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Segmenting, Signalling and Tailoring: Probing the Dark Side of Target Marketing

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Abstract
Book description:

Intense commercialism has been a perennial hallmark of the mass media ever since its inception and throughout the twentieth century the techniques and strategies of the dominant players in the world of media and advertising have become increasingly sophisticated, with the development of multinational media corporations and electronic media opportunities. Developments have been so rapid that scholars are only now beginning to come to terms with the full impact of media commercialization as a global phenomenon cutting across traditional cultural, economic, and social boundaries.

Critical Studies in Media Commercialism brings together an impressive collection of essays that explore the growing complexity, range, and reach of media commercialism in today's world. From the corporate conglomeration of today's media giants to the effects of advertising on politics, society, and the individual, this collection provides a comprehensive and insightful critique of both the impact and the limits of media commercialism in the modern world.

Disciplines
Communication | Critical and Cultural Studies | Gender, Race, Sexuality, and Ethnicity in Communication | Marketing | Mass Communication | Public Relations and Advertising | Social Influence and Political Communication

Chapter 16

Segmenting, Signalling and Tailoring: Probing the Dark Side of Target Marketing[1]

Joseph Turow

WITH the triumph of target marketing in the last decades of the twentieth century, the United States is experiencing a major shift in balance between society-making media and segment-making media. Segment-making media are those that encourage small slices of society to talk to themselves, while society-making media have the potential to get all those segments to talk to each other. In the ideal society, segment-making media strengthen the identities of interest groups, while society-making media allow those groups to move out of their parochial scenes to talk with, argue against, and entertain one another. They can lead to a rich and diverse sense of overarching connectedness or understanding: what a vibrant society is about.

The US has never enjoyed such a situation. It has been far too easy for both segment-making and society-making media to lapse into stilted stereotyping of many groups rather than to act out the complex, fascinating texture that is the United States. As marketers increase their ability to target desirable customers in media environments designed for them or people like them, though, even the possibility of the ideal is fading because of a profound movement by advertisers away from society-making media.

The hypersegmentation of consumers for separation into specialized media communities is accelerating through new methods of signalling to target audiences and tailoring content for them. These and related activities are beginning to transform the way television is programmed, the way newspapers are 'zoned', the way magazines are printed, and the way cultural events are produced and promoted. Advertisers' interest in exploiting differences between individuals is also woven into the basic assumptions about media models for the next century—the so-called '500-channel environment' or the future 'information superhighway'. In the next century, it is likely that media formats and commercials will act out a society so split up that it will be impossible to know or care about more than a few of its parts.

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The rise of targeting

What people now call target marketing goes back at least to the first quarter of the twentieth century. In an influential 1915 textbook called *The Business of Advertising,* Ernest Elmo Calkins showed clear awareness of the use of different periodicals to target various populations, including children, farmers, college students, and religious people, and of 'trade' or 'class' magazines such as those aimed at plumbers or Masons (see pp. 19–51). He appreciated the targeting value of a small-town newspaper, saying that it 'gives local influence to the advertisements which it carries' (p. 22). And he suggested 'canvassing consumers' (p. 185) in different cities around the country in order to gather information for an ad campaign.

Some media firms also noted social distinctions. In 1913, for example, the *Chicago Tribune*'s research department began a massive house-to-house survey in residential districts throughout the Windy City. Its report, released in 1916, presented figures on rents, buying habits, and the number of dealers for different product lines for each district (Strasser 1989: 151–2).

Then there was the introduction of Crisco Oil, carried out in 1912 by Proctor and Gamble with the help of the J. Walter Thompson ad agency. The campaign showed that both firms were well aware of the utility of markets, from railway chefs to immigrant Jewish kitchens to south-west American kitchens, that reflected lifestyles relevant to their product. They even practised what today would be called integrated marketing—encouraging a process that linked advertising activities with store promotions and public relations (Strasser 1989: 3–57).

These examples support social historian Susan Strasser's (1989: 14) argument that the seeds of 'market segmentation and targeted promotion' were sown in the first quarter of the twentieth century, as advertisers and their agencies looked for ways to expand their products' reach. It is, however, difficult to determine how frequently such activities were carried out by national advertisers.

