

T · H · E I · S · S · U · E BAROMETER

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Niche Marketing: Fishing For Fatter Sales

Forget about casting the widest net to haul in the biggest consumer catch. Savvy companies angling for increased sales and fatter profits are throwing their advertising line into targeted demographic pools.

And the hook is being specially “baited” to entice niche markets to buy.

However, companies have been caught up in a riptide of negative publicity for swimming against the mainstream. In recent times several high-profile corporations have been embroiled in controversy as a result of their efforts to tackle niche markets.

In targeting opportunity-rich environments, these companies have had to grapple with the risk of alienating some consumer groups as they attempted to lure others.

Barometer invited **Liz Goodgold**, founder and CEO of The Nuancing Group— a San Diego-based brand consulting firm—to share some engaging insights and candid advice on this controversial issue. Goodgold is also a speaker, the creator of the popular “Duh!” and “Ta Da!” Marketing Awards and author of the book, *Duh! Marketing: 99 Monstrous Missteps You Can Use to Learn, Laugh, and Grow Your Business* (March 2006).



Liz Goodgold

Barometer: An increasing number of companies are coming under criticism, or at least questioning, for some of their marketing practices. On the one hand, they’re more able to tightly segment various markets, but some are clashing with expectations and values of other customers. From your point of view as a marketing specialist, what are the prospects for niche marketing?

Goodgold: If you ask the fundamental question: Does it make sense for marketers to target or niche? My answer is yes. The reason is that marketing has to be “for me.” And the more narrowly you define your target—you know what they look like, what they wear, their habits and what they do— the better you can create the most relevant marketing messages.

If you don’t have a narrow marketing message, you market to everybody. If you market to everybody, you market to nobody. I 100% believe that niche marketing is on target. But you have to keep some rules in mind even as you define niche markets.

Barometer: What are some of those rules?

Goodgold: First, commit with a capital “C.” The minute you

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make the decision to go after a target market, stick with it. If you don't, you'll wind up in the same predicament that [a major U.S. car manufacturer] recently faced. At one point, statistics showed that 65.5% of the gay and lesbian population would not purchase any of their brands based on a perceived anti-gay and lesbian message.

It reached that height because they first devoted those funds and then retracted them. Had they done no advertising, that negative percentage would have been significantly lower.

Barometer: How could the company have handled it better?

Goodgold: That's number two: **Have a crisis plan.** Don't ever question *if* you're going to have a problem. It's just a matter of *when*. Every good marketer should have a

A company that is criticized for marketing to controversial groups needs to have statements, plans and a spokesperson so they can say, "We are advertising to this market because we recognize that society is diverse."

contingency plan for every single marketing event. Good marketers look and say, "What are the 10 things I need to do today to avoid a catastrophe tomorrow?"

A company that is criticized for marketing to controversial groups needs to have statements, plans and a spokesperson so they can say, "We are advertising to this market because we recognize that society is diverse. This gay and lesbian population, for example, is an important part of

society. And if you look at the numbers, they tend to buy higher end cars. It would be ignorant to not market higher priced cars to people who can afford higher priced cars." That's good marketing.

A good example of this strategy is [a beverage manufacturer] which just increased its spending by two-thirds to market beer to the Hispanic community. Their spokesperson recently said, "It would be poor business for us in today's world to

ignore what is the fastest-growing segment of our population."

Consider the issue from another perspective; the automaker would have been blasted for trying to market high priced cars to an economic group that couldn't afford them. What the company should have been saying is, "Gays and lesbians are part of the American marketplace and we are part of that American marketplace. We have a product that is relevant and we are never going to stop marketing to them. Never." To put out the advertising, retract it and then come back, is flip-flopping; we as Americans hate flip-floppers.

A third principle to remember is that **common, practical things can make you an overwhelming success and easy, small things can make you a failure.** That's why I called my book "DUH!" because marketing is not rocket science.

[A beverage manufacturer] unveiled its popsicle product last summer in New York City on a record heat day. What a surprise, the Popsicle melted! It created the biggest Popsicle mess in New York history...streets were closed and the NYC Fire and Police Departments fined the company. The company had no contingency plan. Maybe the event should have been relocated to an air-conditioned enclosure or to the ice rink in the Rockefeller Center. You have to have a contingency plan.



Radar Blip: "You have asked us to comment on reports that we have placed creative restrictions on the way our brands could speak to gay and lesbian audiences. We expect our brands to create advertising that supports their brand image and is appropriate and effective in connecting with the intended audience.... We have decided to run corporate ads in these [gay and lesbian-targeted publications in 2006] that will include not only Jaguar/Land Rover but all eight of Ford's vehicle brands."

