

Answers to Exercise Questions

CHAPTER 2

Working with Community Tapestry Data

An orientation to the lifestyle segmentation system

Exercise questions

In exercise 2.1

What differences do these values reveal relative to the demographics, values, behaviors, and shopping patterns of the two Community Tapestry segments you have selected?

Student answers will depend on the two segments they chose to compare.

In exercise 2.2

Which segment has the highest value for this measure? 10 - Pleasant-Ville

What is the MPI measure for this group? 177

Chapter 2 Answers to Exercise Questions

Community Tapestry segment (number and name)	Market-area-based strategy 22 Metropolitans	Customer-based strategy 04 Boomburbs
Demographic measures		
Household Type	Singles: Shared	Married couples with kids
Average Household Size	2.10	3.11
Median Age	37.1	33.8
Diversity Index	38	43
Median Household Income	\$57,586	\$103,743
Median Net Worth	\$134,500	\$191,055
Home Ownership Rate	63.0%	92.0%
Market Potential Indexes		
<i>Attitudes category</i>		
Consider self very conservative	89	114
Consider self middle of the road	90	104
Consider self very liberal	203	83
<i>Leisure Activities/Lifestyle category</i>		
Went to beach in last 12 months	123	152
Danced/went dancing in last 12 months	129	120
Dine out once a week	125	156
Attended movies in last 6 months	111	126
Went to zoo in last 12 months	163	153
<i>Media category</i>		
Heavy viewer of daytime TV	52	50
Heavy viewer of prime-time TV	82	88
Heavy magazine reader	116	123
Heavy newspaper reader	126	125
Heavy radio listener	90	90
<i>Shopping category</i>		
Ordered any item by phone/mail/Internet last 12 months	129	144
<i>Apparel category</i>		
Bought fine jewelry in last 12 months	89	108
Spent on fine jewelry in last 12 months, < \$400	83	92
Spent on fine jewelry in last 12 months, \$400–\$749	77	117
Spent on fine jewelry in last 12 months, \$750+	136	152
Bought fine jewelry in last 12 months, sterling	83	127

Does the dominant Community Tapestry segment in the market-area-based strategy match that of the customer-based strategy? Which best reflects the composition of the firm's tourist customer base? Why?

The dominant Community Tapestry segments differ. The segment in the market area-based strategy is 22 Metropolitans, while the dominant segment in the customer-based strategy is 04 Boomburbs. The Boomburbs segment is most appropriate for this project, as it reflects the residence patterns of customers who live outside the Santa Fe area, and this is the target audience for this project.

From the Media category: What two types of magazines do households in this segment read most frequently? Which two sections of daily newspapers would reach them most effectively?

The highest magazine MPIs for this segment are airline magazines (265) and business/finance magazines (179). The highest newspaper MPIs for this segment are the business/finance section (140) and the travel section (136).

From the Internet category: Does the segment use the Internet several times a day? Has it ordered items from the Internet in the last 12 months?

The MPI for using the Internet more often than once a day is 207, indicating that the segment is more than twice as likely to do so than the national average. The MPI for ordering anything from the Internet in the last 12 months is 178, indicating that this segment is 78 percent more likely to do so than the national average.

From the Yellow Pages category: Does the segment purchase goods by phone or mail from catalogs? How much has the segment spent on phone and mail orders in the past 12 months?

The MPI for ordering any item by mail/phone in the past 12 months is 133. The MPI for ordering \$200 or more by mail order in the last 12 months is 135 and for ordering \$500 or more by phone is 173. These values indicate that the segment is 33 percent more likely than the national average to order by phone or mail, 35 percent more likely to spend \$200 or more annually on mail orders, and 73 percent more likely to spend \$500 or more on phone orders than the national average.

How will this information help Silver and Stones promote its direct marketing program? How appropriate is such a program for reaching this segment? Is it likely to increase sales? Explain your conclusion.

First, it identifies the Community Tapestry segment that should be the target of the direct marketing program. Second, it indicates that Internet-based advertising, airline and business/finance magazines, and the business/finance and travel sections of daily newspapers would be the best media to support the campaign. Finally, it indicates that the target segment actively purchases items online, by phone, and by mail, indicating that all three transaction channels should be provided in the program. As a whole, this information suggests that a direct marketing program would be effective in both reaching this segment and increasing sales within it.