

Customer first thinking.



Values-Based Segmentation

An Interview with David Allison, CEO, Valuegraphics

David Allison :

David Allison is the founder of the marketing agency Valuegraphics and the author of "Death of Demographics".



The legendary Harvard marketing professor Ted Levitt once wrote that, "If you're not thinking segments, you're not thinking". He added, "To think segments means to think beyond what's obviously out there to see."

Levitt felt that segmentation was crucial because it sparked insight into how customers differ from one another. Knowing what drives the behaviour of different groups of customers leads to better marketing decisions, he believed, since business success is only possible through market differentiation. "The search for meaningful distinction is a central part of the marketing effort", he declared.

The trouble with segmentation, of course, is that it is hard to do. There is no "one size fits all" method of segmentation. There are many ways to segment, each method offering an answer to a different question. How similar are customers in their demographic profile? In their behaviour? In their interests and affinities? In their product preference and usage? In their lifestyle orientation? In their attitudes? It is like trying to solve a Rubik's Cube, pivoting the different sides to come up with the solution.

Which is why most marketers do a lousy job of it. At best they default to the standard approach which is usually some mix of needs and usage segmentation – at worst they take the lazy way out and default to demographics. And even if they land on the right answer, marketers struggle to turn that insight into "meaningful distinction". They make the mistake of using segmentation as merely a tactical tool, and then give up when they realize there is no way to target the segments through most marketing channels. Segmentation becomes just another check box in campaign development instead of what it is meant to be: a tool to drive strategy.

Beyond wrestling with the complexity of segmentation, marketers struggle with truly understanding what drives customer behaviour. We may know what people look like – their preferences – where they live – perhaps what they like to do in their spare time – but then why they do they behave so differently even when everything we know about them is the same? How often do we see people of identical age, income, lifestyle and ethnicity make diametrically opposite choices? That was the puzzle social psychology and behavioural science were supposed to answer. Yet even when behavioural tendencies and biases are revealed, they can be difficult to act upon. The insight becomes a "nice to know" instead of an "aha" moment - just another snippet of information in a persona profile.

What truly explains the decisions people make and the actions they take, according to Valuegraphics CEO David Allison, are their values: the modes of conduct they deem to be personally or socially preferable – the principles by which they live - the beliefs ingrained in them, usually from very early on in life, a function of the social and cultural forces around them. People act in accordance with those values, whether subliminally or not, even when it comes to their favourite brands. They are drawn to others who share their belief

system. Values drive much of human behaviour, in fact, and can explain many of the choices that people make. And today, more than ever, people will choose brands based on the perception of shared values. Values become the tiebreaker.

If as marketers you understand what is important to customers, what motivates them, what is truly meaningful to them, you have a much better chance of relating to them, both as individuals and as part of a “target” audience. After all, a major goal of marketing these days is making meaningful connections with customers.

David makes the case for values-driven segmentation in his newest book “The Death of Demographics” in which he argues that marketers should talk to customers about what they think is important. His company has created a massive global database of values, the first of its kind, which marketers can use to determine the values of their customers.

I started by asking how he arrived at this conclusion after years of running a real estate marketing agency.

DA

David Allison: Yeah, my company focused specifically on real estate, large-scale real estate development, so condos, resorts, office towers, and we did this all over the world. We were quite good at it. We were the largest game in town for a while there. And as with any business, though, you start in the same place. You start and say, “Okay, who’s our customer? Who’s the targeted audience? Who are we trying to do this for?” Then you get the business definition you can, write it all down. And we have two ways of doing that, demographics, male, female, rich, poor, young, old, Black, white, gay, straight, whatever, and then this whole other bunch of stuff that just falls into the category of psychographics, which is, what else do we know about them, past sales behavior, likes, preferences, wants, desires, needs, interests, etc., etc., etc.? And so then you get that all down on a piece of paper. And in the real estate game I used to talk about it as being, inevitably, it was an aging baby boomer target who was trying to downsize from their single family home in the suburbs and move into a stacked urban environment so they could take some of the money, and by over time, replace somewhere else. So we just called them all Bob and Sally. So Bob and Sally was our target audience, and based on what we knew, we had a little bit different kind of Bob and Sally for one tower versus another tower, but basically it was always Bob and Sally because they had the money. That’s who we were building condos for. So then

you’d get that figured out and you’d go and spend a million bucks, and over the course of as small a period of time as possible you’d try and sell out all the units. And I’m talking a condo tower at this point.

