

Segmenting the burger market

Donna Kotronis, McCann-Erickson, and **Michael Lieberman**, Multivariate Solutions, look at the benefits of research techniques in segmenting markets

NOT EVERY DOLLAR spent on advertising and sales is created equal – some dollars generate far more revenue than others in the budget. Indeed, if one only knew beforehand which dollars to spend, and to whom they should be directed, success would be more certain.

In fact, profit potential varies from consumer to consumer – because individual backgrounds, attitudes, perceptions, needs and benefits sought differ. This creates a fragmented marketplace and diversified demand.

This article is based on a case study, but names and details have been changed to protect client confidentiality and the term ‘fast food hamburger restaurant’ (FFHR) is used purely for illustrative purposes.

Any FFHR operating in such a competitive environment must have an accurate picture of this diversity to develop burgers that consumers actually want and effective strategies to market them. Here, a customer characterisation model was used for segmentation. Hard cores,

regulars, occasionals, unfamiliar and rejectors are defined in Table 1.

We will call our FFHR client Bush Jr’s, with its flagship sandwich the Big George. One main competitor to Bush Jr’s is Burger Empire, with its flagship sandwich, the Capital. Others are Dougie’s, with its flagship sandwich, the Monster Burger, and Little Teddy’s, with the Little Teddy’s Double Triple.

The original strategic focus was to continue intensifying the relationship that die-hard burger eaters (heavy, discerning hard cores and regulars) have with the flagship sandwich, to increase their loyalty to Bush Jr’s. However, within the broader burger-eating universe, occasionals represent a significant volume and an opportunity that needs to be addressed.

Creating the brand commitment profile

Our approach to segmentation and customer targeting is a behaviourally based,

statistically rigorous approach that can provide invaluable information about the marketplace complexities facing many FFHRs. Within the survey vehicle, respondents were asked to specify their relationship with each FFHR in a restaurant equity study, and to corresponding flagship sandwiches in a burger equity study. Table 1 explains the market categorisation.

Bush Jr’s’ performance among its occasionals is not impressive. Only 16% of burger eaters are a Bush Jr’s occasional. Similarly, 17% are Big George occasionals. For overall share-of-stomach among occasionals, Bush Jr’s received only 7% of the trade – this is low, given that these consumers are not predisposed to any of Bush Jr’s’ competitors, unlike hard cores or regulars.

The Big George does not fare much better. Lately Bush Jr’s has been having reach problems and the cause could be the poor showing among burger occasionals, who are not prone to walk into Bush Jr’s and order a Big George. The aim was to change this.

The approach

To find out what was holding back the Big George and Bush Jr’s occasionals, qualitative research was used to find the root of the problem. Then, using brand equity studies completed earlier, we applied a regression technique to identify the derived importance among occasionals of Bush Jr’s and the Big George. From here we used a simple but effective technique called quadrant analysis, where the ‘importance’ dimension is actually ‘derived importance’.

The next step is to identify opportunities for converting occasionals, by addressing Bush Jr’s and Big George brand barriers, and capitalising on competitive weakness among Bush Jr’s’ occasionals. That is, identifying where Burger Empire, Dougie’s and Little Teddy’s are weak, and emphasising those weaknesses to create dynamic communications to Bush Jr’s occasionals. ▶

TABLE 1

Market categorisation		
Commitment Ladder	Qualifiers	Category
Staunch	It’s the only FFHR you visit It’s the only burger you eat	Hard core
Loyals	It’s almost always the first FFHR you consider, but you also visit others	
Regulars	It’s one of your favourites along with others	Regulars
Occasionals	It’s a FFHR you visit, but there are others you would consider before this one	
Experimenters	It’s not a FFHR you tend to visit, but every now and again you might go there	Occasionals
Interested	You have never visited this FFHR, but you would like to	
Noticed	You have heard of this FFHR, but it’s not one you know much about	Unfamiliar
Unaware	You’ve never heard of this FFHR before	
Reject product	You have visited this FFHR before, but you wouldn’t go there again	Rejectors
Reject concept	You have never visited this FFHR, nor do you want to	

Finding the problem: what's wrong with Bush Jr's?

As is typical of effective research in advertising, the opening round of the investigation is qualitative. Three focus groups were held to ascertain Big George weaknesses. First, though, Big George occasionals must be identified, see box (below).

The groups revealed key weaknesses in Bush Jr's and Big George brand personality. First, Bush Jr's has a weaker product/chain appeal and uniqueness. Next, the Big George is an uninspiring brand personality. Finally, there is no emotional connection between Bush Jr's occasionals and the Big George.

Looking further into these issues provides qualitative insight into each weakness. The key issues are the following:

Who are Big George occasionals?

'I don't tend to eat Big Georges but might every now and again.'

1. Demographically they look like typical FFHR consumers:

- ▶ married Gen Y and Baby Boomer young families
- ▶ average education, slightly above-average income.