—Joe Laymon, Group VP, corporate human resources, in a letter to national gay and lesbian organizations, signed by company Chairman Bill Ford, December 2005.

Barometer: But for the conservative critics of this campaign it wasn't actually about the marketing content, the concern was more about belief systems and lifestyle choices.

Goodgold: You have to keep critics on point. If you make the analogy to a good politician, a good politician can always spin it. This has nothing to do with your own preferences. It has everything to do with the marketplace.

The right wing is trying to change the issue at hand. The company is a car manufacturer who has every right to market. Denying their right to market is a violation of First Amendment rights. They could have turned the situation on its head with the right spin.

Barometer: Or by not letting it be spun into something it is not. What are some other marketing rules that companies should be aware of?

Goodgold: The fourth rule to remember is that a **niche is not a homogenous group**. In the Hispanic market there is a huge difference between Mexicans, Columbians and Puerto Ricans. Not all members of a niche are the same. That leads me to my next rule—**remember the nuances**. I can give you countless examples of how marketing doesn't translate, whether it's by language or culture. It's so easy to offend; yet it's so easy to ask.

Another great "DUH!" event in my book is [a clothing retailer] targeting young consumers. They thought it would be cute to issue a t-shirt that said "Two Whites Don't Make A Wong," advertising Wong's Laundry Service. How could they possibly have been so ignorant? All they had to do was ask any Asian and they would have found that statement was overwhelmingly offensive.

Make sure you understand the niche. Test, test and test again.

Barometer: Out of all the groups that can be segmented, how can companies choose the ones that are going to be the best targets for them?

Goodgold: You follow the same rules that you would for any good marketing plan. Figure out if the target is easily identifiable. For example, [a major software company] has expressed its interest in selling their products to the small business market. But the small business market is not a homogenous group.

The second problem is, how do you find them? This group is so expensive to reach. There are so many of them and they are so diverse. Small businesses are in every state; they're in every industry, they are in every age group and balance equally between the sexes. So, they are a difficult target to define.



Radar Blip: The disability market controls twice the discretionary spending of the estimated \$67 billion teen market. Yet, not even half the marketing dollars are targeted at the disabled. This niche market is underserved.

—Jonathon Boorstein, *Directnewsline*, August 2005

Barometer: As well as understanding the niche, how important is it to form a long-term relationship with its constituents?

Goodgold: When you're marketing to a niche, these target groups want to believe that you're there for the long haul. I think this is very true in the African-American community. They don't want marketers to just come in for Black History Month, for example.

This relates to commitment—you're there in the beginning, in the middle and you're there at the end. You truly build bridges and form alliances.

In the case of Black History Month, doing a lot of advertising in February and being nowhere in that community for the rest of the year is not a very good option. So I think when you're trying to figure out a target, you really want to make sure that they're easily identifiable and that you can easily find commonality among them.

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Who's Vocal on Niche Marketing?

Several advocacy groups have made the news by “taking on” corporations that reach out to markets with lifestyles to which they object—lifestyles that conflict with their values and perceived rights and responsibilities as consumers.

In response advocates on the “other” side of the issue are striking back by waging counter-campaigns. Some less controversial groups on the other hand, are not locking horns with “rival” advocates; their actions tend to be directed only at the companies with whom they have a grievance.

NGO Pressure tactics include letter writing campaigns, product boycotts and protests calling for changes to corporate guidelines. Some notable U.S. advocate groups include:

American Decency Association

Summary: Mission is to safeguard and advance “public morality” consistent with Christianity. Organizes media campaigns and boycotts of corporations based on “values” they perceive as being detrimental to society.

Contact: Bill Johnson
President

Address: P.O Box 202
Fremont, Michigan 49412
231.924.4050

Website: www.americandecency.org

American Family Association

Summary: Dedicated to preserving “traditional family values.” Core concerns are the influence of television, other media and pornography.

Contact: Donald E. Wildmon
Chairman

Address: P.O. Drawer 2440
Tupelo, MS 38803
662.844.5036

Website: www.afa.net

Center for Science in the Public Interest (CSPI)

Summary: Non-profit organization focusing on issues relating to food (nutrition, health and safety), the food services industry and alcohol policy. Campaigns against “unhealthy” foods and advocates policies to reduce consumption of alcoholic beverages. Stated aim is providing “objective information” to the public policymakers. Critics have called CSPI the “food police”.

Contact: Kathleen O'Reilly
President

Address: 1875 Connecticut Ave., NW
Suite 300
Washington, D.C. 20009
202.332.9110

Website: www.cspinet.org

Family Research Council

Summary: Christian lobby group promoting “traditional family values” and socially conservative views on issues including divorce, homosexuality and abortion.

