Marketing to Jedi Knights may be just as reliable as current market segmentation methods

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Competitive Paper: Marketing to Jedi Knights may be just as reliable as current market segmentation methods

INTRODUCTION

Marketing of new products is vital to a company’s success, particularly in the automotive industry. Changes in a product could be incremental or radical with a greater or lesser degree of innovation (Gobeli and Brown, 1987; Pi-Chuan Sun, 2010; Shams et al., 2015), some of these changes may be misunderstood by customers and the general public, as they can be too complex (Chapman, 2005; Elena Delgado-Ballester and Estela, 2015; Pappu and Quester, 2016). The outcome of this situation is that new product launches are formulated for mass markets with one-size-fits-all messages, leaving it to a consumer’s summary judgement rather than tailoring messages to a more defined segmented market (Dibb, 1998; Beck et al., 2012; Elena Delgado-Ballester et al., 2012).

The evidence suggests that any development of how manufacturers communicate new products should begin with an assessment of the newness of the product from the consumer’s viewpoint (Vercauteren, 2005; Kishore et al., 2015). If consumers are confused by product complexity then this is the variable that should be used to measure newness. The automotive sector and new automotive products was chosen because there is evidence that new cars are not easily understood (Gibson 2010; Sasu and Ariton, 2011). With a plethora of features and new innovations that are increasing in complexity some consumers are confused or even alienated, resulting in the products often been overlooked or even ignored (Talke et al., 2009; Whitfield, 2009; Loginova, 2010; Johannessen et al., 2011; Simonsohn, 2011; Warman, 2011; Reynolds and Ruiz de Maya, 2013; Kasabov, 2015).

New products arouse different levels of interest and enthusiasm between consumers and what may be new to one consumer may not be to another (Rogers and Shoemaker, 1971; Valéry Bezençon and Blili, 2010), this is due in part to the level of knowledge or expertise of an individual as well their enthusiasm or involvement for a product (Bloch, 1981; Kleiser and Mantel, 1994, 1999; Laaksonen, 1994; Sasu and Ariton, 2011; Barrutia and Maria, 2014; Reinders et al., 2015).

Currently, most advertising is based on lifestyles and consumer aspirations to those lifestyles (Young and Rubicam Inc, 2002; Experian, 2003; Acxiom, 2004; Harris, 2004; Lilley, 2004; thevaluescompany, 2004; WPP Group, 2005). Although practitioners continue to use product positioning and aspirational methods as their main marketing tool, there has been very little academic research in this area, probably because this catch-all approach has little merit. Evidence suggests that consumers should be the judge of new products (Rogers, 1995; Danneels and Kleinschmidt, 2001; Johannessen et al., 2001; Marchand et al., 2015) and marketers would benefit from obtaining consumer views, rather than imposing their own. In the 1991 UK Census, under the religion and ethnicity section, 390,000 people claimed to be Jedi knights! - (characters from the Star Wars films), (Experian, 2005), in comparison to the current basic segmentation methods, perhaps Jedi Knights as a market segment are just as useful.
The objective should be to design a more effective method of profiling consumers, with data that identifies consumer segments more accurately, instead of using a structure based on intuition rather than systematic analysis (Dibb, 1998; Millberg et al., 2014; Wu et al., 2015). Yet an intuitive structure is the approach most used by manufacturing industries, including the automotive sector, and one that has remained unchanged for some time (Dibb, 1998; Maheshwari et al., 2016).

**LITERATURE REVIEW**

Bloch (1981), Shimp and Sharma (1983) and Lennox and MaClaren (2003) have all argued that consumer views are moderated by a consumer’s enthusiasm or involvement with the product. Products arouse different levels of interest and enthusiasm between consumers and impact on how they view new products. Research by Zaichkowsky (1985b) suggests this interest and enthusiasm is involvement with the product, a motivational construct that increases with more frequent use. Zaichkowsky also suggests that product use and involvement are correlated when use of the product is optional, although most consumers regard a car as a necessity.

