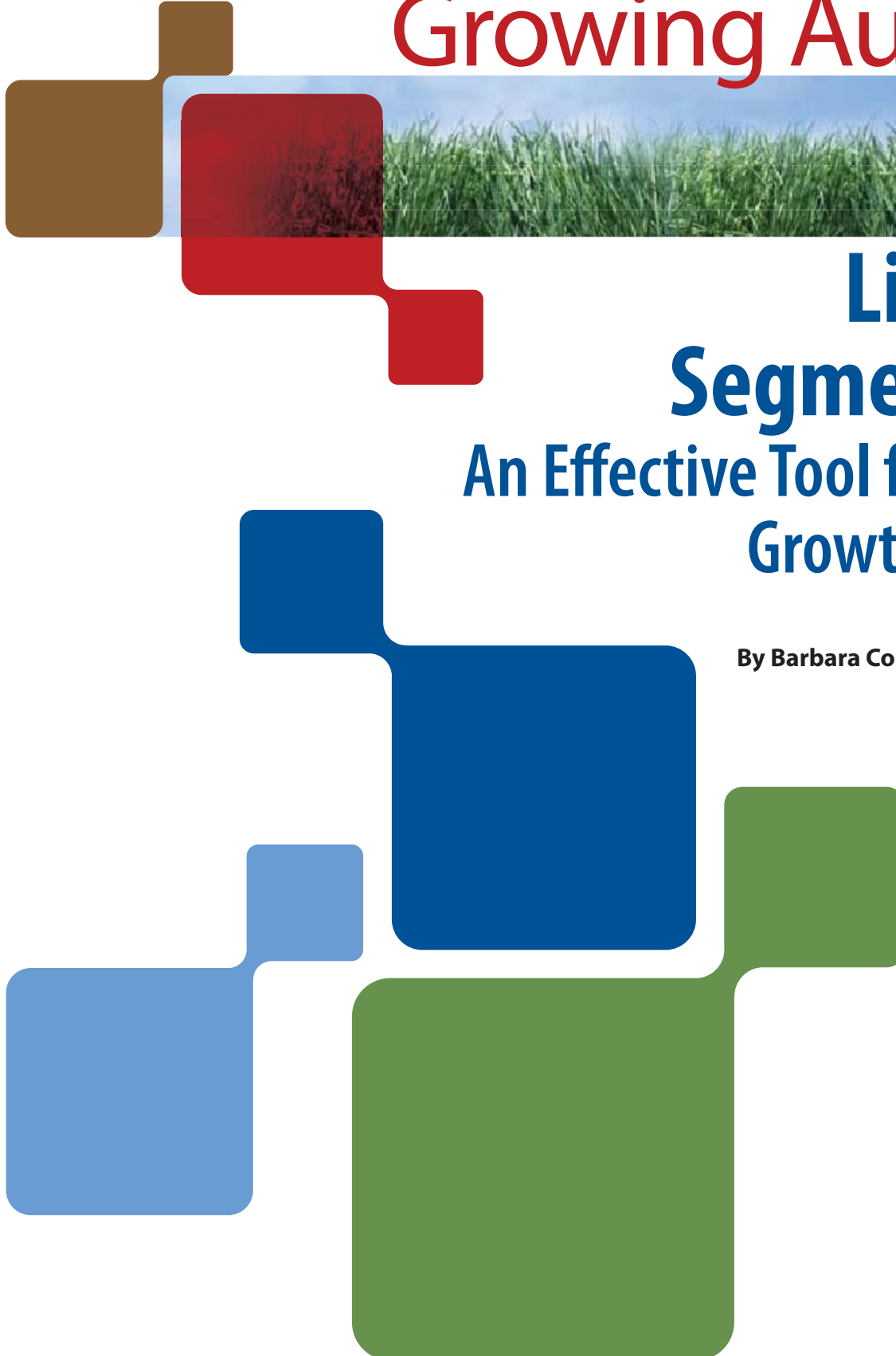


Growing Audience



Life-stage Segmentation: An Effective Tool for Audience Growth Strategies

By Barbara Cohen and Craig Kaczorowski



AMERICAN SOCIETY OF
NEWSPAPER EDITORS



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Executive Summary

In a rapidly changing media environment, where choice, convenience and control are now defining consumer behavior, newspapers must adopt new strategies and build new products to successfully expand their audience.

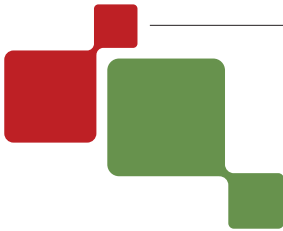
Why should newspapers change how audience development is conducted? Past approaches focused on improving existing products or creating new products based on broad demographic segments have not produced much innovation. Few new, profitable products have been introduced into the market, nor have most newspapers been successful in attracting new and under-served customers.

The NAA/ASNE Audience Development Initiative, in partnership with Kannon Consulting of Chicago, has been focused on life-stage segmentation as a framework for developing new audience-building strategies. The material presented in this report serves as a follow-up to *Using Life-stage segmentation to Drive Strategies*, a white paper published by the NAA's Audience Development Initiative in 2006. For more information on the Initiative, visit www.growingaudience.com.

