

# OPERANT ATTITUDE SEGMENTATION AND MARKETING DECISIONS

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Advertising and marketing literature has dealt exhaustively with the subject of market segmentation. All kinds of variables and combinations of variables have been used to segment markets and every imaginable technique has been suggested, yet Percy (1976) has argued that a systematic procedure has not yet been carefully delineated. He presents a general paradigm for such systematic procedures, basing the initial segmentation on attitudes and proposing additional analyses to incorporate demographic and perceptual data and behavioral information about product class, brand, and media use into the development of marketing and advertising strategies and media plans.

Percy indicates how far marketers have come in building decision systems based on approaches to segmentation that give subjective variables the status of independent variables, in preference to the prevalent practices of segmenting with demographic and socio-

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economic variables (Frank, Massey & Boyd, 1967) and with overt behaviors (Twedt, 1964). The argument favoring subjective independent variables is based on the theoretical assumption that persons consume to satisfy needs and wants, an idea Adam Smith (1776: 28) introduced in economic theory as 'value in use.' Say (1821: 3-4) described the concept as 'utility,' and Alderson (1957: 274) used the same concept to justify defining products as 'bundles of utilities.' Haley (1968) argued that segmentation should be based on subjective variables, which he regarded as causal in contrast to demographic and behavioral variables which are descriptive.

However compelling the argument for using subjective variables to segment markets, the history of their application has been one of equivocal success (Frank, 1967; Greeno, Sommers & Kernan, 1973); moreover, mixing demographics with personality traits did not appear to help (Massey, Frank & Lodahl, 1968).

While more recent work has been successful, there exists no consistent use of terminology nor a prevalent choice of units of analysis nor a decidedly preferable methodology. In reporting subjective segmentation studies, the literature frequently produces the terms 'psychographics,' 'life style,' 'attitudes,' and 'benefits.' However, none of those terms has gained unequivocal definition. In particular, the terms 'life styles' and 'psychographics' have been ambiguous. One finds some writers using the terms interchangeably (Wells, 1975). Some regard 'life styles' as a subclass of 'psychographics' (Ziff, 1971). In examining two dozen papers on life styles and psychographics, Wells (1975) found no less than 32 different definitions for the terms. Commonly, psychographic segmentation studies have used psychographic variables as dependent rather than independent variables; Plummer (1974), for example, operationalized life styles by segmenting on product usage level, then looking for differences across segments for activity, interests, and opinion

items.

The use of subjective variables in segmentation research can be divided into three promising approaches which differ primarily in the specificity or generality of the content to which the subjective units of analysis refer. The first of these, benefit segmentation (Haley, 1968), segments on the basis of items that represent benefits and deficits directly associated with a product class, but selection of benefit and deficit items associated closely with the product may make it less sensitive in situations in which important reasons for brand choice are self expressive, social, or otherwise not closely associated with the product by consumers. Use of operants as benefit and deficit items obviates this criticism to some extent, but one must question the consumer's ability to produce relevant operants when a product class or a specific entry is new.

Attitude segmentation differs from benefit segmentation in that attitude items are usually selected to include associations about the total environment in which a product class is used. It would include product-related items, but also associations extending into related activities--conditions under which the product is suggested, product preparation, service expectations, and the like. Stephenson (1963) has argued in favor of this approach to segmentation, as Percy (1976) has more recently.

Life style segmentation deemphasizes the use of units that are direct associations with a product class. The content of a life style study refers not to a product class but to activities, interests and opinions that characterize one's life (Plummer, 1974). Such studies appear to be of strategic value when products are used primarily for self expressive or social motives, as a basis of differentiating a product in a category of look-alike products, or when purchases depend heavily on the relationship between seller and consumer.

ATTITUDE SEGMENTATION AND  
AUTOMATED TELLER MACHINES

The present study used attitude segmentation to determine the subjective positions of customers of a banking organization about automated teller machines (ATMs). ATMs are second-generation machines that grew out of cash-dispensing devices introduced in 1969. As the name implies, cash-dispensing machines performed only one function and were limited almost exclusively to through-the-wall, on-premise installations.