And the neat thing about the real estate development industry from a marketing perspective is it has a beginning, a middle, and an end. So we define an audience, spend some money, talk to those folks, and then about three years later, you’re standing in a room with them, and you can look around and go, “Oh, hey.” What kept happening to me over and over again at these ribbon cutting ceremonies with the shrimp on a stick and the cheap glass of Prosecco that we pretended and called champagne was, I would just have this epiphany, this moment where I’d say, “Who are you people? Because you’re not the target audience we thought we were talking to.” Maybe 10% or 15% of the people in the room were. There was the Bobs and Sallys, but there was all these other people who had no resemblance whatsoever to the target audience. It’s, “Thank you for coming. You made us heroes, we sold out. Yay, you. I hope you enjoy your condo, but what the heck are you doing here? We didn’t target you. We didn’t buy into your channels. We didn’t think about you in our strategies. We didn’t put messages together for you, and yet, here you are.” So when I sold my company I said, “I’m gonna see if I can’t sort that out. It seems really inefficient. We’re spending X number of dollars and only 10% or 15% of it’s actually hitting the people. And accidentally, we seem to be hitting this other 80% to 85% of these folks, and we’ve got to solve this because that would be a really great thing to know.”

So that takes you really quickly into behavioral science because basically we’re trying to figure out, why did these people decide to be there? So how do humans decide things? So that’s what behavioral science is all about. And you start looking at psychology, sociology, psychiatry, even neurology. And I can go into a long-winded explanation on all of those, but the summary is they all fight like cats and dogs about how people make decisions. But they agree on one core central principle, and that’s that our core human values drive every decision we make thousands of times a day, all day long. So that was the eureka moment. Okay, cool, if we could just understand the values of a group of people before we spend a million dollars talking to them, then we’d know what we needed to be saying so that we could drive their decisions in the way we’d like them to go.

And then in retrospect, looking back on those rooms full of people, they weren't dissimilar at all. On the outside they were. They weren't the same demographics that I thought I was talking to, but since values drive all our decisions, they were all in the room because a set of values had attracted them there. We were accidentally using valuegraphics to talk to these groups of people. So I thought, "Okay, let's see if we can't figure out a way to do this with purpose instead of accidentally. If we could profile groups of people and understand their shared values, then we'd know how to talk to them and get them to do the things we'd like them to do."

SS

Stephen Shaw (SS): So certainly emotion drives brand connection, brand connectivity, brand loyalty. In fact, they say that half of decision making is really emotionally driven, and that ties in with what you're saying, that concept of values and emotions go hand in hand. The crux of the book is, as you've just explained, that values really explain what people do. So marketers have lived by Maslow's hierarchy of needs forever, right? There was an early model for human motivation and marketers latched onto it, and that's really guided their thinking. Your model, does that suggest that that displaces Maslow's hierarchy of needs, or is there some overlap here between the two?

DA

There's a big overlap, but I wanna go back to your comment about emotions because this is, I think, a big misconception in the marketing world, that emotions are somehow driving loyalty and purchase decisions. And they are, but what's driving emotions is values. You're gonna be happy when you find something that aligns with your values. You're gonna be sad when something happens that doesn't align with your values. You'll be angry if something goes down that is directly threatening your values or how you see your place in the world. So emotions, decisions, behaviors, reactions, everything about who you are as a human, at its core, begins with your values. So that's, like, the base level DNA for who we are and who we will become. So yeah, I mean emotions are part of the equation but emotions are a derivative of the values, and they change.