This report provides an overview of five major action steps to address consumer needs and identify successful audience-growth strategies through life-stage segmentation. The five action steps are:

- 1) Segment current and prospective customers across three key components: age, presence of children in the household and income.**
 - Life-stage segmentation serves as a good model because it provides intuitive segments that are easy to create, understand and communicate. Furthermore, life stage often determines purchasing and decision-making behavior.
 - The basic premise behind life-stage segmentation is that having children is a major milestone; therefore, the data set is divided into three categories: those who have not yet had children; those who have children under eighteen at home; and those whose children have grown and left the home.
 - Next, within each group, consumers can be sorted into smaller, and more easily targeted, segments based on their household-income levels: upper, middle and lower.

- 2) Once the life-stage segmentation scheme has been established, an understanding of these segments needs to be built, beyond just their demographics and newspaper readership behavior, the traditional areas typically covered by newspaper research.**
 - Market information needs to be analyzed to provide insight about consumer behaviors and attitudes.
 - Investments in systems and data may be necessary in order for newspaper companies to know their customers intimately and create a strong connection to local consumers.
 - A customer-centric database system will allow newspapers to tailor their products and services to meet the changing needs of advertisers.
 - Because not all newspapers can afford to invest in new research and analyses, NAA—as a starting



point—has developed a profile of nine market segments based on national data from a variety of studies. That analysis is available at www.growingaudience.com.

3) It is impossible to serve all life-stage segments equally; therefore, a prioritization process needs to be conducted to identify the target customers and product/services where unmet needs (or “jobs to be done”) can be met most profitably. For example, upper- and middle-income families may represent an opportunity in many markets.

- When high-priority target segments are identified and clearly understood, the organization can make better resource-allocation decisions and become more consumer-centric across all functions and at all levels.
- A prioritization framework generally has two dimensions – Segment Attractiveness and Competitive Position – which life-stage segments are plotted along.
- Therefore, high-priority segments are attractive to any media or marketing services organization and the newspaper company is competitively positioned to meet their needs relative to the competition.

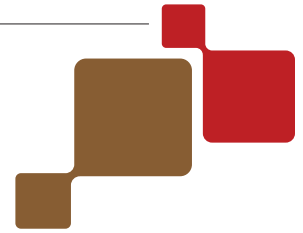
4) With these life-stage priorities in place, a product portfolio needs to be developed based on an understanding of the channel and content that is most relevant to specific segments.

- Once priority segments have been identified, products and services need to be developed which will meet the news, information, and advertising needs of each segment and add value to their lives through all available channels.
- Therefore, newspaper companies will need to create and maintain a multi-channel, multi-platform product portfolio in which the core newspaper becomes one among many products, each with a concisely defined role and customer target.
- Some of these offerings may need to be branded separately from the newspaper, while others will maintain a strong branded linkage to the parent company.
- Investments should be made wisely to achieve solid reach across priority segments with products and services that engage consumers and help grow the businesses of advertisers seeking local audiences.

5) It is important to recognize that this approach is very different from the way newspapers have traditionally gone about audience development and will require a change management process to be put in place.

- In order to change the output of an organization, a company must change the work. That is, the day-to-day activities expected of employees must be reinvented to achieve the updated strategic goals of the organization.
- One of the most effective ways to change the work of an organization is through a process called “task alignment.” Task alignment involves identifying the work steps that need to be accomplished in order to meet the new strategic objectives of the organization, and then breaking those steps into “activities.”
- Only by changing the work – and being prepared to do so routinely – will newspaper companies be able to achieve the nimble, dynamic, customer-centric approach that is necessary to survive in today’s competitive marketplace.

A truly customer-focused approach requires organizations to move from a product-centric view of their audience to a complete customer-centric view of all products, services and relationships. Although deeply-entrenched business practices may need to be overhauled, and investments made, such a multi-dimensional view, centered on life stages, may enable companies to increase customer loyalty, improve customer service, and boost productivity and profitability.



Life-stage Segmentation Action Steps

1) Segment current and prospective customers across three key components: age, presence of children in the household and income.

While there are many ways to segment newspaper customers, we recommend life stage as an actionable starting point. Life-stage segmentation serves as a good model to be used by organizations that are new to segmentation because it provides intuitive segments that are easy to create, understand and communicate.

Furthermore, the basic premise behind life-stage segmentation is that having children is a major milestone that fundamentally impacts the way consumers spend money and their free time. For example, when young people leave the family home, when a couple has their first child, when people retire, their priorities change. This can have a powerful influence on how they transact with media and advertisers.

In addition, newspaper competitors, such as magazines, cable and network television, and radio, have integrated the use of life-stage analyses into their audience growth strategies to increase both consumer and advertiser share of the market. For example, in the crowded magazine category of home and design, publications such as *Dwell* and *Ready Made* target young, upper- and middle-income readers, while content and advertising in *Home & Design* or *Architectural Digest* skew more mature; households with children, especially middle-income families, are the targets of such publications as *Good Housekeeping* and *Ladies Home Journal*.