We do know that from the late nineteenth century through the 1960s national advertisers were fixated on how they could sell to the largest number of people with the lowest cost in time and money. Ad practitioners considered the mass-circulation newspaper, magazine, and radio network to be people-delivery systems par excellence, and they played down their use of alternatives. They, and many scholars, accepted the idea that the transformation of radio and magazine into relatively targeted media were simply the result of the triumph of a new mass medium, television.

The problem with naming television as the cause of the rise of targeting in the magazine and radio industries is that it ignores the broad business forces that were moving the media inexorably in that direction. The basic change at work was product differentiation. It involved systematic attempts by manufacturers to create slightly different versions of the same products in order to aim at different parts of the marketplace.

Business historian Daniel Pope(1983: 259) traces the activity back to the early 1920s. By then, economies of scale had made it feasible for a manufacturer to

differentiate its creations. General Motors, a troubled company with a confusing collection of car brands, was the leading edge of the change. Managed by Pierre Dupont and Alfred Sloan, the firm pulled out of its problems by reorganizing its auto-marketing strategy based on price segments. The different GM cars (Chevrolet, Pontiac, Buick, Cadillac) were priced differently and advertised to buyers with different incomes.

This sort of logic led manufacturers increasingly to support magazines and radio stations that reached the consumer segments that they coveted. Advertisers and their agencies also began in the decades following the Second World War to nurture research companies that allowed them to learn about the buying and leisure habits of listeners to particular stations and subscribers to particular periodicals. Researchers' statistical tools grew tremendously. In addition, the plunging cost of computer power made it economically feasible to merge large databases for marketing purposes and perform new kinds of number-crunching analyses on the newly merged files. That allowed them to find clusters of relationships among demographic, attitudinal, behavioural, and geographical features of a population that marketers hadn't noticed before.

It was in this manufacturing and marketing environment that widespread talk grew among marketers about using TV to reach different audiences in the same way that they were doing with radio and magazines. In the late 1970s, the growth of cable television in upscale suburbs and the rise of Home Box Office and the WTBS 'Superstation' spurred advertisers toward thinking about fundamental changes they would have to make in their approach to the home tube and its viewers. Although HBO refused to carry commercials, most marketers were sure this was just temporary and that the channel would provide great opportunities to target relatively wealthy homes. They also discussed the target-marketing potential presented by other cable channels, video tapes, personal computers, video games, and interactive TV technologies that had yet to appear.

Around that time, advertising and media executives adopted a view of American society that explained media fragmentation and justified their pursuit of smaller and smaller population segments. They advanced the notion that Americans were becoming more fractured, frazzled, self-indulgent, and suspicious than ever. US consumers were getting harder to reach and were sharing fewer common views of the world.

Ad people believed that these trends presented opportunities to create and sell new products. But this would work only if they understood the new social realities and if the media targeted the groups that marketers wanted. As a result, both marketing and media executives worked to develop a shared understanding of how America was splitting up and to make sure that changes in media would take place in ways that would help advertisers persuade their chosen segments as efficiently as possible. Advertising and marketing practitioners jockeyed to present their versions of the way men, women, Blacks, Hispanic Americans, suburbanites, seniors, and a wide spectrum of other groups were changing. Reaching the right groups efficiently became an important part of the marketing goal. Media formats that signalled an interest in people with specific backgrounds grew in popularity.

Building primary media communities

All this has meant that cutting-edge competition is no longer over the creation of mass-circulation media with huge audiences, as it had been for three-quarters of the twentieth century. The ultimate aim of the new phase of marketing is to reach different groups with specific messages about how certain products tie into their lifestyles. Target-minded firms are helping advertisers do that by building primary media communities. These are formed when viewers or readers feel that a magazine, TV channel, newspaper, radio station, or other medium reaches people like them, resonates with their personal beliefs and helps them chart their position in the larger world. For advertisers, tying into those communities means gaining consumer loyalties nearly impossible to establish in today's mass market.