In 1972, the first ATMs were introduced with as many as ten additional functions, including deposits to and transfers between savings and checking accounts, cash advances from bank credit cards, loan and utilities payments and account balance reports. The latter requires ATMs to be on line with the host computer. These functions account for fully 90% of all transactions conducted at teller or drive-in windows.

As financial institutions became increasingly interested in ATMs, a number of new equipment manufacturers got into the act. Such firms as IBM, Doc-U-Tel, Diebold, Mosler, NCR and Burroughs developed their own unique systems, each with different bells and whistles, options and configurations. As of December 1976, more than 4600 ATMs were reported in operation in the United States and growing in excess of 100 units a month.

Consumer acceptance of ATMs has typically been slow. Consumers are asked to make what seems to be a radical departure from their accustomed way of banking, and few leap at the opportunity to change. Consumer education is critical to the success of ATM introductions. For that reason, present customers are the focus of initial marketing efforts. And for that reason, the study reported here was restricted to present customers. Attitude segmentation was chosen to segment customers on the basis of present at-

titudes about ATMs--the basis for sharper market targeting and for a number of strategic promotional decisions. This report restricts itself to the market target decision and to an initial promotional decision, selecting a name for the ATM system.

Interviews were completed with 25 Lansing adults, each interview focused on banking and the concept of ATMs. Thirty opinions broadly representative of comments about ATMs and related banking matters were taken from the interviews and included in a questionnaire mailed to 700 randomly-selected bank customers. Some 386 customers returned the questionnaire, which included demographics and behavioral questions in addition to attitude items. Subjects responded to each attitude item by checking a five-point scale with 'strongly agree' and 'strongly disagree' anchors.

A subset of 96 subjects was randomly chosen for the attitude segmentation analysis, and Van Tubergen's (n.d.) QUANAL program was used to perform a Q factor analysis[1] which provided evidence for two factors representing two groups of subjects who had given fundamentally different responses to the attitude items.

As the factor scores below indicate, the predominant importance of bank location was affirmed as consensual[2] between the factors (item 11), and subjects indicated little concern with the complexity of financial matters (no. 24) (normalized factor scores for factors A and B, respectively, precede consensus statements):

11. -1.6 -1.4 Convenience means more than just having your bank close by where you work or live. It means getting in and out of the bank as quickly as possible with no hassle.

24. -1.5 -0.8 Financial things are complicated enough. I want my banking to be as simple and

easy as possible.

18. +1.3 +0.7 The tellers may as well be automat-  
ed and run by computers. No one makes any special  
effort to look after my account anyway.

4. +1.4 +1.0 Banks aren't really interested in  
providing good service. They're simply interested  
in making money.

28. +1.2 +0.4 Banks don't really care about the  
average customers. The real advantages and ser-  
vices are given to the big accounts, the people  
with the most money.

Of particular importance, there appeared to be an ac-  
ceptance (if unenthusiastic) of ATMs, and an asso-  
ciated feeling that banks are not strongly interested  
in the welfare of customers (nos. 18, 4, 28).

*Factor A: Hurried Depositors*

Some 75% of the subjects emerged on factor A, la-  
beled 'Hurried Depositors' because of their concern  
with getting in and out of the bank in a hurry. As  
shown in the scores below, factor A subjects feel  
banking takes too much time (item 12) and enjoy bank-  
ing most when they are the only ones in the bank (item  
26), apparently because under those conditions there  
would be no lines to slow their transactions (scores  
for A and B respectively):

12. +1.2 0.0 Banking just takes too much time.  
I'd be just as happy if I never had to go to the  
bank.

26. +0.6 -1.3 I enjoy banking most when I'm the  
only customer in the bank.

1. -1.8 -0.8 Banks are more than places to de-  
posit money. It's important to me to get some

financial counseling as well.