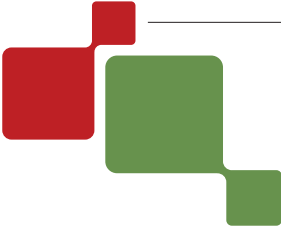
Many advertisers—especially newspaper advertisers in such key sectors as automotive, retail, financial, and hospitality—also speak in terms of consumer life stages and often rely on life-stage segmentation schemes as the cornerstone of their marketing strategies. For example, automotive manufacturers and dealers often use life-stage analyses to identify growing families that need and can afford to upgrade to more value-added vehicles. They also use life-stage segmentation to find younger, first-time buyers with the funds to purchase luxury vehicles, and to create retention programs for long-term, high-potential customers.

Most smart retailers—who have hundreds, if not thousands, of customers—understand that it is not worthwhile to market to every single one. Marketing strategies based on life stages have helped retailers identify customers and prospects with the spending power and propensity to buy their brand; gain share of wallet and improve customer loyalty among families that spend disproportionately in certain categories; and determine which first-time shoppers desire special, preferential treatment.

As a starting point for newspapers, we have divided consumers into three categories: those who have not yet had children; those who have children under eighteen at home; and those whose children have grown and left the home.

For example, one segment of young consumers would broadly represent singles and couples who are under 45-years-old and child-free. A second segment, called family, would be composed of all adult consumers, regardless of their age, who have children under age 18 living at home. A third group that we call mature would broadly encompass all consumers who are 45 years or older and have no children under age 18 living with them at home.

Next, within each group, consumers can be sorted into smaller, and more easily targeted, segments based on their household-income levels: upper, middle and lower. [See Figure 1]






Young			Family			Mature		
								
\$\$\$	\$\$	\$	\$\$\$	\$\$	\$	\$\$\$	\$\$	\$
5%	6%	5%	14%	18%	12%	13%	16%	11%
16%			44%			40%		

Figure 1: Life-stage Demographic Definitions, 2005
Source: Synovate Consumer Opinion Panel, 2005 (N = 3,039)

While this example shows nine segments, the number of life-stage segments can be adjusted based upon marketplace demographics or the number of respondents within a given data set.

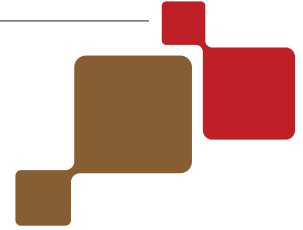
Given the abundance of news and information sources consumers have access to, and the recent trends in declining circulation and newspaper's share of advertiser spending, newspaper companies should begin routinely to segment current and prospective customers based on age, presence of children in the household, and income. Then, sales effectiveness, service differentiation and customer contact strategies can be organized around these segments. Life-stage segmentation can also enable more effective allocation of marketing spending with the ultimate benefit of delivering greater ROI.

2) Once the life-stage segmentation scheme has been established, an understanding of these segments needs to be built, beyond just their demographics and newspaper readership behavior, the traditional areas typically covered by newspaper research.

Once life-stage segments have been defined, market information needs to be analyzed to provide insight about consumer behaviors and attitudes. Newspaper companies often have a somewhat limited reservoir of market data sources on hand. Consumer demographic information, such as population growth, race/ethnicity, age, household composition (e.g., single, single parent, couple with children), and median household income are readily available. Housing market data is also generally accessible, such as median home prices, number of new and previously-owned homes sold, and types of dwelling (e.g., single-family dwelling).

Such information is publicly available from government sources and should be used to augment marketplace data you may already possess. For more information, go to:

- U.S. Census Bureau (www.census.gov)
- Bureau of Labor Statistics (www.stats.bls.gov)
- Bureau of Economic Analysis (www.bea.doc.gov)
- National Center for Education Statistics (www.nces.ed.gov)
- Statistical Abstract of the United States (www.census.gov/compendia/statab)



Of course, daily and Sunday newspaper readership and purchase behavior is also readily available, in part, via ABC reports. Such information, coupled with consumer demographics, can be used to build an understanding of life-stage segments.

Newspapers may also need to invest in additional research or access syndicated studies to build a deeper profile of consumer segments. For example:

- Scarborough Research measures the lifestyle and shopping patterns, media behaviors, and demographics of consumers
- MediaMark Research collects comprehensive data on the adult population of the United States, such as demographics, product usage and media exposure
- The Synovate Consumer Opinion panel can also be purchased. Survey questions range from attitudes on shopping to morals and ethics; interest across multiple leisure activities; consumer-products purchasing behavior; and media usage.

As part of this initiative, Kannon Consulting analyzed research from Synovate, conducted on behalf of advertising agency DDB Worldwide, for 1995, 2000 and 2005. Although analyzed at the national level, it may provide insights on segment behavior in your own market. You can review that analysis at the Growing Audience Web site.

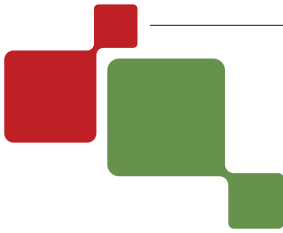
Newspaper companies can also make use of the NAA's market research, such as the 2006 study *How America Shops and Spends*, which was designed to help retailers and advertisers better understand consumer shopping attitudes and behavior, and how those attitudes and behavior interact with advertising. The *Consumer Usage of Newspaper Advertising Study*, also conducted in 2006, was developed to give newspapers a better understanding of how consumers use advertising inserts that are delivered in their newspapers, with regard to alternative options, including direct mail and the Internet. Also in 2006 the NAA published the *Power User Study*, to help understand the continuing evolution of newspaper web site audiences in the areas of media usage, content preferences, advertising, and online commerce. In 2005, the *NAA Reader Engagement Study* was conducted to understand how and why readers are engaged with newspapers versus other media. A life-stage segmentation analysis was conducted on all these studies and is synthesized in one comprehensive PowerPoint.