Contact: Tony Perkins
President

Address: 801 G Street, NW
Washington, D.C. 20001
202.393.2100

Website: www.frc.org

Focus on the Family

Summary: Evangelical Christian organization dedicated to preserving “traditional values” and the “institution of the family.”

Contact: Dr. James Dobson
Chairman

Address: (Address “not required”)
Colorado Springs, CO 80995
800.232.6459

Website: www.family.org

Gay and Lesbian Alliance Against Defamation (GLAAD)

Summary: Dedicated to promoting and ensuring fair and inclusive representation of gays and lesbians in the media as a means to eliminating homophobia and discrimination based on gender identity and sexual orientation.

Contact: Neil Giuliano
President

Address: 248 West 35th Street, 8th Floor
New York, New York 10001
212.629.3322

Website: www.glaad.org

National Black Justice Coalition

Summary: Civil rights organization of black lesbian, gay, bisexual and transgendered people dedicated to fostering equality by fighting racism and homophobia.

Contact: Alexander Robinson
Executive Director/CEO

Address: 1725 I Street, NW
Suite 300
Washington, D.C. 20006
202.349.3755

Website: www.nbjcoalition.org

Human Rights Campaign

Summary: Mission is to achieve gay, lesbian, bisexual and transgender equality and end discrimination against GLBT people. Works to secure equal rights for individuals and families at the federal and state levels by lobbying elected officials, mobilizing grassroots supporters and educating Americans.

Contact: Joe Solmonese
President

Address: 1640 Rhode Island Ave., NW
Washington, D.C. 20006
202.628.4160

Website: www.hrc.org

National Gay and Lesbian Taskforce

Summary: National civil rights and advocacy organization dedicated to eliminating prejudice, violence and injustice against gay, lesbian, bisexual and transgendered people at the local, state and national level by organizing broad-based campaigns for building public support.

Contact: Matt Foreman
Executive Director

Address: 1325 Massachusetts Ave., NW
Washington, D.C. 20005
202.393.5177

Website: www.thetaskforce.org

National Association for the Advancement of Colored People (NAACP)

Summary: Civil rights organization advocating for civil rights by conducting voter mobilization and monitoring equal opportunity in the public and private sectors.

Contact: Bruce S. Gordon
President

Address: 4805 Mt. Hope Drive
Baltimore, MD 21215
410.580.5777

Website: www.naACP.org

National Youth Advocacy Coalition

Summary: Social justice advocates for young people who are lesbian, gay, bisexual, transgender, or “questioning” in an effort to end discrimination and ensure their physical and emotional well-being.

Contact: Craig Bowman
Executive Director

Address: 1638 R Street NW
Suite 300
Washington, D.C. 20009
202.319.7596

Website: www.nyacyouth.org

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Barometer: Do you have any other tips on selecting target markets?

Goodgold: As well as being identifiable and easily reachable, **make sure they're large enough** and that they are **in a position to pay for your product or service**. I can't tell you how many entrepreneurs have come up with services for which people are not willing to pay. There's a big difference between "that's cool" and "that's so convenient that I'm willing to pay for that service..."

"Focus groups never work for financial, health and sex issues. No one wants to sit in front of a group and talk about their sex life and how much money they make. Ever!"

That leads me to my next point—**Take marketing research with a grain of salt**. Make sure you pick the right research for the question you're trying to answer. I have seen so many marketers automatically defer to the results of focus groups. I know for a fact that focus groups never work for financial, health and sex issues. No one wants to sit in front

of a group and talk about their sex life and how much money they make. Ever!

Likewise, research for naming products can never be conducted on the Web. Yet virtually every marketing research firm will encourage you to do your name research online. It doesn't work because you don't pick up the subtleties. Good brand names have flawless recall. If you only see a name in black and white letters, you miss the number one problem with most names—what does it sound like? If I just put it on a computer screen, I don't hear it.

Barometer: Can you give us an example?

Goodgold: We were working on a product and we were going to call it "Shop Wave." If you put it on the screen every person would understand Shop Wave. But when I called people [on the phone], every single person thought I said "Shock Wave," a Macromedia trademark.

Devise the proper research. A lot of great research comes from watching consumers. When I was at Quaker Oats I watched women making cookies. What I learned is that most people today don't know the difference between a wet and a dry measuring cup or the differences between spatulas. All these things goof up a batch of cookies, but it's only relevant if you're in charge of marketing Quaker Oatmeal. If the only reason you buy Quaker Oatmeal is for the cookie recipe and I can't deliver it to you, you'll never buy the product again.

It's the concept of "tolerance testing." For example, how much can a consumer goof up the recipe before it no longer works? The best research, especially when it comes to cooking and cleaning products, is watching. Not all research belongs in a focus group environment.

Barometer: Let's talk some more about making sure that marketing messages resonate and do not offend.

