

Understanding the Use of Financial Services with Values-Based Consumer Segments

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Background

The goal of values-based consumer segmentation is to make a marketing or communications plan more effective by doing the following:

1. Dividing the general consumer audience into discriminably different groups, allowing more attractive products or messages to be directed to each segment.
2. Providing the marketer/communicator with clear direction as to how to reach each segment most efficiently.

Decision Analyst decided that such a system should also be applicable to a wide range of products and services, thereby adding one additional goal:

3. Making the segmentation approach easy to understand and use.

In May 2006, Decision Analyst, in conjunction with QSA Research & Strategy, released its Consumer Core Values Segmentation at the annual meeting of the American Association of Public Opinion Research. The system is based on nationally representative samples of 18-year-old and older members of Decision Analyst's American Consumer Opinion® panel (n = 663) and The Executive Advisory Board® (n = 256). In May and June of 2006, a second nationally representative sample of 18-year-old

and older American Consumer Opinion® panelists (n = 664) were interviewed regarding their use of financial services and relationships with their Primary Financial Institution (PFI). This Financial Services Report (FSR) study also included the basis for dividing the sample into consumer values-based segments. The roles of these segments in understanding financial services are described below.

Consumer Value Segments

Each segment is characterized by primary and secondary core values and differing demographics, as summarized in Table 1.

- The largest segment, "Missionaries," are motivated by **Faith**, expressed as having a strong religious faith, a rich spiritual life, and espousing traditional family values and roles. They are more likely to be upscale married moms and are the largest segment, accounting for 19 percent of the 18-year-old and older adult population.
- Two segments, "American Dreamers" and "Individualists," are strongly driven by **Success**. These segments are motivated by being at the top of their professions, working for important companies, living luxuriously, acquiring wealth, and having influence over others.
- Individualists have higher incomes, are more likely to be male, and are less ethni-

Similar life goals appear to predict financial goals and how the primary financial institution is used.



cally diverse than American Dreamers. American Dreamers are the second largest segment, at 14 percent, with Individualists (one of the smallest) at 10 percent.

- **Creativity** drives the “Inner-Directed,” likely to be single-parent moms bent on developing artistic talent, creativity, experiencing culture and enjoying the “finer things of life.” The Inner-Directed account for 14 percent of the population, identical to that of American Dreamers.
- **Excitement** (traveling widely, having leisure time to do exciting/different things, and staying physically attractive) motivate the “Old Warriors,” who are most likely to be middle-class boomers; they account for 12 percent of adults.
- **Self-reliance**, expressed as having control over one’s own life and securing one’s own financial future, characterizes the “Old Faithful”; they are most likely to be older widows and account for 10 percent of adults.
- **Social Consciousness**, openness to those with diverse backgrounds and to new ideas, and helping and being generous to others characterize “Intelligentsia,” the best educated and smallest segment. Intelligentsia value intellectual excellence and are most likely to be unmarried.
- Finally, only a weak desire for **Success** motivates the “Downbeats,” who are more likely to be male and socially downscale, accounting for 11 percent of the population.

Table 1	Primary And Secondary Motivators	Characterizing Demos	% Population
Missionaries	Faith , Intimacy, Social Consciousness	More Female, Higher Income, Married w/Children	19%
American Dreamers	Success , Excitement, Patriotism	More Under 45, Higher Income/Education, Ethnic Diversity	14%
Inner-Directed	Creativity , Self-Reliance, Faith	More Female, 35–49, With Children	14%
Old Warriors	Excitement , Patriotism, Intimacy	More 55+, Married, Average Income/Education	12%
Downbeats	Modest Success*	More Male, Retired, Lower Income/Education	11%
Old Faithful	Self-Reliance , Faith	More Female, 50+, Lower Income/Education	10%
Individualists	Success , Self-Reliance, Intimacy	More Male, Married w/Children, Higher Income	10%
Intelligentsia	Social Consciousness , Creativity, Excitement	Highest Education, More Single, Average Income	9%

* Downbeats are driven by Success at a weaker level than other segments are motivated by their primary core value. Source: “Core Values, Media Use and Public Issues,” a pilot study presented to the American Association for Public Opinion Research in Montreal, Canada on May 20, 2006

Financial Services

Table 2 below describes the initial results of the Financial Services Report (FSR). Having both a more optimistic economic outlook **and** greater available investable assets appear to produce above-average use of financial services for American Dreamers, Old Warriors, and Individualists. These segments are more likely to use a wider and more “aggressive” range of financial services (stocks, bonds, and loans). Please note that

Success is the primary motivator for two of these segments (American Dreamers and Individualists), while **Excitement** is the primary motivator for Old Warriors.

Conversely, more economically pessimistic segments with fewer assets (Missionaries, Inner-Directed, and Old Faithful) are more likely to have more “passive” financial relationships, evidenced by checking and savings accounts.

Table 2	Economic Outlook*	Average Investable Assets (\$000)	Most Likely Relationship
Missionaries	Moderate Pessimism	\$68	Joint Checking/Joint Savings
American Dreamers	Undecided	\$126	Money Market, Stocks/Bonds, Personal Loans/ Student Loans
Inner-Directed	Slight Pessimism	\$90	Joint Savings
Old Warriors	Slight Pessimism	\$146	Money Market, Joint Checking, Stocks/Bonds, Loans/Liens
Downbeats	Extreme Pessimism	\$125	—
Old Faithful	Extreme Pessimism	\$94	Individual Savings
Individualists	Slight Pessimism	\$133	Stocks/Bonds, Car Loans, Line of Credit
Intelligentsia	Moderate Pessimism	\$90	—

* “Measuring Animal Spirits, Economic Indices and The Future,” Decision Analyst White Paper, 2006.