Moving beyond shopping behavior and traditional media usage, what other information might be essential to developing a richer understanding of key life-stage segments? Additional information newspaper companies may want to know for effective customer growth and retention strategies and successful new product development include:

- Consumers' interest in or degree to which they "need to get" news and information every day.
- Frequency of Internet usage and sources used (e.g., Google, local newspaper site) for local news and information.
- Types of local news, shopping/advertising and entertainment information sought online versus newspapers.
- Entertainment technology adoption and ownership and penetration of web-enabled mobile devices.
- Attitudes across media in general on advertising information (e.g., value in planning shopping, ease of use, most believable/trustworthy, most up-to-date).
- Attitudes toward newspapers specifically (e.g., community involvement, newspapers as a "good value," emotional connection, comparison to other media).

The goal is to make these segments "come to life" within the organization. Consumers' "need to know" within a segment and their competitive media usage for news and information is vital in creating successful strategies to provide segments with the tools to help them get their jobs done:

- Are consumers within a segment assembling their own information packages, becoming more active participants in the exchange of news and ideas?
- Are they high-Internet users?
- How, and more important, when are they accessing this information and why?



This is especially important to know, given the increased broadband penetration, even among mature households. Such knowledge can help newspapers rethink Internet strategies that will protect their share of consumers' time during essential day-parts, such as Sunday morning, and facilitate retaining the newspapers' share of advertising spending.

Newspapers can turn audience insight into a competitive advantage. Investments in systems and data may be necessary in order for newspaper companies to know their customers intimately and create a strong connection to local consumers. A customer-centric database system will allow newspapers to tailor their products and services to meet the changing needs of customers. The promise of offering one-to-one customizable targeted advertising and marketing programs can only become an actionable reality by having rich information on which to bundle different offerings.

3) It is impossible to serve all life-stage segments equally; therefore, a prioritization process needs to be conducted to identify the target customers and product/services where unmet needs (or "jobs to be done") can be met most profitably. For example, upper- and middle-income families may represent an opportunity in many markets.

As the next step, newspapers should set priorities and formulate strategies that address the most valuable segments. No organization can serve all of the people all of the time; however, knowledge of the market's structure allows you to address it selectively. When high-priority target segments are identified and clearly understood, the organization can make better resource-allocation decisions and become more consumer-centric across all functions and at all levels. Therefore, a prioritization framework should be developed to focus strategic thinking and guide resource allocation. A segmentation framework can provide actionable information to aid circulation, advertising, marketing and product development strategies.

A prioritization framework generally has two dimensions – Segment Attractiveness and Competitive Position – which life-stage segments are plotted along. [See Figure 2]

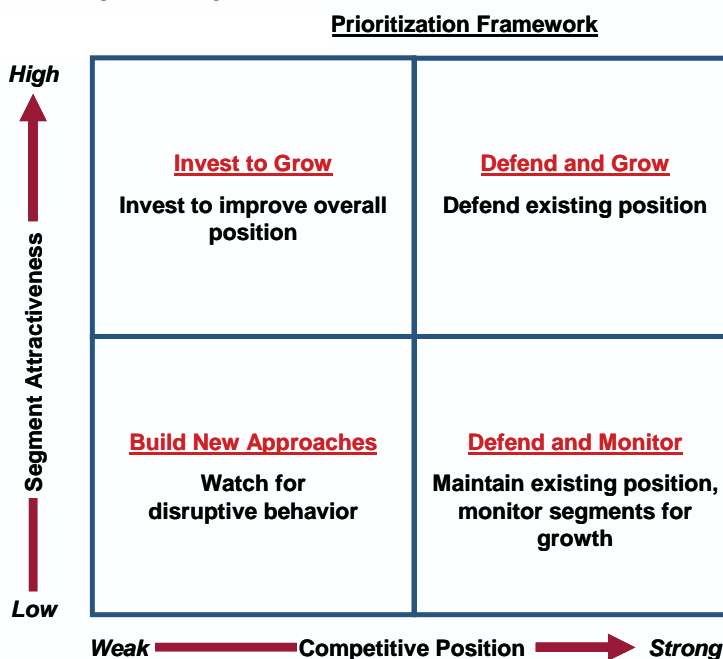
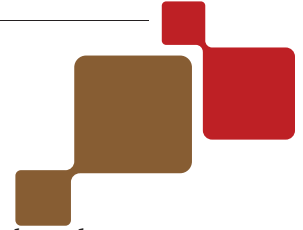


Figure 2: Strategic Prioritization Framework

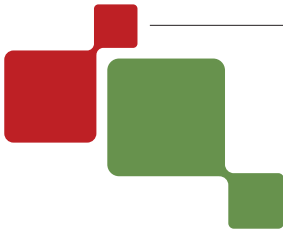


The vertical axis of the framework is Segment Attractiveness. Here, each life-stage segment is evaluated on its attractiveness to any media or advertising organization, independent of the newspaper company. The horizontal axis of the framework is Competitive Position. Here, each life-stage segment is based on the newspaper company's current ability to meet the segment's needs relative to competition.

