms, averaging nearly 8% a year for well over a decade. To manage its social and economic development services, in the early

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1990s the central government began segmenting 1.2 billion people by occupation and residential locations. This resulted in the identification of six distinct market segments:[20]

- Urban residents: 350 million, 28.4%
- Farmer families: 290 million, 23.6%
- Farmers: 250 million, 20.3%
- Town and village workers and enterprises: 120 million, 9.8%
- Families of workers in town and village enterprises: 120 million, 9.8%
- Migratory workers and families: 100 million, 8.1%

The large size of these segments makes the effort appear at first to be a macrosegmentation effort. It would be if the government had stopped there, but it didn't. It then broke these larger segments into smaller, more homogeneous ones that could be targeted for resources essential for well-being. By 1995 the Chinese government had identified 380 development zones (DZs) with detailed profiles of the people living there, including what skills they possessed. Matching the available labor supply and skills enabled China to attract international investment from companies that were eager to serve these now more clearly identified targets. For example, the profile of Xinjiang Province stressed its advantage for hosting foreign companies going into agricultural ventures. Qinhai Province was better for developing natural resources, and Shaanxi Province was attractive for more high-tech development companies.

In this segmenting example, the government had a big-picture strategy called "Jie Gui" (the integration of China into the global economy) and used marketing thinking to implement it. A strong case can be made that this has been far more effective than massive aid and relief projects would have ever been and that the result is greater self-sufficiency and a sustainable economy. So we can say that China reduced the number of inadequately fed and clothed poor from 250 million in 1978 to 29 million in 2003.[21] Perhaps presciently, Kotler,

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Fahey, and Jatusripitak in 1985 said "when this giant finally awakens and stirs, every other country will have to scramble for position. China is already moving rapidly in the direction of liberalizing its economy and decentralizing many businesses."[22] Decentralizing the production centers was another form of segmentation that China employed as it brought the workplace to the most qualified workers.

The segmentation process continued, moving to ever smaller and well-defined targets. For example, profiling the rural versus urban population by income growth and residential construction revealed more useful information. Rural residents were experiencing higher income growth than urban residents, and rural construction was three times higher than in urban areas. By segmenting the population, skill sets, resources, and markets, China appears to have avoided the rush to cities and shantytowns experienced by other developing countries.

Recommended Segmentation Strategies for Social Marketing Campaigns

At this point, we have introduced the rationale for segmentation and major segmentation variables used to "sort" individuals into homogeneous groups: demographic, geographic, psychographic, and behavior-related. We have also made a strong case for creating micro segments within macro markets, because failed approaches are often rooted in deploying a one-size-fits-all strategy.

Assuming, then, a microsegmentation intent, what variables are best utilized to create these potential target markets? (Remember, we will evaluate and prioritize these potential segments later.)

For social marketing campaigns, we recommend using the behavior-related segmentation variables as the primary basis for creating segments. After all, by definition social marketing campaigns focus on changing current knowledge, attitudes, and practices relative to a desired behavior. After you identify these segments that differ

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according to current behaviors, you then develop a rich description of each segment, providing demographic, geographic, and psychographic characteristics to assist in evaluating and prioritizing segments.

To illustrate this process, assume that you are a state health department in the United States, charged with reducing the increasing prevalence of HIV/AIDS among African-American women. Assume further that increased routine testing is the focus of your social marketing campaign. Table 4.3 presents a segmentation grid that you would want to complete, using behavior-related variables first. As you review this table, consider how powerful this information will be in determining specific target market segments within this broader population. Even though it is unlikely that those getting tested at the recommended levels will be a target priority for a campaign, it will be very beneficial to examine the characteristics of this "doers" segment compared with the three "nondoers."

TABLE 4.3 Segmentation Scheme for Evaluating and Choosing Priority Markets for HIV/AIDS Testing

Increasing HIV/AIDS Testing Among African-American Women				
Sexual Activity	Sexually active: multiple partners last year			
Level of Protection	Not using condoms on a regular basis			
Behaviors Relative to Testing	Never tested	Got tested more than a year ago	Getting tested, but only once a year	Getting tested for HIV/AIDS three to six months after having unprotected sex (the desired behavior)
Size				
Demographics				
Geographics				
Psychographics				
Additional Relevant Behavior-Related Variables (such as Healthcare Coverage)				

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Additional Considerations When Choosing Segmentation Variables

Although you should consider behavior-related segmentation variables first, there may also be valid reasons to choose an alternative primary base. Your strategy may be influenced more substantially by the change agent and/or the poverty issue you are addressing.

Segmentation Strategies Depend on the Change Agent

We see understandable and perhaps natural differences in segmentation approaches between government organizations (GOs), nongovernment organizations (NGOs), and the business sector.

GOs are most likely to use income levels to initially segment the market and then describe these broader groups using additional demographics (employment status, ethnicity, household size, age) and geographics (region, urban versus rural). This approach makes sense, because this type of citizen data is the most accessible to public agencies and can be used most reliably to monitor and track progress. In the United States, for example, in 2006, 36.5 million people were living in poverty, with poverty status determined by total income levels relative to family size and ages of family members. Poverty rates are then reported and tracked by race, age, and region of the country.

NGOs, on the other hand, are more likely to first segment a marketplace by mission-critical factors. The Bill and Melinda Gates Foundation's Agricultural Development initiative focuses on increasing crop productivity on *small farms* in Sub-Saharan Africa and South Asia by introducing new seed varieties, irrigation, fertilizer, and training for farmers. Population Services International's (PSI) Maternal Health program focuses on *home births*, providing clean delivery kits that include a sterile razor to cut the umbilical cord and a clean clamp or cord tie to prevent tetanus and other infections. And the Carter

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Center's River Blindness Program focuses on the eleven countries that have the *greatest incidence of this parasitic disease* transmitted by the bites of small blackflies.

