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SEGMENTING THE MARKET FOR FROZEN DESSERTS

Segmentation variables

Several variables differentiate consumers who prefer different kinds of desserts, such as frequency of consumption, price sensitivity, relative importance of calories vs. taste, consumption occasion (at home, at work, at a social event, during recreation or at a restaurant), and desired serving size. The two most important variables are probably price sensitivity and the taste-calorie tradeoff. The reason that price sensitivity is especially important is that some consumers will pay high prices for a product of high quality. Therefore, one might be able to make large margins selling to that market. On the other hand, there is a large market that will not buy desserts that are priced too high; therefore, some of the manufacturers will want to provide value-priced frozen desserts that may sacrifice quality somewhat.

Consumers today tend to be increasingly health conscious, and many will therefore want to limit the amount of calories in the desserts they consume. On the other hand, desserts are consumed for pleasure, and other consumers are unwilling to sacrifice the taste provided by calorie-rich desserts. There are also certain

people who have high metabolisms or engage in strenuous activity, leaving them with less worry about weight gain.

Frequent or “heavy” users of frozen desserts would a great target, but this group is not readily identifiable and reachable—these consumers are not likely to have distinct media habits or to frequent particular stores, for example. Serving size preference is an important issue, but is addressed already to some extent by price sensitivity.

Segments Based on Combinations of Variables

Price sensitivity is clearly a matter of a degree, with each consumer being somewhere on the continuum from extremely price insensitive to extremely sensitive. However, it seems reasonable to divide consumers into insensitive, value-conscious, price sensitive, and highly price sensitive groups. In terms of the taste-quality dimension, reasonable categories might be taste dominated, balance seekers, and calorie “misers.” With four levels of price sensitivity and three levels of taste-calorie tradeoffs, twelve combinations emerge. The more important segments will be discussed.

“Price Insensitive Indulgers” are consumers who take their dessert experiences seriously and will let neither price nor calories get in the way of their desserts. These consumers want high quality ingredients and tend to be very brand conscious. Because their high level of involvement, these *connoisseurs* will often

exchange tips with each other on what to try. They can be quite unforgiving to the brand if they have a bad experience. Often, they buy from specialty stores, such as bakeries, but may also indulge in super-premium ice cream.

The “Dessert Pragmatists” represent a large group of consumers who enjoy good desserts but are concerned about both price and quality. They are willing to pay more money for a good dessert, but will tend to switch brands if their favorite dessert is not on sale. They care about taste and will not buy a low fat concoctions without taste. On the other hand, they tend to avoid high fat ice-creams. They tend to buy branded products and pay attention to calorie contents on the containers.

“Value Gluttons” are concerned about price but are less concerned about calories. A dessert has to be relatively inexpensive for them to buy it. They therefore often buy regional and store brands. They buy ice cream and other sweets frequently and eat large portions.

“Sophisticated Waistliners” are greatly concerned about their figures and dread calories. This group predominantly consists mostly of women. Some are affluent while others are willing to make financial sacrifices to stay healthy. This group enjoys sophistication in selecting high quality products and is very status conscious. Often, this group will prefer small serving sizes of rich desserts, and

desserts are often consumed in a social setting. This group tends to shop in upscale supermarkets and in convenience stores.

“Budget Conscious Realists” consist of consumers who are very price sensitive and are moderately concerned about calories. Typically, this group includes modest income families, large families, or families headed by a single parent. Parents are concerned about the amount of calories that they and their children consume, but money is limited, so they tend end up buying what is less expensive. This group tends to buy what is on sale, generics, or store brands.

Targeting for Godiva

Dreyer’s, a national brand of ice cream, but probably be best off targeting the “Dessert Pragmatists.” Dreyer’s does contain a fair amount of fat and is more expensive than store brands, but Dreyer’s has been known for a long time by most consumers as a brand that provides decent taste at a fair price. The “Pragmatist” market is a large one, and a problem with this is that such a market will tend to attract a great deal of competition. However, this segment is likely to grow for two reasons. First, the teenage population is current growing rapidly in the U.S., and this group is likely to continue to remain heavy consumers of ice cream into their twenties and early thirties. Many are physically active and can thus burn off some calories. Thus, concern about calories is present, but not dominant. Secondly, as “Gluttons” age, they may be more likely to switch to lower calorie options.

Although price insensitive segments may allow a manufacturer to make large margins, this market is small. This segment already has a number of choices available to it, and Dreyer's does not have the reputation to appeal to the "Indulgers."

Targeting the most value conscious consumers by lowering prices could increase the quantity sold. However, because Dreyer's has higher costs for ingredients, it would be difficult to compete with store and regional brands that dominate this market.