Both Segment Attractiveness and Competitive Position measures can be determined by research identified in the last section or by proprietary research conducted in your market.

Potential criteria and data measures are included in the chart below. Newspapers should identify consumer segments that index high on relevant "attractiveness" and "competitive position" measures.

Segment Attractiveness Criteria and Illustrative Measures	Competitive Position Criteria and Illustrative Measures
<p>Size</p> <ul style="list-style-type: none"> • Estimated size of lifestage segment households in the market. <p>Internet Usage</p> <ul style="list-style-type: none"> • Percent of consumers who accessed the Internet, either from home or work, in the past 30 days. • Among Internet Users, percent with broadband access. <p>Advertising Attractiveness</p> <ul style="list-style-type: none"> • Consumers' estimated household income. • Percent of consumers who own their residence. • Percent of consumers who shopped in a store in the past seven days. • Percent of consumers who spent more than \$500 in stores in the past seven days. • Among Internet Users, percent who shopped online for anything in past 30 days. • Among Internet Users, percent who spent over \$500 shopping online in past 30 days. 	<p>Relationship with Core Newspaper</p> <ul style="list-style-type: none"> • Percent of consumers who read their local daily news paper "yesterday." • Percent of consumers who read their local Sunday newspaper "last week." <p>Relationship with Newspaper Website</p> <ul style="list-style-type: none"> • Percent of consumers who visited newspaper website in past 30 days <p>Relationship with Newspaper Preprints</p> <ul style="list-style-type: none"> • Percent of newspaper readers who say they "always read/look at" newspaper preprints. • Percent of Preprint Users who checked for sales in local stores or compared prices for items looking to buy in the past seven days. <p>Attitudes Toward News/Newspapers</p> <ul style="list-style-type: none"> • Agreement to attitude statements regarding news in general (e.g., need to get the news everyday; important to be up-to-date) • Agreement to attitudes statements regarding the newspaper (e.g., help in knowing more about community; good value; most trustworthy medium; would miss reading if taken away; good use of time)



Each data point corresponding to a segment – across both the Segment Attractiveness and Competitive Position axes – is then rated using a nine-point scale, with 1 as least attractive and 9 as most attractive. It is important to note that ratings are relative to the other segments and are not in the absolute.

High-priority segments will emerge in the “Defend and Grow” quadrant; that is, these segments are both attractive to any media or marketing services organization and the newspaper company is competitively positioned to meet their needs relative to the competition. Secondary segments may place in the “Invest to Grow” quadrant, while niche segments, where new products and business models may need to be implemented, will emerge in the “Build New Approaches” quadrant.

As an illustrative example of how the Strategic Prioritization Framework can help newspapers set priorities across the life-stage segments, publicly available information, at a national level, was gathered. Information such as segment size, Internet usage, broadband penetration and shopping behavior (both bricks-and-mortar and online) was used as criteria to measure Segment Attractiveness. Information such as “need to get the news everyday,” Sunday and weekly newspaper readership, newspaper web site usage, newspaper usage for shopping purposes and newspaper preprint usage was collected to measure Competitive Positioning.

Illustrative Strategic Prioritization Framework

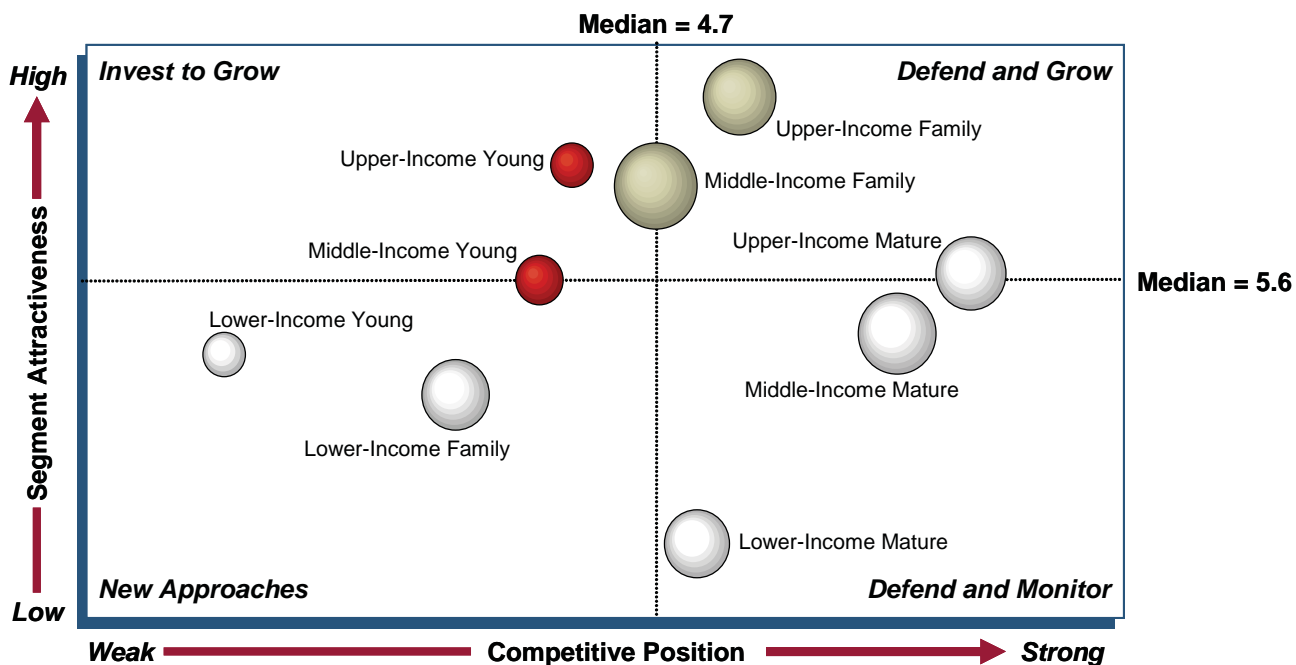
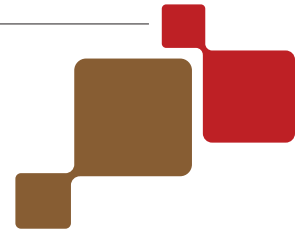