Nickelodeon and MTV were pioneer attempts to establish this sort of ad-sponsored communion on cable television. While they started on particular media, they have transcended them. Owned by media giant Viacom, they are lifestyle parades that invite their target audiences (relatively upscale children and young adults, respectively) into a sense of belonging that ranges across a panoply of outlets, from cable to magazines, to books, video tapes, and outdoor events that their owners control or licence.

The idea of these sorts of 'programming services' is to cultivate a must-see, must-read, must-share mentality that makes the audience feel part of a family, attached to the programme hosts, other viewers, and sponsors. It is a strategy that is being launched off a wide spectrum of marketing vehicles, from magazines to catalogues, from direct mailings to online computer services, from outdoor events to in-store clubs. *Sports Illustrated* is a prime example of this approach. The name no longer signifies just a magazine. A key subsidiary of the Time Magazine, Inc. division of media conglomerate Time Warner, Sports Illustrated as a company places its name on videos, syndicated television programmes, college promotional events, a web site and a cable network, among other places. Sports Illustrated is now positioned as a cross-media brand that stands for a certain approach to life.

For executives at Sports Illustrated, MTV, ESPN, Nickelodeon, and other media firms, the mandate is to create a brand that is available to the consumer in a variety of manifestations, expose the brand to new target consumers and create added value for advertisers. Media executives and their sponsors understand that what makes these and other media brands distinctive is not necessarily the uniqueness of their content. Distinctiveness lies, rather, in the special character created by their formats: the flow and tone of their content, packaged to attract the right audience at a price that will draw advertisers.

Signalling and tailoring

But many media firms are coming to believe that simply attracting groups to specialized formats is often not enough. Making sure that people who do not fit the desired lifestyle profile are *not* part of the audience is sometimes also an aim, since it makes the community more pure and thereby more efficient for advertisers.

'Signalling' is one way that this is done. It involves the creation of media materials in ways that indicate to certain types of people that they ought to be part of the audience and to other populations that they do not belong. This activity has been going on for some time in the highly segmented magazine industry. A magazine cover is a touchstone for signalling points of distinction about the preferred audience. A key reason the cover is so important is that it reaches out to readers. Even executives whose periodicals rely mostly on subscription view the front of the magazine as crucial to attract single-copy purchasers who will replenish and augment subscription rolls.

The general feeling within the industry is that a cover must make the most of a very short instance of opportunity by telegraphing the right prejudices to the right targets. 'A magazine has three seconds' to grab the interest of a customer in a store, the design director for the magazine *Family Fun* asserted in an interview.[2] He and counterparts from other periodicals elaborated quite consistently on the way magazine designers, editors, publishers, and art directors work to communicate both blatant and nuanced notions about the race, income, age, and other features of the preferred audience during an era when advertisers expect periodicals to gather very specific types of people. They said they do it through photos, illustrations, typography, and cover lines, the come-on phrases that call out to the reader about the inside of the magazine. The cover planners insisted that even the smallest touches contribute to a magazine's ability to raise a mirror to its desired audience.

In the 1990s, this keen desire to signal to ever-narrower differences could also be found in electronic media from radio to the Internet. Using sound, moving pictures, or both, media people worked with ad people to make clear whom their formats were for, whom they weren't for, and what that meant. The feverish competition for their intended viewers, listeners, or 'users' led many executives toward promotional styles designed to call out to them loudly, even if the way it was done offended people who were not in the target audience.

Beavis and Butt-head filled this role for MTV during the mid-1990s, as did *The Howard Stern Show* for E! Entertainment Television. These were programmes with 'attitude', series with such a fix on separating their target audiences from the rest of the population that they sparked controversy among people who were clearly removed from their 'in' crowds. Executives involved with scheduling the shows hoped that controversies surrounding them would crystallize the channels' images and guarantee sampling by the people they wanted to attract. The executives

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[2] Interview with Hans Tensma, design director of *Family Fun*, March 1995.

acknowledged that they also expected 'signature shows' would turn off viewers whom they didn't want in their audience.