2. The only differences include (index vs other brand commitment groups):

More older Boomers

- ▶ 16% are 45-49 (Index = 120)

More ethnic diversity

- ▶ 88% Caucasian (Index = 98)
- ▶ 6% African-American (Index = 158)
- ▶ 3% Hispanic (Index = 283)
- ▶ 1% Asian (Index = 100)

3. Behaviourally, they show some key preferences:

Burger Empire and Dougie's are destinations vs Bush Jr's

Visit in past month:

- ▶ Burger Empire: 78% (Index = 100)
- ▶ Dougie's: 60% (Index = 128)
- ▶ Bush Jr's: 44% (Index = 69)

Regular size burgers are preferred

- ▶ Burger Empire regular burgers
- ▶ Little Teddy's Single

Not as burger focused – need variety

- ▶ More likely to eat chicken and other items (63%/Index = 112)
- ▶ Dougie's Chicken Deluxe Salad

- ▶ lack of menu variety
- ▶ big George messiness and size
- ▶ unappealing fries
- ▶ no salient appeal of Big George brand equity campaign
- ▶ emotionally unsatisfied.

A few quotes reveal the lack of variety for Big George occasionals: 'I see Dougie's as having a bigger variety than Bush Jr's. If you are not in the mood for a burger, there are a lot of other things to choose from.'

Occasionals feel that Burger Empire keeps the menu more interesting. 'Bush Jr's is Big George, Big George, Big George.' 'Burger Empire has the Capital, the Provinces Cheeseburger and even the Imperial Bacon Burger.' 'Dougie's has the Monster Burger and Dougie's World Famous Ribs.' Bush Jr's seems limited.

The Big George is messy. Too big. 'When you eat it, it splatters.' 'With all that stuff on the Big George, it is like soup.' 'Invading Iraq is easier than eating a Big George.'

Occasionals prefer smaller burgers. In particular, they like the Little Teddy's Single, or the Burger Empire Colonial Burger. Occasionals (heavy users) eat two-thirds more regular burgers than comparable hard cores/regulars. Also, Burger Empire and Dougie's fries are preferred. Bush Jr's fries are considered to be limp.

There is little salient appeal of the Big George brand campaign among occasionals: Bush Jr's big message is not appealing to them. They do not see the restaurant as unique. They do not feel the Big George will fulfil their burger craving – it is not as good a burger as the Burger Empire Capital, and Dougie's has better chicken entrees and salads. Little Teddy's is seen as bright, fun, and a better place for children.

Bush Jr's also has an uninspiring brand personality among occasionals. It is seen to be:

- ▶ boring
- ▶ passive
- ▶ not proud
- ▶ not fun to be with.

Finally, Bush Jr's is missing the emotional connection with occasionals. Bush Jr's does not:

- ▶ have burgers for people like you
- ▶ make you feel you made the right choice
- ▶ come to mind when you want a nice break in your busy day

- ▶ meet the needs of you and your family
- ▶ feel like a place where you get value for money.

In fact, Bush Jr's main message with occasionals is that it is just a place with food. 'I just remember seeing burgers and a price for Bush Jr's' was a comment made about the 'Eat a Big George!' ad.

Derived importance: the basics of regression

Key driver analysis is regression analysis. We use it to create the dimension of derived importance that we will need for quadrant analysis.

Key driver analysis measures the strength of descriptive attributes or performance ratings in relation to a strategic characteristic. What is driving your brand in its market segment? What would make its market share rise? What makes your competitors' market share rise? In regression analysis the strategic characteristic is called the dependent variable.

Project attributes form the independent variables in the analysis. They can be performance ratings (1-10 'How would you rate the bathrooms at Burger Empire?'), statements of satisfaction (1-7 'How happy are you with your Big George?') or agreements (1-5 'This FFHR is fun and entertaining'). Where respondents are asked to rate a long list of attributes over several brands – for example, brand image – they can simply tick a 'yes', the brand contains this attribute – for example, 'smells wonderful'. The data are coded 1/0. This, too, yields a statistically viable solution.

Linear regression analysis uses ratings of independent variables to form a linear equation that predicts the dependent variable. The resulting equation yields beta scores, which are multiplied by the independent variables once the linear equation is formed. If you take all the betas and multiply them by their corresponding independent variables, this yields a predicted dependent variable similar to the overall rating the respondent gave in the survey.

In both the Bush Jr's and Big George brand equity studies, respondents were asked if several arrays, in various groups, apply to Bush Jr's or the Big George. We will call these attributes 'brand power'.

Here we are using Bush Jr's brand



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attributes to predict – or drive – Bush Jr’s occasionals group membership. The ranked beta scores show the order of association of each Bush Jr’s brand power attribute with eating at Bush Jr’s occasionally – the definition of occasional. In essence, it ranks the importance of each attribute to the group.