Goodgold: Very few consumers are offended when you ask. And mostly, in America, we can't wait to give you our two cents—we'll even give it for free!

Often what I do, and I tell small business owners to do the same, is find a partner in a networking group and make sure that person is not in your industry. Before you're ready to send out one piece of marketing material, send it to that partner. They are your extra set of eyes for catching proofreading errors, omitting key information, or inadvertently creating offensive material.

Last week, for example, I received an invitation to an Open House - well "DUH!," there was no address on the invitation! Fish can't see water and that's why the Open House address wasn't there. **You have to have someone else review your material.**

Barometer: As well as tailoring the message for the niche, does it also need to be tweaked based on the advertising medium?

Goodgold: It's really important to **remember the medium**. If you're designing a billboard, create text that an audience can see

Nestlé Consumer Marketing Principles

Food and beverage company, Nestlé, has drafted a set of principles to guide the portrayal of their products to consumers. The aim was to develop a “responsible” communication platform advocating “informed choice” and recognizing that communicating with consumers is “a two-way matter.”

Selected guidelines from “Communication to all Consumers:”

- Wherever possible and appropriate, food and drink advertising should depict an active, rather than a sedentary lifestyle.
- Products that only form part of a meal should clearly be depicted as such.
- Advertising content must not depict attitudes that are discriminatory or offensive to religious, ethnic, political, cultural or social groups.
- Advertising should not name competitors directly, portray competitive products inaccurately, nor denigrate them.
- It is against Nestlé principles to sponsor or place advertising in television or radio programs, or magazines and web sites whose strategy for attracting viewers or readers relies on exploiting violence or sex, or encouraging offensive behavior to others. When collecting consumer data, including from children, Nestlé complies with applicable privacy legislation and regulations...



Selected guidelines from “Children as Consumers” (under 12 years-old):

- Advertising should not mislead about potential benefits from the use of the product. Such potential benefits may include, but are not limited to: status, popularity with peers, physical growth, strength or proficiency.
- Our communication must not undermine the authority of parents. Children shown in our communication should not be seen urging parents to buy products.
- Advertising directed to children should not create a sense of urgency; imply exclusivity; or price minimization, for example, by using words like “now” and “only.”
- Advertising should not portray or encourage behavior intended to shock or create anxiety in children, including use of violence or sexual innuendo.
- Fantasy, including animation, is appropriate for younger as well as older children. However, it should not create difficulty in distinguishing between the real and the imaginary.

The full set of communication principles is available at www.nestle.com.
Click on “Our Responsibility” to download the PDF.

in 3.5 seconds, total. That is the average length of time you have on a billboard to allow a customer to study it and read every word.

By the same token, with email if the subject line and your name don't do enough to make me open it—you've failed. The subject line and who it's from is the ultimate test of the success of an email message.

If I'm going to log on from my cell phone make sure you have a PDA web site. Seeing an entire web site on a cell phone isn't a good use of that medium.

Barometer: Do you have any ideas about the direction in which marketing is heading and tips for companies in light of this evolution?

Goodgold: The umbrella goal I would have for marketers comes from Robert Frost: "Freedom lies in being bold." In today's world **you have to stand out from the sea of similarity**. And if you think that repeating your marketing from last year will work this year, you are just plain wrong.

Marketing is ever evolving, marketing is ever challenging. Marketers have to think big—they have to think bold. If you have 100% buy-in, I guarantee you have 100% mediocrity. Have the courage to try something different, have the courage to stand out.

Barometer: Let's talk about brand loyalty. Does it still exist today or are other factors more powerful, like the cost of products?

Goodgold: What could be a better example than iPod—They are the category; no one says MP3 player. It doesn't matter if an MP3 player is cheaper; it's not an iPod. It has tremendous brand loyalty.

Take a brand from being an inanimate object to one that's imbued with emotion and energy. We want to buy experiences and emotions.

Barometer: So you can't just have a good marketing message. The product has to stand up for itself—it has to have quality.

Goodgold: Right, and that's where you build your reputation. Chanel suits are selling for \$5,000 and they market those suits as an investment. Anytime someone markets something to you as an investment they have tried to "brand." They're not just selling you a product or a service.

Barometer: On a deeper level than marketing, should companies avoid conflicts in values? Perhaps companies should have a platform, if you will, of ethical governance—that comes first and then all other standards must hold to that.

Goodgold: But if you look at the bigger picture, you'll find that today consumers don't have a lot of faith when it comes to ethics and business. It's very hard for consumers to believe in ethics when you see the headlines on the front-page about the trials of Tyco and Enron executives, for example. Business ethics has almost become an oxymoron; therefore we continue to respect companies that do a good job of delivering on the ethics issue.

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