9. -1.4 +0.6 Friendly tellers are really one of the most important things I look for at the bank.

8. -1.4 -0.1 There's no way to really run a good bank without people there for customers to meet and talk with.

The Hurried Depositors view banks as little more than a place to do routine banking (no. 1), being little concerned with how friendly tellers are (no. 9), with people in the bank to meet and talk to (no. 8), or with the availability of counseling (no. 1).

*Factor B: Interpersonal Depositors*

Only 11% of the subjects emerged on factor B, and if this had been the larger group it would have meant a much more difficult and perhaps impossible task to introduce ATMs. Factor B, as the scores below indicate, places great importance on being able to make banking transactions on an interpersonal basis:

14. -0.6 +1.0 Going into the bank is important. It makes the whole thing seem more real and personal. That's important to me.

9. -1.4 +0.6 Friendly tellers are really one of the most important things I look for at the bank.

5. +0.1 +1.7 Customer operated tellers at the bank would be just too modern for me.

16. +0.1 +1.5 Automatic tellers are another way to give the little guy lousy service. Banks only give personal service to the big money accounts.

21. +0.5 -0.9 Using an automatic teller might be kind of fun, working with all those gadgets.

10. +0.5 +1.6 Customer operated automatic tellers are just another way for the bank to have the last word so you can't speak your mind.

29. -0.8 +1.1 If the tellers were machines instead of people, I'd sure feel like I didn't have any say-so over my own banking business.

15. 0.0 +1.3 I wouldn't like to use an automatic teller because I couldn't depend on it to work all the time.

They value the 'real and personal' experience of going into a bank (statement 14) and friendly tellers (no. 9). They show a clear distaste for automated teller service (nos. 5, 16, 21), apparently motivated by a fear of loss of control over banking transactions (10, 29) and a fear that ATMs might not be reliable (15).

The Hurried Depositors represent the priority market for two compelling reasons: First, the attitude of this group is compatible with the use of ATMs. Banking for them represents a purely pragmatic routine activity, something to be gotten done as quickly and conveniently as possible, an activity that should interrupt and impinge on other activities as little as possible. The product could offer this group a clear advantage over their present way of banking by affording them an alternative choice, another 'teller' when the bank is crowded, and by allowing them to bank before or after hours. Second, the Hurried Depositor attitude represents a large majority (75%) of the bank's present customers, hence has both tractability and size.

By the same criteria, factor B appears much less viable. The Interpersonal Depositor attitude runs counter to the adoption of ATMs, and the small size of that group (11%) makes it much less attractive as a market target, even if the attitude were tractable.



## SEGMENTATION DATA AND MARKETING DECISIONS

An argument frequently made in favor of various subjective approaches to segmentation is that the richness of subjective data is especially useful for strategic and tactical message decisions: Selling propositions, positioning, tone, settings, casting decisions, and message structure. There are clearly implications in the data base and market target decision for such qualitative decisions. And it should be remembered that such implications are abductions and should therefore be independently validated.

This paper restricts itself to describing a single decision made on the basis of the data, however, that of selecting a name for the ATM system to be introduced. There were a number of constraints: The name had to be justified to management; a design created, approved and incorporated into the product, and the legal groundwork laid to protect the name--all in time to meet a deadline for introducing the product.

The trade literature reveals a number of different criteria that have been used in selecting names for ATMs in other markets. The most common approach centers on the 24-hour-access feature: Round the Clock Teller, 24 Hour Banker, Atlantic Bankaround, and Teller 24. In some markets, banks have attempted to portray the service as a modern space-age convenience, using names that they felt bore 'modern machine' connotations: Money-Matic, Push Button Bank, and Bank-O-Matic. In other markets, banks have chosen an opposite strategy of trying to 'humanize' the machine, giving rise to names such as Tillie The Teller and Bernie The Wonder Teller. The same rationale was used by a mid-western bank in referring to its ATM system as Fingertip Banking. Some other names appear to combine these strategies (Miss X, The Sleepless Teller) or to reflect a machine function (The Bread Box).