Quadrant analysis: assessing brand performance

Quadrant analysis is a technique that employs two dimensions of ratings to classify brand performance. In a typical quadrant analysis, the survey contains an array of importance ratings, then a corresponding array of performance ratings, for one or more brands.

The Bush Jr’s brand equity studies do not contain an array of importance ratings, so we derived the importance dimension with the regression technique described above. There are seven ‘high importance’ attributes and six ‘low importance’ attributes, see box (right).

The first step is to work out the ‘importance’ and ‘performance’ medians. Often top box scores are used, because percentages offer a wider range of differences – they are easier to map – than mean scores. Next, the y-axis is calculated by each importance percentage minus importance median. The x-axis is each satisfaction percentage minus satisfaction median.

The coordinates are then mapped. The quadrant into which each attribute is placed gives information on brand performance, strengths and weaknesses.

It is not surprising that we found Bush Jr’s to have some glaring weaknesses given that the quadrant analysis was conducted among occasionals. What is more revealing is that many occasionals actually visit Bush Jr’s because it is perceived as not cheap, but not expensive. From the focus groups, we found that Bush Jr’s is seen as ‘a place with burgers’ among occasionals.

To design a strategy to communicate with Bush Jr’s occasionals, the next step was to apply the quadrant technique to Bush Jr’s key competitors, to assess their weaknesses and exploit them. We found that Burger Empire is not perceived to have the best hamburgers; Dougie’s does not meet the needs of the family, is

expensive, and not especially popular; and Little Teddy’s has the same weaknesses as Dougie’s.

How do we address occasionals?

To summarise, the research shows that there are two key objectives:

- ▶ break down brand barriers
- ▶ capitalise on competitive weakness among our occasionals.

Recently Bush Jr’s has unveiled a new creative campaign, ‘Big George Rules!’ Though designed to target hard cores/regulars, recent qualitative feedback shows the campaign has the ability to rejuvenate Bush Jr’s brand personality and emotionally resonate with occasionals.

As a whole, consumers thought the campaign gave the Bush Jr’s brand a facelift: ‘It seems like Bush Jr’s is trying to change their attitude. They are trying to be the cool burger restaurant now. Where Burger Empire is the happy family place, I think Bush Jr’s is trying to move towards being the “place to be”. More for our generation’ (occasional, 25–34). ‘It is a younger, kind of down-to-earth, kind of hip feeling as a theme’ (occasional, 25–34). ‘They are trying to appeal to a younger generation’ (occasional 18–24). ‘It is funny without being obnoxious’ (occasional 35–49).

The new ads capture a new emotional

connection. Of particular appeal was the relevance of capturing real burger-intense moments (‘Big George Rules the School!’ and ‘Big George Rules the Nation!’) or using an extreme situation to dramatise the intensity of a burger craving (‘Big George Rules the Zoo!’), in stark contrast to customer impressions of previous Bush Jr’s advertising: Big George/food as ‘object/no context’, or simply ‘promotion’.

It inherently works to promote best burger status. ‘It’s so good tasting, it can’t be left unattended with the cheerleaders’ (‘Bush Jr’s Rules the School!’) ‘They are trying to say that their food is good and that their burgers are elected the best’ (‘Bush Jr’s Rules the Nation!’).

The next steps are clear: use incremental messaging to break down product and chain barriers, and to attack competitor weaknesses.

Summary and conclusions

The marriage of research and action in advertising is crucial both to uncover areas of opportunity and in the creation and assessment of campaigns, and to maintain the agency–client relationship. As is so often the case, an agency is only as good as its last hip, sophisticated campaign.

Data mining, defined as making more of an existing survey, plus additional steps such as the focus groups among Bush Jr’s and the employment of Multivariate Solutions’ techniques, are often vital in the maintenance of this relationship.

The findings here can be seen in a negative light. Bush Jr’s and the Big George do not fare well among occasionals. They have a small share of stomach and a poor brand image. They also compare unfavourably with the major competition.

However, the findings can also be viewed as value-added, an opportunity to exploit knowledge and use it to assess current efforts and design the next great campaign. This is done by breaking down brand barriers and capitalising on competitive weakness among our occasionals, revealed by multivariate analysis. ■

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<p>High importance attributes:</p> <ol style="list-style-type: none"> 1. Appeal to you ore than others 2. Have better tasting burgers than others 3. Not too cheap to be acceptable quality 4. Are burger restaurants for people like you 5. Meet the needs of you or your family 6. Charge more acceptable prices than others 7. Is the most popular <p>Low importance attributes</p> <ol style="list-style-type: none"> 1. Consistently provide high quality service 2. Consistently provide high quality products 3. Are truly different from other burger restaurants 4. Are growing more popular 5. Don’t charge more than you are prepared to pay 6. Provide better service than others
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