Figure 3: Illustrative Life-stage Prioritization

Source: Synovate Consumer Opinion Panel; MediaMark Research, MORI Research, 2005-2006. Bubble size represents relative size of segments by household.

As shown in the example, Upper- and Middle-Income Families emerged as high-priority segments. Such family segments are often time-pressured; therefore, newspaper organizations should invest in improving quick, easy interactions with customers across all levels. Everything from online requests and confirmations for vacation stops, to customized content and subscription by section, may need to be accommodated in the future. In many markets, family segments live outside the primary, urban geographical area addressed by the core newspaper; therefore, an alternative suburban daily may need to be developed to meet their community news and information needs.



Newspaper companies may also want to target, secondarily or simultaneously, Upper- and Middle-Income Young segments, with new tactics that address investments needed to improve the newspaper's competitive positioning. While all strategies developed by newspaper organizations must take the growth of the Internet into account, audience strategies for the Young segments – in which Internet usage already outpaces newspaper readership – must proactively address this trend. New products and services for this audience should either be online or reflect the features and benefits that these online-focused segments have come to expect.

Additionally, for consumers within these segments, news may not be the main element that they are seeking when making media selections. Newspaper companies may need to compete by developing and promoting other services they offer, such as advertisements, non-news information, or even games. Ultimately, to win, newspapers may need to be about more than news.

Resource allocation priorities and product strategies eventually emerge from the segmentation and prioritization model. Companies may need to dedicate further resources in smart, practicable market research, both quantitative and qualitative. Product portfolios and marketing strategies will then need to be created to meet the needs of priority segments to help them get crucial “jobs” done.

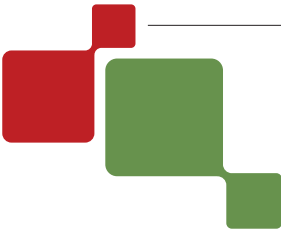
4) With these life-stage priorities in place, a product portfolio needs to be developed based on an understanding of the channel and content that is most relevant to specific segments. One critical question to be asked is where does the newspaper and other newspaper-centered products fit into this portfolio.

Once priority segments have been identified, products and services should then be developed which will meet the news, information and advertising needs of each segment and add value to their lives through all available channels. Existing products may need to be modified, while new and differentiated ones may need to be developed.

Therefore, newspaper companies will need to create and maintain a multi-channel product portfolio in which the core newspaper becomes one among many products, each with a concisely defined role and customer target. Multiple geographic definitions may be crucial, and should include core counties within the Newspaper Designated Market as well as strategic counties outside the NDM.

The product portfolio should address daily and Sunday print products, through both paid and free publications targeted to priority segments, especially those audiences not typically reached, or under-served, by the core newspaper. An alternative to the core Sunday newspaper may also need to be developed; multiple alternative products may be necessary, depending on targets and their needs. Digital products, both web-based and mobile, should address information and entertainment needs, which may need to be branded separately from the core newspaper web site. [See Figure 4]

As newspapers consider multiple products to support different segments, it is important to note that the equity of the traditional brand cannot go everywhere. By definition, if an organization has a brand, then it stands for something. That brand should only be used where that “something” is valuable; otherwise, the brand becomes diluted. When extending the brand or developing new products, ask yourself, “Will the core brand enhance the extension?” If the core brand could possibly harm or dilute the extension, then create a new brand and define its relationship to the core. If, on the other hand, you determine the brand will in fact enhance the extension, go another step further and ask yourself, “Will the extension enhance the core brand?” Of course you never want to harm or dilute your core brand; therefore, if the extension will not enhance that brand, then the creation of a new one becomes imperative.