An even more effective form of targeting, and one that doesn't bring with it the negative valence often associated with controversy, goes beyond chasing undesirables away. It simply excludes them in the first place. This activity is 'tailoring', the capacity to customize media content and ads to the backgrounds and lifestyles of particular individuals.

Melding new printing and electronic technologies with computer models based on zip codes and a variety of databases, it is becoming increasingly feasible to tailor materials for small groups, even individuals. That is already taking place in the direct-mail, telemarketing, magazine and Internet industries. 'Mass customization' is the term marketers use to describe the use of computers to send individually created messages efficiently to thousands, even millions, of people. Organizations in a wide range of media industries are working on mass-customization technologies with an eye toward attracting advertisers. For example:

(1) Magazine firms are using high-speed computer-controlled printing presses to direct messages to certain readers and not others. Two common approaches are 'ink-jet printing', in which the press sprays out messages to the subscriber, and 'selective binding', in which materials are inserted into an issue of the magazine depending on what the firm knows about the subscriber. The costs of these activities are still relatively high, and activities using them are still rather limited, though they are increasing. *Time* has used ink-jet printing to tell individuals about their Congressperson's voting record. *Sports Illustrated* has used selective binding technology to allow advertisers who want to reach golfers to sponsor a multi-page insert that reaches only those readers who fit the periodical's profile of golf enthusiasts.

(2) Many supermarket chains use the Catalina coupon dispenser, which prints customized coupons based on the products a person has bought; the purchase of hot dogs might yield a coupon for mustard. More high-tech are supermarket chains that use loyalty cards to track individuals' purchases. When used at the cash register to get discounts, the card registers the shopper's name and purchases into a database. The information collected in this manner allows the supermarket chain to programme coupon kiosks in the stores to give different types of discounts to different people depending on what their long-term purchasing patterns indicate about their lifestyles. Having long-range purchase data also allows supermarkets to send tailored advertising materials to people based on their shopping patterns.

(3) Marketers see the Internet, and especially the World Wide Web, as perfect for sophisticated tailoring of information and entertainment. The inherent two-way nature of the web leads users to provide immediate feedback to content providers about their choices. Volunteered personal information (often provided when 'registering' for a site), supplemented by 'clickstream' data about what the user has done at a particular site, is often stored in software called a 'cookie' on the user's computer. The cookie is read by the site's computer every time the user goes back to it, thereby allowing the site to create a customized face with specialized content for that particular individual.

(4) With certain forms of interactive cable television, it is technically quite possible (though still relatively costly and rare) to use computers to insert commercials and even programmes aimed at selective audiences. Through such 'digital insertion' activities, audiovisual materials can be sent to only the particular neighbourhoods, census

blocks, and households that advertisers want to reach. Interactive TV navigators are also technically possible—and, executives assert, will be necessary when people start receiving hundreds of channels. An interactive TV navigator stores a viewer's stated interests, keeps track or his or her programme routines, and then suggests a menu of viewing options for different times of the day.

The growing use of the terms 'mass customization', 'digital insertion', 'clickstream', 'web cookies', and 'interactive TV navigators' by executives and the trade press reflects their awareness that the long-term trajectory of media and marketing is towards customizing the delivery of content as much as possible. Although costs are high in some cases, technical advances are driving them down. Key to the diffusion of these tailoring tools is an increasingly widespread conviction in marketing that being able to speak to consumers on a one-to-one basis will be crucial in the decades to come.

Proponents of these technologies argue that, while consumers may use mass-market vehicles such as network television in their everyday activities, they identify more strongly with the worlds portrayed in formats specifically aimed at them and people like them. Media technologists argue that when advertisers piggyback on personalized news, entertainment, and information, the advertisers become an ongoing part of their customers' lives. The advertisers can also track potential customers' activities, shadow their purchases and reward the 'proper' ones with reinforcing notes and discounts. In an era in which consultants such as Don Peppers and Martha Rogers have helped make the word 'relationship' a mantra in all sorts of selling, executives are quite aware of the utility of creating individualized and lasting bonds with desirable customers. Repeat purchasers can be much more lucrative than continually hunting for first-time buyers. 'Not all customers are equal,' said a consultant in 1994, 'You have to put golden handcuffs on your very best customers' (Raphael 1994: 118–20).