**Involvement**

Involvement is a personal phenomenon that is an expression of an individual’s views and feelings, as a well as how they respond to an object (VonRiesen and Herndon, 2011). Consumers also differ in how long they spend in assessing a product, what search patterns they apply and how much detailed information they need to make a decision (van Rijnsoever et al., 2009). Consumers can be active or passive to advertising and marketing communications which may cut short or activate further information searches depending on the intensity of involvement with a product (Laurent and Kapferer, 1985; Zaichkowsky, 1985a; Pi-Chuan Sun, 2010). This supports the view by Sasu and Ariton (2011) that the intensity of product involvement influences consumer behaviour. However, increased involvement does not necessarily mean an increase in expertise; it is suggested that you do not need to be an expert to have involvement (Zaichkowsky, 1985a; Marie-Cecile Cervellon and Carey, 2014).

Bloch (1981) developed the Automobile Involvement Scale (AIS) based on the so-called ‘love affair with the automobile’ that is associated with ridership and a long-term interest in cars. The scale is based on the importance of personal needs, image and values that reflect an individual’s involvement on an ongoing basis, ranging from minimal to extremely high levels. The use of the scale has prevailed over a number of years (Bloch, 1981; Shimp and Sharma, 1983; Lennox and McClaren, 2003, Taylor-West et al., 2012).

**Familiarity**

Mandler (1981, p5) suggests that it is a “pervasive human characteristic to prefer the known to the unknown, the usual to the unusual, the familiar to the strange”. A number of authors suggest that increased use of a product reduces complexity as they become more familiar and comfortable with the product (Park and Lessig, 1981; Zaichkowsky, 1985a; Chapman, 2005; Hutchinson and Eisenstein, 2008; Lakshmanan and Krishnan, 2011; Reynolds and Ruiz de Maya, 2013; Marie-Cecile Cervellon and Carey, 2014). This may be the case with some high-frequency repeat purchases that
are low in value, with high-value infrequent purchases this argument does not hold completely. Usage of the product will be relevant where some pre-experience exists, for example in the case of cars, the ownership or use of the previous model. Park and Lessig (1981), suggest that the highest level of familiarity is ownership.

Mantonakis et al. (2008) found that familiarity uses two types of information, implicit knowledge formed from prior experience without any conscious awareness and explicit knowledge formed from observed effects giving conscious awareness. Danneels and Kleinschmidt (2001) suggest that more importance should be attached to products having a familiarity fit with consumers - what they know and expect from a particular product. If this is the case then the path to increasing awareness is to employ communication methods that increase the explicit components of familiarity. Sometimes there is confusion between familiarity and expertise.

**Expertise**

Hutchinson and Eisenstein (2008) suggest a positive correlation between familiarity and expertise, but it is argued here that familiarity is built on product experience and so is different to detailed expertise. The degree of familiarity and/or expertise will raise or lower consumer views of what is new in a new product. For example, Alba and Hutchinson (1987) suggest novices are likely to view products non-analytically compared to experts, who actively seek more information simply because they know it is likely to exist; novices rely on recall (familiarity) and fewer details. Wood and Lynch (2002) found that experts tended to punch above their weight describing it as overconfidence – a feeling of knowing phenomenon, a prevalent bias with people assuming they know more than they do; findings by Mehta et al. (2011) revealed that sometimes experts had a hard time recalling product features and simply filled in missing information, basically they took a guess. Moreau et al. (2001) found that even experts with their entrenched knowledge require supplementary information when faced with a discontinuous innovation.

This is important as it demonstrates why the perception of the degree of product complexity varies between novices and experts, and their understanding of new products. Peter and Olson, (2010), expand on this; they suggest that during a decision-making process, only experts and motivated consumers, with high interest in the product, seek out more detailed information. In the automotive sector, research by Wiedmann et al. (2011) found the main barrier to adoption for consumers with low levels of technical knowledge, was lack of information.

**Advertising**

Advertising people are continually on the outlook for gaps and holes in the marketplace where they can create the illusion that a product or service will fill that gap as well as how your product will be thought about. (Diwan and Bodla, 2011).

Ries and Trout (1986) suggest that most consumers rank products and brands in their minds and the advertisers use product positioning as a weapon in the battle for your mind. Because consumers have different levels of product knowledge, the amount of information needed to position the product correctly needs careful consideration, for example an expert may understand braking, acceleration and cornering ability in a car,
a more abstract category that groups these aspects such as ‘handling’ may be better understood by a novice (Peter and Olson, 2010; Kishore et al., 2015).