Source: Financial Services Report, Decision Analyst, 2006.

Primary Financial Institution (PFI)

Table 3 on the next page suggests that, in general, the more pessimistic the economic outlook (Downbeats and Old Faithful), the fewer in-person visits are made to the PFI, and vice versa (American Dreamers).

American Dreamers visit their PFI more often than any other segment and especially on Sunday (bank ATM). Since this is the most ethnically diverse segment, Sunday social/family engagements may play a role in this behavior.

Missionaries, perhaps seeking those of a common “faith,” are more likely to use credit unions; American

Dreamers and Old Warriors prefer Citibank, and Inner-Directed and Old Warriors use Bank of America more often. Interestingly, and in keeping with their nature, Individualists are most likely to use more local and smaller “other” PFIs.

Across all measurements of satisfaction, Missionaries and American Dreamers rate their experience at their PFI **higher** than any other group, while Old Warriors and Downbeats rate their experience consistently **lower**. One hypothesis is that American Dreamers and Missionaries are basically “happier” and less pessimistic than Old Warriors and Downbeats but for different reasons. With Old Warriors and American Dreamers having more

assets to invest, their high likelihood to switch PFIs can be rationalized, even though American Dreamers appear very satisfied and loyal. Conversely, Downbeats are least satisfied with their PFI experience, but also least likely to switch PFIs. Both types of apparent satisfac-

tion-to-loyalty inconsistencies appear to be driven by the types (segments) of consumers providing the satisfaction measurement. Satisfaction with the PFI may be more related to the internal state of the consumer values segment than the PFI environment.

Table 3	Average In-Person Visit Frequency Per Month	Most Likely Bank	Satisfaction With Experience	Likelihood To Switch
Missionaries	—	Credit Unions	Highest	—
American Dreamers	Highest	Citibank	Highest	Highest
Inner-Directed	—	Bank of America	—	—
Old Warriors	—	Bank of America/ Citibank	Lowest	Highest
Downbeats	Lowest	—	Lowest	Lowest
Old Faithful	Lowest	—	—	—
Individualists	—	“Other” Banks	—	—
Intelligentsia	—	—	—	—

Source: Financial Services Report, Decision Analyst, 2006.

Reaching The Segments

Values-based segments use different media and content, thereby making it easier and more efficient to target individual segments. For example, as shown in Table 4, parenting and/or children’s magazines are most likely read in Missionary, American Dreamer, Inner-Directed, and Individualist households, while daily newspapers appear to “target” Old Warrior and Intelligentsia

households. Rush Limbaugh and Hannity & Colmes are invited into Missionaries’ homes, but action adventure TV is the programming of choice for Old Warriors. NPR is especially listened to by Intelligentsia, Individualists, and Inner-Directed, while Howard Stern, ESPN, and TV sports programming reaches American Dreamers.

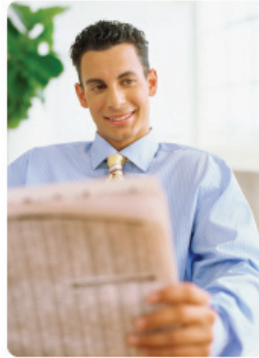
Table 4	Characterizing Print Media/Content	Characterizing Electronic Media/Content
Missionaries	Parenting Magazines	Rush Limbaugh, Hannity & Colmes
American Dreamers	Children’s Magazines, Spanish Language	Howard Stern, ESPN, TV Sports
Inner-Directed	Children’s Magazines	NPR, PBS, Children’s TV, Dr. Phil
Old Warriors	Daily Newspapers	Action/Adventure TV, Survivor, Web
Downbeats	—	—
Old Faithful	—	TV Movies, TV News, Soaps
Individualists	Children’s & Parenting Magazines	NPR, History Channel, Comedy TV, Web
Intelligentsia	Daily newspapers, Most Magazines	NPR, All TV Except Children, Web

Source: “Core Values, Media Use and Public Issues,” a pilot study presented to American Association for Public Opinion Research in Montreal, Canada, on May 20, 2006

Conclusions

Values-based consumer segmentation takes what is important as a “life goal” and groups similarly-minded consumers together. In this way, core-value segments represent what is important to similar segments of the general population. This provides the marketer with three key opportunities:

1. Greater ease in obtaining competitive advantage in each segment through products and services engineered to best fit the needs of the segment. In the financial services business, this has long been a successful strategy, but what is perhaps different with value segments is that similar “life goals” appear to predict “financial goals” and how the primary financial institution is used.



2. Easier product planning by understanding not only the life goals underlying the segment but also their capability to invest, their economic outlook, and their interests (including family) and their roles in life, thus adding a human “face” and lifestyle to a potentially important segment of buyers.

3. Rationalizing communication to each segment provides insight as to why a program or medium is used or not used, thereby adding understanding as to how the medium and content are used by each segment in communicating a financial services solution.



The author, Tim Gohmann, Ph.D., is a Vice President at Dallas-Fort Worth-based Decision Analyst (www.decisionanalyst.com), a leading international marketing research and marketing consulting firm. The company specializes in advertising testing, strategy research, new product development, and advanced modeling for marketing decision optimization. Decision Analyst also operates the American Consumer Opinion® online panel, one of the world’s largest Internet consumer opinion panels, with more than six million participants.

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