The bank had prepared for the name decision with

the impending deadline in mind. Some 65 names had been generated, most internally. Some had been taken from trade literature with the assumption that legal permission might be gained for a name owned by a non-competing bank.

The criteria used in selecting a specific name were these: The name chosen should communicate the major benefit of using ATMs or fit logically with benefit symbols so the marketer could give the name a richness of meaning relevant to the primary market, the Hurried Depositors. The name should, if possible, suggest ATM services. The name Bread Box, for example, conveyed only one function, cash withdrawals, for a machine that provided numerous other functions, whereas institutional names like 'bank' or 'machine' were associated with too many functions, or with none at all.

Based on the data, it was decided for several reasons that the name should have human connotations. First, while the primary market target did not require 'friendly' service, the attitude of the Hurried Depositors did show some displeasure that banks did not care about giving personal services, indicating some interest in human concerns. Further, while factor B was smaller and less tractable about ATMs, hence was considered a secondary target, it was decided that emphasizing human characteristics of ATMs at least indicated the bank's concern with providing interpersonal service. In addition, such names allowed for developing a memorable service character.

Therefore, names with edifice or institutional connotations were eliminated from the list. Names with machine connotations were eliminated because they did not suggest ATM functions and because they would emphasize negative connotations, especially to the Interpersonal Depositors.

The label 'teller' as part of the name appeared to

be a particularly useful choice. It has human connotations, and the functions ATMs provide comprise most of the functions that human tellers provide. Names suggesting 24-hour access were possible solutions but not the strongest choice inasmuch as the major benefits Hurried Depositors could receive from ATMs was not 24-hour access but avoiding time-consuming crowds and other disrupting activities. In short, 24-hour access represented support or evidence for benefits, but did not convey benefits. The reasoning was further supported later when copytesting showed that print headlines focusing on 24-hour access did not work as well as ads dramatizing problems that ATMs could prevent or solve. Further, in some executions, the 24-hour access concept seemed to detract from human connotations, as in Round the Clock Teller and in Teller 24, which suggest machine connotations.

The first name 'ready' was chosen to go with 'teller,' producing the name ReadyTeller. Unlike the 24-hour access concept, 'ready' could more directly suggest benefits important to Hurried Depositors. When the Hurried Depositor encountered long lines of cars or people, ReadyTeller would be ready. The Hurried Depositor no longer had to leave work early (or bank at noon to avoid leaving work early) because ReadyTeller would be ready. The word 'teller' gave it human connotations and suggested the multiple functions of ATMs. The entire name had no machine connotations and lent itself well to humanizing the service; to the name could be added a face, a character, behaviors, an attitude--the techniques that help to make a product character memorable and attractive.

#### THE ANATOMY OF A DECISION

It is worthwhile to note that the criteria for this decision did not come from the data but from assumptions about communication--that the symbol chosen should convey benefits relevant and important to the target market, with no excess connotations, particularly those which might be negative. The role of the

attitude data was to facilitate operationalization of those criteria in regard to a specific market, i.e., to teach the communicator what concepts to try to convey and what specific negative connotations to avoid.

Similarly, criteria for selecting a market segmentation method do not come from specific consumer data but from assumptions about human behavior, e.g., that persons behave to satisfy wants and needs and that attitudes form to help persons achieve wants and needs. Thus one finds attractive the paradigm offered by Percy, not primarily for itself, but for its promise in bringing decision-makers a step closer to bringing research assumptions into line with decision assumptions, and in giving primacy to operant subjective variables.

#### NOTES

[1] Scale items were independent. The term 'Q factor analysis' refers here only to factoring persons, the normative use of that label in literature on consuming behavior. Stephenson students would typically refer to this as 'inverted R,' reserving the term 'Q' for factoring persons given data based on ranking items in the familiar quasi-normal distribution.

[2] A consensus statement, a statement about which factors are essentially in agreement, is operationally defined as an item the standard scores for which differ by less than 1.0.

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