You know those brand emotion surveys we see all the time? There seems to be another one coming out every two weeks. It's like, "This year's brand emotion index is out and Nike is the most important. Everybody loves Nike and they hate Apple this year." And next year, Apple is the

one they like, and Nike is the one they...well, those come from talking to people and saying, "What's your favorite brand?" And your favorite brand today might be Nike, and then you walk into the store and you have a really terrible experience with one of the customer service reps there, and now, Nike, you hate them.

So your emotions around brands are all over the map every day of the week but the values never change. They're the only stable metric for us to look at. Demographics change. You wake up tomorrow, you're not 18 to 24 anymore, you're 25 to 36 now. Suddenly you're a whole new person because you went to bed and had a sleep, and now you're in a different age category and marketers need to think about you in a different way? It's ridiculous. So demographics change. Psychographics are all over the freaking map. Values are rock solid and stable, and give you the best chance of understanding your target audience over a long period of time.

So to answer your question, how does this connect back to Maslow's needs hierarchy? At the very tippy top of Maslow's hierarchy is self-actualization. So if you think about values as an inverted pyramid that touches base right there - so Maslow's is a pyramid going one way, and self-actualization is at the top, and then think of it as another pyramid of values that goes up from self-actualization. There's gonna be certain values that you are using to self-actualize at the very top of Maslow's needs hierarchy, and some that are less important, and less important, and less important as you get further and further along in this inverted pyramid on top of the Maslow pyramid. I hope that comes across because I know we don't have any visuals today. Nobody got to see me using my hands to make pyramids there, but I think I did a decent job explaining that. (12.37)

SS

I think I get it exactly. So what you're saying is it's really complementary. You need to look at that holistically. There's the individual and then there's the group, and this is what I want to really dive into. But before we go too far down this path, most people aren't going to necessarily be familiar with the valuegraphics segmentation system. Explain just, or provide an overview if you can about what that is. You've touched a little bit on obviously what led you down the path, but just from the moment you started thinking about that and realized, oh, this is key to how you built this, developed it, enhanced it, and what it is today.

DA

Yeah. So once I came to the realization that the key to understanding how to motivate, inspire, and engage large groups of people was to understand what values they had in common so that we could then pitch into those values and use those values as a way to position and frame up messages, and campaigns, and strategies, I started looking around to see, well, how could we know this? And there wasn't a way to know in advance the values of a group of people before you started spending money on them, so that's what we built. So now as of today, Friday, October 27th, 2024...no, we're in 2023, 2023, we've done close to a million surveys around the world, long-form qualitative surveys with a team of translators in 152 different languages. We're accurate in 180 countries out of about 186, last time I counted, and we've maintained a plus or minus 3.5% level of accuracy and 95% level of confidence.

And what we've built is the world's first global inventory of core human values. And we've built it in a way, for the stats geeks out there, it's a random stratified statistically representative sample of the population of these 180 countries, so it's an exact replica of the real world in miniature. It's like we have our own little Lego model of the world. And by looking at that Lego model of the world and pulling out the right data around the right target audiences, we can say, "Here's the shared values of these people versus those people." So let me give you a couple quick stats which are kind of fun.

First one, demographics. If you look at any of the typical demographic labels that we're all familiar with, age, gender, income, marital status, number of kids, and say, "How similar are the people inside any one of those cohorts?" In other words, how targetable are they? On average, across all of those different cohorts around the world, people are about 10.5% similar. So how targetable is gen Z? 10.5% targetable. How targetable are boomers? 10.5%. People who make \$250,000 a year? 10.5%. So you flip that around, the inverses, they're 90% dissimilar. So when we talk to Gen Z and we use what we think we know about Gen Z, there's a 90% built-in fail rate. And it's why we get so excited when we send out a direct marketing piece somehow and we see a 3%, 4% response rate. We're like, "Oh, my gosh, we just hit the jackpot. We got a 4% response rate. Pop the champagne corks."