Segment		Young		Family		Mature	
Geographic Definitions		Primary	Extended	Primary	Extended	Primary	Extended
Print	Daily	<ul style="list-style-type: none"> • Free Pub • Free Spanish Pub 	<ul style="list-style-type: none"> • Free Suburban Pub • English-language Hispanic Pub 	<ul style="list-style-type: none"> • Free Pub • Free Spanish Pub 	<ul style="list-style-type: none"> • Suburban Daily • English-language Hispanic Pub 	<ul style="list-style-type: none"> • Core Paper 	<ul style="list-style-type: none"> • Suburban Daily
	Sunday	<ul style="list-style-type: none"> • Core Paper • Sunday Alternate 	<ul style="list-style-type: none"> • Sunday Alternate 	<ul style="list-style-type: none"> • Core Paper • Sunday Alternate 	<ul style="list-style-type: none"> • Sunday Alternate 	<ul style="list-style-type: none"> • Core Paper 	<ul style="list-style-type: none"> • Core Paper
Digital (web-based/mobile)		<ul style="list-style-type: none"> • Core-branded web site • Non-core branded web site • Podcasts 	<ul style="list-style-type: none"> • Core-branded web site • Non-core branded web site • Podcasts 	<ul style="list-style-type: none"> • Core-branded web site • Hyper-local web site 	<ul style="list-style-type: none"> • Core-branded web site • Hyper-local web site 	<ul style="list-style-type: none"> • Core-branded web site • Hyper-local web site 	<ul style="list-style-type: none"> • Core-branded web site • Hyper-local web site

Figure 4: Illustrative Life-stage Product Portfolio

Note: Multiple free and alternative publications may be necessary, depending on targets and their needs.

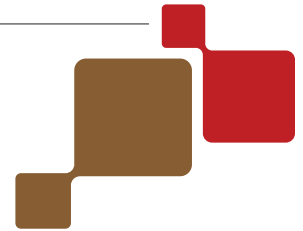
Another essential caveat to remember, and which should serve as a guiding principle in any product development process, is that there are sizeable investments required to maintain and establish brands. Investments should be made wisely to achieve solid reach across priority segments with products and services that engage consumers and help grow the businesses of advertisers seeking local audiences.

5) It is important to recognize that this approach is very different from the way newspapers have traditionally gone about audience development and will require a change management process to be put in place.

Implementing a segmentation approach to audience, advertiser and product development strategies will require a change in the way most newspaper organizations think about opportunities. A structured change management program should be pursued to support the strategic and tactical initiatives that emerge from employing an audience segmentation framework.

As Larry Bossidy, chairman of Honeywell Corporation and author of the bestselling business guide, *Execution: The Discipline of Getting Things Done*, once famously remarked: “Show me a great company, and I’ll show you one that has radically changed itself and is looking forward to the opportunity of doing so again.”

There are many myths about change management. Some believe that to convert to an audience-driven segmentation philosophy, the best course might be to implement a “corporate culture” training program to educate and redirect the work-



force. Alternatively, others believe that change management comes from changing behavior at the individual level – such as modifying incentives or recruiting new employees with more appropriate skill sets.

However, effective transformational change is not brought about by programs focused on changing culture, attitudes or behavior. To change the output of an organization, a company must change the work. The day-to-day activities expected of employees must be reinvented to achieve the new strategic goals of the organization.

One of the most effective ways to change the work of an organization is through a process called “task alignment.” Task alignment involves identifying the work steps that need to be accomplished to meet new strategic objectives of the organization, and then breaking those steps into “activities.” Once those work steps have been identified, they can be re-grouped into new jobs that break apart pre-conceived notions and expectations from the old organization. Only after new jobs have been re-invented is it appropriate to identify the right people with the most relevant skill sets to fill the new jobs. [See Figure 5]

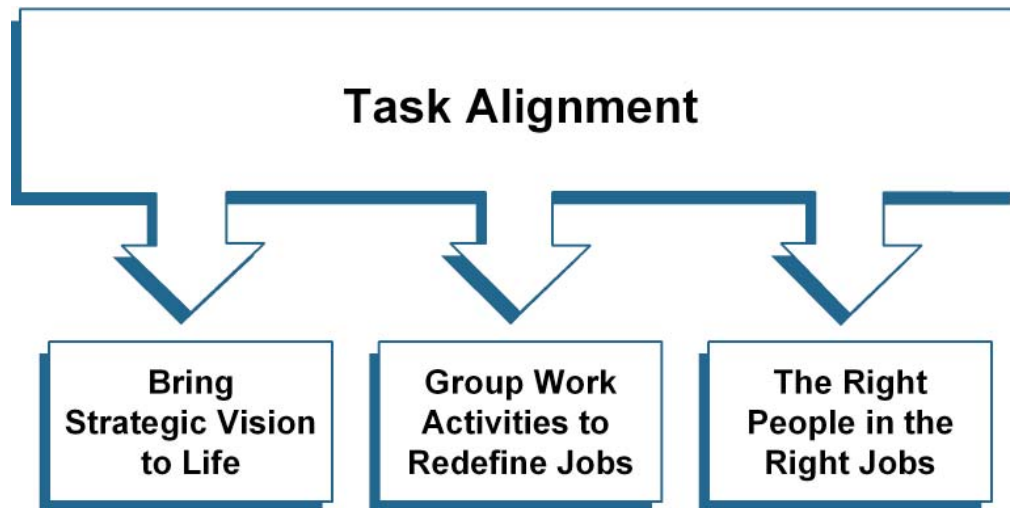
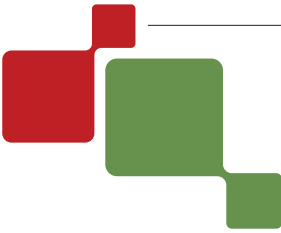


Figure 5: Illustrative Task Alignment Process

As an illustration of how the “task alignment” technique might support a cultural shift toward a more audience-centric organization, a news organization could designate a key executive to serve as the “audience advocate” for a high-priority audience segment – such as the Upper-Income Family segment. Rather than residing in a traditional newspaper functional division, this “advocate” would have cross-functional responsibilities bolstered by a high degree of authority and accountability in order to ensure effectiveness.