Because of the relatively high costs involved, tailoring is now used mostly to pursue and keep upscale individuals. Media firms and marketers are together encouraging consumers into media worlds that reward their distinctive lifestyles by reflecting the lifestyles back at them. With just a little effort (habit, actually), they can listen to radio stations, read magazines, watch cable programmes, surf the web and participate in loyalty programmes that parade their self-images and clusters of concerns. With no seeming effort at all, they receive offers from marketers that complement their lifestyles. And with just a bit of cash, they pay for technologies that can further tailor information to their interests—through, for example, highly personalized news delivery.

Eye on the future

The heads of major technology firms, media corporations and marketing companies point out that these activities are primitive compared to the tailoring activities that are coming down the road. The high cost of introducing interactive television in the mid-1990s derailed the plans of some companies and caused

sceptics to argue that high-tech scenarios wouldn't ever come to pass. But the competition to develop interactive technologies has not faded, despite the changing strategies of particular firms.

Momentum toward creating targeted spaces for increasingly narrow niches of consumers is both national and global. All signs are that in the next century print and electronic technologies will allow media firms to bring to the spaces the efficient conduct of three activities that marketers covet. One is selectability—an ability to reach an individual with entertainment, news, information, and advertising based on knowledge of the individual's background, interests, and habits. The second is accountability to advertisers—an ability to trace the individual's response to a particular ad. The third is interactivity—the ability to cultivate a rapport with, and loyalty of, individual consumers over time.

Privacy may seem an issue likely to derail the most sophisticated collaboration of target marketing and target media. It almost surely will not, however. In response to advocacy groups in the US and laws in Europe, privacy regulations and self-regulations will probably require marketers to tell consumers more than they do now about the information firms collect about them and how they use it. Yet marketers will probably encourage consumers to believe that what companies know about them will enable them to enjoy the warm attention, discounts, and specialized content that they can get in exchange for allowing firms to track their movements within and across web sites and interactive TV channels.

Such rifle-shot power will be hard to turn down in favour of mass-market tactics, which will appear inefficiently scattershot in comparison. Certainly, there will be companies that want to get their brands out to the broad population as quickly as possible and so will find mass-market media useful. They will support the presence of billboards, supermarket signs, and TV shows such as the Super Bowl, the World Series and the Miss America Pageant that are designed to grab millions of viewers in a short period. That kind of programming will help create immediate national awareness, and maybe word-of-mouth, for a new car model, a new athletics shoe, or a new computer to as many people as possible.

An impulse toward mass-market media will probably also exist side by side with targeted signalling and tailoring in the interest of economic efficiency. To recoup the high production costs for a TV movie about the Chernobyl nuclear disaster, Warner Brothers Television might try to reach as many people as possible by targeting their personal TV navigators with plot descriptions that are tailored to their backgrounds. Different descriptions might be written for people old enough to remember the incident, for people interested in science, for people who have a habit of viewing films starring the lead actor, and so on. As another example, NBC might set up its election coverage so that it can be tailored to viewers with different interests. People who care especially about foreign affairs, people specializing in agricultural issues, people who want to know about environmental issues on a state-by-state basis: they and others may be given the option of choosing versions of the network feed that supply experts in their interest areas in addition to generic NBC coverage.

But this desire to combine production efficiencies of mass marketing with the audience draw of tailored materials may end up pushing separation over collectivity.

Over and over again, the different versions of news will act out different social distinctions for different people. And even when the content is the same for the various segments (as in the Chernobyl movie), producers will promote the films differently to different types of people, or certain media communities, will encourage the perception that the viewing experience in America is an enormously splintered one.

It is likely that producers of news and information will be able to customize content to a greater range of demographic, psychographic, and lifestyle choices than will those who create expensive movies. The reason is simply that, at present at least, it is less expensive to customize news and information programmes than top-of-the-line entertainment. From an economic standpoint, shopping, video games, light entertainment, and many sports are closer to news and information than to high-cost films. It seems likely that they will become major platforms for tailored TV and online materials in the years to come. That will drastically splinter audio-visual choices.