The business sector is more likely to segment the poverty market by the potential for product sales and usage. For example, Casas Bahia in Brazil is a retail store chain selling home furniture, TV sets, refrigerators, and other home appliances specifically to the poor.[23] In its marketing operations, it geographically segments the total market, by regions and within each region by states. In each local market, Casas Bahia segments the market into five socioeconomic classes: A, B, C, D, and E. Classes D and E are the poverty market segments, with Class D counting the moderate poor and Class E being the extreme poor. These segments are profiled by population size and by ownership of household durable goods.

Table 4.4 presents the national population sizes of the five socioeconomic class segments. Table 4.5 shows the ownership ratios for selected household durables among the five socioeconomic class segments nationwide.

TABLE 4.4 The Stratification of the Brazilian Population in 2002

Socioeconomic Class	Family Income (in MW*)	Population Size (in Millions)	Household Population (in Millions)	Household Size
E	0 to 2 times	54.3	7.6	7.1
D	2 to 4 times	44.2	9.4	4.7
C	4 to 10 times	48.9	12.6	4.0
B	10 to 25 times	21.6	5.4	4.0
A	More than 25 times	7.3	2.5	2.9

*MW = minimum wage (R$200/month)
Source: C. K. Prahalad, *The Fortune at the Bottom of the Pyramid* (Upper Saddle River, NJ: Pearson Education Published as Wharton School Publishing, 2005), p.119.

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TABLE 4.5 Ownership Ratios for Selected Household Durables and Facilities

Items	Percentage of Segments Owning/Having Item			
	Segment E	Segment D	Segment C	Segments A and B
Number of toilets per household				
0	36%	14%	5%	1%
1	60%	77%	74%	39%
2	4%	8%	18%	34%
3	0%	1%	3%	18%
4 or more	0%	0%	1%	8%
Garbage pickup	60%	80%	90%	96%
Electricity	87%	96%	99%	100%
Phone	11%	28%	51%	86%
Microwave	3%	9%	22%	58%
Refrigerator/freezer	62%	88%	96%	99%
Radio	78%	88%	93%	97%
Television	72%	90%	96%	99%

Source: C. K. Prahalad, *The Fortune at the Bottom of the Pyramid* (Upper Saddle River, NJ: Pearson Education Published as Wharton School Publishing, 2005), p.121.

Notice in Table 4.5 that the highest ownership of household durables among the extreme poor is for radio and TV. This is above having the convenience of toilets and refrigerators. The extreme poor of Brazil apparently place a higher priority on home entertainment than drinks served cold, food stored in refrigerators, and the convenience of disposing of their human waste in toilets.

Segmentation Strategies Depend on the Social Marketing Issue

Factors that social marketers use to create potential target market segments vary significantly by the social issue they are addressing. As you can see from the following examples, there is often an initial major segmenting variable, followed by secondary variables. Segments are then further described according to additional characteristics:

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- Tuberculosis segmentation efforts might begin by looking at a combination of the *severity* of the disease and *related behaviors*, grouping those who are infected but not diagnosed; those who are diagnosed but not getting treatment; those who are taking medications but not on a regular basis; and those who have become drug-resistant and live in close quarters with other family members.
- Tobacco prevention programs are most often interested in the *youth population*, but within this segment they have differing approaches for middle school youth than for college students. Cessation programs are often organized around *health status*, with special efforts aimed at pregnant women, those who are obese, and those with heart problems.
- Homeless populations may differ most by *how long* they have been homeless and whether there are *children in the family*. These larger groups are then further profiled and potentially subdivided by relevant demographics including age, ethnicity, physical and mental health status, and potential employment skills.
- Education-related issues for those in poverty or at risk of poverty often focus on *literacy levels*, identifying segments that would benefit from potential outreach and interventions. As California Governor Arnold Schwarzenegger recently pointed out, economic studies show that Mexican immigrants in that state who speak English fluently earn 50% more than those who don't.[24]
- Employment improvement strategies are often tailored to market segments based on current *employment status* and *job skills*. It makes sense that different strategies would be needed for the working poor than for the unemployed. And within the working-poor segment, there are different needs and approaches for married couples with young children under the age of 5 than for a single mom with teenagers. And among the unemployed, we might group individuals according to job skills and where in the community they live.

Keep in mind that the groups created by these segmentation exercises only represent potential target markets. This prepares you to take the next step—evaluating segments and then selecting or

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prioritizing segments for campaign efforts and/or resource allocation. These topics are covered in the next chapter.

Summary

Market segmentation is the subdividing of a market (population) into distinct subsets of similar potential customers (individuals).[25] A *market segment* is a group of customers who share a similar set of needs, wants, and preferences.[26] A *target market* is a segment you decide you want to focus on and influence.

Three steps are involved in determining target market priorities: segmentation, evaluation, and choosing.

Four major variables are used to segment the market: demographic, geographic, psychographic, and behavior-related. For social marketing campaigns, we recommend using behavior-related variables as a primary base, and then describing these segments using the other three major variables. In reality, which variables are used to place individuals into more homogeneous groups may vary by who the change agent is for the effort. Differing approaches could be used for government organizations (GOs), nongovernment organizations (NGOs), and the business sector. It may also depend on the poverty issue of focus for the campaign.

Macrosegmentation assumes a "one size fits all" strategy, which often leads to disappointing results. Not only does it ignore people's different wants, needs, and preferences, but it also ignores the need to develop strategies that can "make or break the deal" for your target market.

Endnotes

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