The Upper-Income Family advocate could function as the voice of that consumer segment for the organization, working first with the newsroom to steer product and content strategies to meet the “jobs to be done” that this segment requires from its news and information sources. The advocate would personally be responsible for consumer research about the segment, and express the findings from that research in an actionable way for his or her colleagues in other functional areas. Additionally, the advocate might work with the advertising department in order to improve marketing strategies so that the sales force can serve as a true partner to their advertisers, educating them on the advertising information needs of their target audience.

Furthermore, the advocate could partner with the circulation marketing department to design the most appropriate communications and offers for the Upper-Income Family segment. The advocate could help identify the service require-



ments of this segment in order to ensure they are being serviced to the level of their expectations (for example, can they pay their bill online?). Ultimately, the advocate might be incentivized based upon improved readership within the Upper-Income Family segment, as well as incremental revenues from key advertisers targeted at those consumers.

The result of these “task alignment” practices would be an organization that has refocused resources, thought and energy toward the high-profile audience segments.

As Albert Einstein is thought to have said, “Insanity is doing the same thing over and over again and expecting different results.” In order to execute ambitious new audience-centric strategies, newspaper organizations will have to change the day-to-day activities at the most basic level of the company. Only by changing the work – and being prepared to do so routinely – will newspaper companies be able to achieve the nimble, dynamic, customer-centric approach that is necessary to survive in today’s competitive marketplace.

Conclusion

Understanding customers’ behavior is critical to the design and implementation of effective business development and marketing strategies. Segmenting the market by life stage is one such approach. Life stages provide intuitive segments, which are easy to understand and communicate. Additionally, many advertisers also speak in terms of consumer life stages when they target marketing to young people or families.

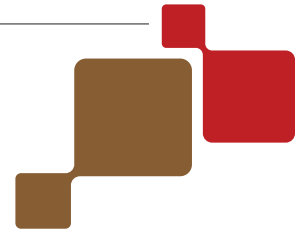
A life stage is a particular segment of the population that behaves similarly as consumers of media and products. When segmenting by life stage, remember that age, the presence of children living at home and household income levels are key predictors. Their influence is especially relevant in terms of how consumers spend money and free time.

Marketplace data to create a life-stage segmentation scheme is typically readily available; many newspapers already gather strategic information such as household demographics and media usage; if necessary, gaps in marketplace knowledge can be filled from outside research providers or through research fielded directly by the newspaper organization.

For newspaper companies, life-stage segmentation can be crucial in helping to identify high-priority consumers and how resources should be re-allocated around them. Additional research may be necessary in order to understand the needs of key segments and the “jobs to be done.” A product portfolio will also need to be created, addressing such key questions as where does the core newspaper fit in the strategy and what new or niche products will need to be developed.

Furthermore, a structured change management program may need to be implemented in order to support the strategic and tactical initiatives that emerge from employing an audience segmentation framework. Designate key executives to serve as the “audience advocate” for the high-priority segments.

It is clear there are many likely transformations within the marketplace, as well as major uncertainties that will influence the media business. The next several years can bring great opportunities to those newspapers that embrace new tactics and tools, and invest to compete in this new environment.



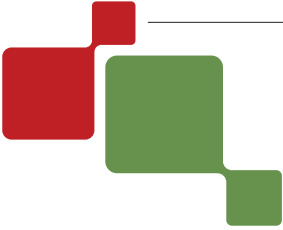
About the Authors

Kannon Consulting is a Chicago-based strategy and marketing firm focused on building Outside-In business and marketing strategies. Kannon focuses on helping clients grow revenues in the changing environments they face. New competition, emerging technologies, and the need to revitalize growth all drive an increasing need for marketplace-oriented strategies built on rigorous, structured thinking. Kannon's analytical, collaborative, and iterative approach helps to address complex, multiple strategic options while offering actionable insights and solutions.

Barbara Cohen is president and founder of Kannon. She has over twenty-five years experience in marketing and consulting, throughout which she has consistently championed the customer's viewpoint. Prior to founding Kannon, Barbara began her marketing career with Procter & Gamble in brand management. She joined Booz Allen Hamilton in 1982 and was elected to the partnership in 1988. There, she extended, challenged and refined traditional ways of marketing to aid clients whose industries were discovering the need to establish marketing strategies, often for the first time.

Craig Kaczorowski is a senior consultant at Kannon. He has worked with media clients to help build an understanding of consumers and advertisers in print and online businesses. He recently lead a newspaper readership survey for a major media company designed to establish a disciplined approach to understanding how well newspapers are meeting consumer information needs, and to provide guidance to readership/audience initiatives with a focus on satisfaction, not just reading behavior.

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