That's a 96% fail because we're using the wrong way to think about people. We're using demographics to understand them. Now if you put people in groups based on values, say, "Let's look at all the people who have this set of values," they line up and are similar to each other as much as 89% of the time, the cohesion in a value graphical. So that's like saying, you could spend 10-cent dollars using demographic ways to understand people, or you could spend 89-cent dollars. Which kind of dollar do you wanna spend? I wanna spend the 89-cent dollar so there's 10% waste. Great. I sure am not excited about spending 10-cent dollars and knowing that 90 cents of the dollar is just being blown out there talking to people who don't care about what you have to say.

SS

And you've created out of this massive database, what, 56 different value clusters? Is that correct?

DA

Yeah.

SS

And then from there, you also created, and we'll get into this a little later on, but these 15 values archetypes, if you will. Just for the sake, again, for those of us who aren't as close to it as you are, the difference between the value cluster and the archetype. (17.12)

DA

Sure. So my favorite way to explain the values clusters, or the values, the 56 core human values that drive everything that everybody does all around the world is, we didn't ask anybody about their values because when you do that, people will lie. If you put a room of people together and say, "Who has family as a value," everyone is gonna say yes because you'd look like a really bad person if you said no. "Who thinks the environment is really important?" Everyone is gonna say yes. So what we do instead, we went around the world, all these close to a million people and we asked them about what they do, about their hobbies, their interests, the way they live their lives, what's important to them. And then we listen to all those people in all those languages and we saw patterns emerging, and we saw that there were 56 different ways that people were talking about the things they do, the things that are important to them.

So a great example that I like to use to explain this methodology is Halloween, coming up here pretty quick. Halloween candy, you used to come home back in the day with a pillow case full of candy and you'd dump it all on the dining room table. And you stand back and you look at

it, and go, “All right, what do we got here? We got full-size chocolate bars. Those are our favorite neighbors, they give us the big chocolate bars.” And then there’s the small chocolate bars, and then there was those weird, little candies that are wrapped in wax paper that’s orange and black, and you only see them on Halloween. And then there’s bubble gum and lollipops, and so you can put them into piles, so that’s what we did. We took all this data, we stood back and looked at it, and went, “There’s 56 piles here. There’s a pile over there called ‘belonging’ that’s one of the most important values around the world.” People wanna feel like they belong.

But in that pile of belongingness, there’s 912 different kinds of belonging. So it’s very simplistic to say there’s 56 values. There are 56 piles of candy. Each of those piles of candy, though, is made up of multiple kinds of that value. So all told, there’s more than 8,000 codes in the valuegraphics database for those 56 values. So that’s how complex it gets when we can profile a target audience for something. I do a lot of public speaking. When I get up on a stage and I know I’m speaking to people who are in the pet food manufacturing business and they want me to talk about people who buy pet food and their families who are their pet food decision makers, I can get up and say, “Here’s the values that they are using to make every decision in their life. So position your pet food in a way that’s gonna talk to those particular values.” And that’s what we’re doing, we’re pulling which of those 56 values apply to that particular audience, so that’s the 56 values.

Now the archetypes, the archetypes are kind of a storytelling conceit. There’s a lot of other segmentation models out there that try and tell you that there’s only X number of kinds of people in the world, and no matter who you are, we’re gonna cram you into one of these predetermined archetypes. I have a fundamental disagreement with that. I’m thinking of a couple of them, there are more than 100, 100 different archetypes that you can fit into. But humans are so much more complex than that. Saying that your audience is gonna fit into some predetermined mold is pretty courageous, I’d say.

So we use the 56 values and the 8,000 definitions for those. We’ve yet to see a repeat. In the hundreds and hundreds of profiles we’ve done around the world, we’ve yet to see the same profile pop up more than once. But the archetypes are

a way for me to tell stories, and in the book we wanted to give people a tool that they could use to figure out the values of their target audience without having to hire us to do the work for them. And so this is what we came up with. We stood back from that giant table full of Halloween candy and we said, “Okay, if we had to, how would we really roughly break this up into the smallest number of groups possible so that we had everything that was brown in one pile, everything that’s yellow in another pile?”