The content of marketing messages is dependent on the type of medium being used by advertising companies and the options that are available to them. The TV advert has a much greater impact than a static billboard or newspaper advert, although there are still limitations (mainly because of cost) on how much information can be imparted in a short period of time (Sethuraman et al., 2011). Chapman (2005) says this is the reason why most adverts challenge the way we live and consume products by conjuring up provocative images and ideas of how this could change if we bought into that product – probably the mostly used product positioning promise being to make the consumer part of the advert theme, rather than just a passive observer.

Summary

The literature highlights a preference for manufactureres to use product positioning based on lifestyles in their marketing communications, rather than product information, despite the evidence that complex innovations are often sidestepped or ignored because they are not understood (Berlyne, 1978; Rogers, 1995; Chapman, 2005; Silvia, 2005; Kasabov, 2015). The literature shows that advertising in general strives to position the product in the mind of the consumer, by generating illusions and manipulating the notions of what is possible, yet consumers will not buy what they do not understand (Gibson, 2010; Taylor-West et al., 2013).

The literature identified a number of key variables to identify the knowledge held by consumers: expertise, involvement and familiarity. In addition manufacturers need data that identifies consumer perceptions of product complexity. Secondly manufacturers need to identify the level of complexity in all new products, from a consumer’s viewpoint. Lastly, manufacturers need to match both sets of data – perceived consumer complexity with perceived product complexity to provide relevant levels of product information to a more reliable segmented target market.

Methods

The research began with a number of exploratory studies, followed by a pilot online survey and a major automotive consumer survey.

To investigate how automotive manufacturers and practitioners communicate new products to consumers, a number of meetings and events were organised/attended to discover the nuts and bolts of how this worked. This involved nine meetings with key informants and attendance at two new automotive model launches. This was followed by 3 in-depth discussion groups with a random sample of the customers of a retail car dealership.

The results and findings of the exploratory studies were used to compile a pilot online questionnaire with friends, family and all staff and students of a University faculty to collect qualitative data and obtain feedback on layout and content. Response rates from friends and family was 99 from a total of 141 invitations (70.21%) and 61 from the University total of 283 invitations (21.55%).
Target Population and Sample

The study was concerned with how consumers perceive the complexity of new car innovations, therefore the sampling population was restricted to owners of cars up to four years old; it was agreed by the panel of experts that recall and experience of new cars would diminish after this period.

The total sample, based on the criteria, was 91,968. The breakdown was as follows: 89,510 (97.33%) were customers and 2,458 (2.67%) were prospects; 62,170 (67.6%) were male and 29,798 (32.4%) were female. Because of data protection concerns the email invitations were sent out by the manufacturer. The actual response to the survey was 1,401 (1.53%), much lower than anticipated. Not having control of the contact data it is difficult to provide reasons for this low response rate. For example, it is not known if there were any invalid/incorrect email addresses as the manufacturer used a no-reply service.

Scales

The instruments identified in the literature required a review of the scale and items used. It was decided to establish a panel of industry experts to scrutinise the instruments and items and advise/approve the wording and clarification of questions and to trim redundant or irrelevant questions, so that participants in the survey had a clear understanding. The panel consisted of five experts with extensive experience of the automotive industry with dealership and academic backgrounds.

Questionnaire

The initial design grew from questions formed from findings in the literature review and which were used as a framework for the exploratory studies with consumer discussion groups. The questionnaire had a number of sections designed to capture data. Questions were asked on the eleven new innovative options of a new car that had just been launched; questions were the same for all the options. Firstly the option was described and respondents were asked: ‘I know what the option is’. Respondents were then asked to view a product video for that option before continuing to respond the following questions:

- I would like to have the… (name of option)
- I would buy this as an option
- I think this option is very complex to understand
- I would class this option as being new, e.g. not seen before
- I think this option is very innovative, e.g. very advanced, ground-breaking

Respondents were then asked if they had been aware of any of the options they had just viewed prior to the survey and indicate the source from an options list.

Results

Construct Reliability
The first part of the analysis was to test the reliability of the scales. All constructs reported good Cronbach alpha coefficients and compared well with previous studies (Inspection of the ‘Cronbach’s Alpha if item Deleted’ column in the Item-Total Statistics matrix revealed that none of the constructs resulted in an alpha that exceeded the final alpha.