The individual and the society

It will take time, possibly decades, for the full effects of the emerging media world to take shape. Even when the new media environment does crystallize, segmenta-tion and tailoring are not likely to be total. Consumers will still be able to seek media not directed at them, and they will probably even be able to block direct-marketing offers from reaching them, if they choose.

Increasingly, though, the easiest path will be to go with the customized flow of media and marketing paraphernalia. In fact, for you and me—individual readers and viewers—this segmentation and targeting can portend terrific things. If we can afford to pay, or if we're important to sponsors who will pick up the tab, we will be able to receive immediately all the news, information, and entertainment we like. In the face of daily tensions of work, family, and immediate community, who would not welcome media and sponsors that offer to surround us with exactly what one wants when one wants it?

But while we as individual consumers benefit from targeted media and market-ing, that isn't the same as benefiting society. It is likely that the United States as an entirety will suffer when there is no hope of a balance between segment-making media and strong society-making. The many demographic and lifestyle labels that marketers acted out during the 1990s extend the portrait of America as splintered by distinctions. Doing that, they have signalled that people should find their own kind in media communities designed for them. They also signalled the irrelevance of many geographic relationships. In an era of satellites, physical distance is becom-ing less and less a concern for media companies. Huge media firms interested in target marketing increasingly find it far more useful to distribute materials for far-flung consumers with similar tastes than to produce entertainment, news, or information for audiences in relatively narrow geographical areas who have little in common.

These far-flung groups of people may be more like one another in their backgrounds and lifestyles than the people who live in neighbourhoods two miles away. People may increasingly feel that links to individuals in their immediate space and time—people they work with, see in stores or on the streets—are not nearly as important as their far-flung virtual communities. News about their own neighbourhoods will probably draw people who care about schools and property values. Beyond those tangibly important concerns, though, they may not care to learn about people who live close to them—in the same or nearby neighbourhoods—but whom they consider substantially different. Links between suburbs and cities, already tenuous, will likely become even thinner.

Given the chance to separate themselves electronically from types of people they believe are threatening their well-being, media users are likely to do so. Keeping 'different' people out of mind when they don't have to deal with them may become as important as keeping them out with gates. Those who can afford it will deal with the fear of going out by dialling into malls set up for individuals like them. Media firms will customize e-mail, interactive games, and online chat rooms to create virtual communities of people from around the world who have similar interests, and attract similar advertisers.

Eventually, it may well be that children growing up in the hyper-segmented environment will see the pictures of division as reflecting the real thing. Compared even to today, the media of the future will be far more fragmented, with hundreds of market-driven options targeted and tailored to carefully calibrated types. While that may engender a tight sense of community among people who share similar backgrounds, it could also reinforce suspicion, lack of empathy, and alienation between people of different backgrounds, income classes, and lifestyles. Primary media communities—image tribes—will guide consumers' sense of social separation by helping them understand whom to label as 'not like them'.

In that kind of environment, it is easy to imagine critics worrying that the absence of strong collective media poses a threat to democracy. Society-wide debate will be harder and harder to sustain. People who fundamentally disagree may simply not argue with one another; key political and social issues may not be thrashed out as well as they should. With people so accustomed to their own image tribes, they may be unwilling to connect in debates with people outside their circles. And advertisers, traditionally wary of controversy, certainly won't encourage it.

It is difficult to come up with ways to solve the problem of this fractured media world. One problem is that the emerging world seems to be in sync with the fractured way in which Americans and their leaders view their worlds beyond the media. But marketers and media practitioners have a special responsibility for reinforcing this widely felt sense of fragmentation, since they are building it into the very content and structure of the media system.

Is it too idealistic to hope for a concerted effort by marketing and media leaders to bolster society-making media and slow down the frantic slicing and dicing of populations? That would be an important first step towards building a balance between individual community and the collectivity that is the hallmark of a healthy society.

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