

The rich, the lazy, the busy, the ignorant, and the vain

By Niraj Dawar

Done well, market segmentation can do so much. It can uncover entirely new markets (see Blue Ocean Strategy), provide new ways of serving existing markets and rejuvenate entire categories and industries (remember Swatch watches?), out-maneuver competitors (Nike segments the market into very small niches so competitors are contained), and offer segment developers first-rights to the new market (The Walkman had a 50% market share at a 20% price premium for a couple of decades).

Sure, competitors catch up more quickly today than ever before – no brand has a free run for ever, or even for very long. But since new product and idea adoption rates are quicker than ever, first-movers make a splash early, and move on with bulging pockets. Segmentation is still a winning game. The incentive to hit a home run is still huge. Segmentation spurs innovation.

But segmentation also offers marketers a cop out: it allows firms to find easy prey. And the easy prey consist of the rich, the lazy, the busy, the ignorant, and the vain.

The rich (price insensitive consumers) are easy prey – consider the thin curtain that separates business class from economy – that curtain, a couple of inches extra of leg room, and a plastic smile instead of a plastic frown are worth a 300% to 400% price premium to the folks at the front of the cabin.

The lazy are easy prey. Consumers who are unwilling or unable to comparison shop will pay a higher price than those that spend a few minutes clicking or scanning barcodes into a comparison app. Marketers try and

make it difficult to make easy comparisons – just think of how complex comparing phone plans can be. So they target not just the very lazy, but also the somewhat lazy.

The busy are easy prey because they want the product now, or they have not had time to plan ahead so they have to pay the full (inflated) price. They don't buy when there's a sale on because they're busy when the sale is on.

The ignorant are easy prey because they don't know where or how to get a better deal. They fail to search for a coupon for an online retailer, or don't know how to use the comparison app.

The vain are easy prey because they'd rather pay for the brand badge, the clothes from the most recent season, the most current designer, be seen dining at Per Se.

The rich, the lazy, the busy, the ignorant, and the vain are all easy targets for marketing. They are easy to find, easy to reach, and it's not that difficult to convince them to pay more for products and services that are only superficially differentiated. The celebrity endorsement, the spurious feature, the fancy packaging, and the proliferating product line offering empty choice are all symptoms of segmentation gone slothful. They make marketing "too easy," and marketers lazy. And in a classic twist of bad marketing driving out good, it pays to target these segments.

C'mon marketers, we can do better.

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