**Expertise and Involvement Relationships**

Results identified that Expertise had a large positive relationship with the triangulation scale: I would consider myself to be an expert on automobiles - (Pearson Correlation r =.973, n= 1401, p <.05); Involvement had a large positive relationship with the triangulation scale: I really enjoy driving - (Pearson Correlation r=.901, n=1401, p <.05). The results also revealed a large positive relationship between Expertise and Involvement (Pearson Correlation r =.795, n=1401, p<.05). These findings show positive relationships exist between a consumer’s expertise and their involvement with the product, this concurs with previous findings by Taylor-West et al. (2008) and provides a reliable measurement of a Consumers Product Experience (CPE).

**Familiarity Constructs**

The online survey utilised contained two familiarity constructs. The Bettman and Park (1980) construct (Familiarity LMH) was used to categorise consumers into three groups of familiarity – Low; Medium and High. It was proposed in the questionnaire design that the Bettman and Park (1980) groupings did not take into account consumers who had no familiarity and grouped those who had searched for information and those who had past use of the product into the Medium group. It was observed that it was likely that familiarity would be higher for those who had used a product than those who had searched for information on a product and similarly for current and past owners. In comparison the Familiarity 1 to 5 construct categorised consumers into five groups of familiarity with the Ford Focus – None - No Familiarity; Low – Searched for |Information; Moderate – Shared or had use of ; High – Past Owner and Very High – Current Owner.

**Socio-Demographics Relationships**

It was expected that Socio-Demographics would have a direct relationship with CPE e.g. high levels of education with high levels of expertise.

An independent-samples t-test found that males had more Expertise and Involvement with cars than females and more Familiarity with the model: Expertise had a large relationship (eta= .180); Involvement and Familiarity had medium relationships (eta= .64; .119).

An independent-samples t-test was run to identify any differences between car owners that purchased a new car or a used car with Expertise and Involvement. There were no significant differences (p<.05). Similarly the results of a One-way ANOVA found no significant differences in the Age of the Current Car with Expertise and Involvement, this was expected as the criteria given for the data selection was Owners of new cars up to 4 years old.
LISREL

Finally, to confirm the theoretical factor structure, and establish goodness of fit, structural equation modelling (SEM) using LISREL was used to apply confirmatory factor analysis (Kelloway, 1998). Constructs used in the model are as follows: Measures of Consumer Product Experience (CPE) – Expertise, Involvement and Familiarity

LISREL output: Chi-Square=6566.93, df=269, P-value=0.00000, RMSEA=0.129. Although RMSEA is larger than .10 the reduced chi-squared statistic is 24.41 (chi-squared divided by the number of degrees of freedom – Bartlett, 1954); guidelines suggest that <100 is a good match between the model and data; the smaller the better (Sharma, 1996; Hair et al., 2010). Goodness of fit statistics were acceptable; GFI = 0.727. None of the items loaded on more than one latent variable making the causal relationships unidimensional.

CONCLUSIONS

Early in this paper it was suggested that Jedi Knights may be just as useful a segmentation cluster when targeting a market as out-dated consumer segmentation variables such as Daily Telegraph readers, with 2.3 children in specific post code areas.

Other researchers have also questioned businesses that have become entrenched in using demographic segmentation tools that are no longer appropriate, and that it is not uncommon to find marketing campaigns are carried out without any consideration as to who may be the users of the product (Dibb, 1998; Vercauteren, 2005; Elena Delgado-Ballester et al., 2012; Wu et al., 2015). This means that manufacturers and practitioners need to look at the type of data they collect from current as well as potential customers.

In conclusion, this study investigated the appropriateness of measures and constructs required to establish a more reliable segmentation tool for marketing communications in doing so it concludes that collecting data relating to a consumers Expertise and Involvement as well as Familiarity will provide manufacturers and practitioners with an understanding of a Consumers Product Experience (CPE). This would enable the tailoring of marketing communications by providing the correct level of product information based on the individual’s CPE, rather than the current one-size-fits-all lifestyle messages. This would be particularly useful for manufacture launch campaigns of new products where new complex innovations are not easily understood. Not only would this increase the appeal of the marketing messages, it would make them more cost-effective as they would reach more accurate market segments.
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