It’s pretty inaccurate but it’s getting better than just using demographics, which are only 10% accurate. So at least you’re using values when you start using archetypes to think about people. There’s 15 of them. In the book there’s a quiz. Send the quiz out to your CRM system, however you can get it out into the world, and the responses will tell you which of 15 chapters in the book you should be paying attention to because your people are most like that archetype. But, again, it’s pretty darn courageous to say, “There’s only 15 kinds of people in the world.” It’s pretty ham fisted. I sometimes say it’s like playing the piano with your fists. At least you’re playing the right instrument but it’s not gonna be really pretty. It’s not gonna be really...

SS

At the minimum, it’s great input into persona development, right? It’s almost a cheat sheet for persona development, in some respects.

DA

It’s a start. Even for persona development, I think you should be doing something a little bit more accurate than that, but if that’s the best you can do to understand the values of the personas that you’re building, then cool. Then go ahead and use it, and Godspeed. (22.17)

SS

So when you’re on the speaking circuit evangelizing around this concept, do you find, and I’m presuming you’re speaking mostly to marketing audiences, do you find that your message really resonates, or is there a resistance, a disbelief to what you’re saying, or are they confused about how they can actually implement it? What kind of reaction do you get when you’re on the road speaking?

DA

All of the above, and with one exception to what you just said. It’s not just marketing audiences, it’s sales audiences, marketing audiences, human resources, people in culture, leadership. Because basically what we’ve figured out here is a way to understand who people are and how to get them

to pay attention. And that applies to pretty much every field of human endeavor. If you want to point a finger at one aspect of the business world that does not benefit from understanding who people truly are and what they wanna pay attention to, I can't. Every single aspect, right?

SS

Well, CFOs maybe.

DA

CFOs? Well, even CFOs, the numbers on the page, I'm sorry, my CFO friends, the numbers on the page represent human behaviors that you now have quantified and turned into data. But it's all about people. Lee Iacocca has this great quote, or had this great quote where he said, "Business is nothing more than a bunch of human relationships." And he hit the nail on the head. So if you understand people, you understand business, all aspects. And to understand people, you need to understand their values. But the speaking reactions, yeah, it's funny. Some people, there's a moment when I'm speaking, it's about seven to nine minutes in, when I've told a couple of stories, where you can just suddenly...the room goes silent. All the fidgeting has stopped. Everyone's put down their coffee cup. You can kind of feel from the stage, you can feel, "I got them. They're here now." And then I can start to unpack, and explain, and give them examples.

And it seems to be a little bit different with every audience but there's a moment where I start talking about how this applies to you as a human, one person at a time. And as soon as people can recognize it in themselves and go, "Oh, my gosh. You're right, that is how I make decisions." That's when they kinda click and go, "Oh, wow." Oh, let me tell you this story that seems to get us there. This has happened to all of us, I think, and it's usually when you're away. You might be away at a conference or on a vacation and you meet someone for the first time, and you just click. And you're finishing each other's sentences, and you're laughing, and you're having a good time, and after 10 or 15 minutes one of you looks at the other one and goes, "Have we met before? I feel like I've known you my whole life." We've all had that experience at some point.

Well, what's happened is you've met someone whose values are just like yours. And because values determine all your behaviors, and decisions, and emotions, you're standing next to this new fast friend, and something happens over on the other side of the room and you both turn and look at it,

and you turn back to look at each other and you don't even have to say anything. You're both like, "Uh-huh, yeah," or, "Exactly." You both know what you're about to say about that thing on the other side of the room. And let's say the next morning you wake up and you see your new friend at the breakfast table somewhere and your friend is sad. Something bad has happened. They got a bad phone call from home the night before, I don't know what it is. And you'd know exactly what you needed to say to make them feel better because you know how they're processing the world.

Now imagine if you could do that, if you could have that kind of fast friend connection with your entire target audience, if you knew them that well, all your employees, all your prospects, all your customers. If you knew them like that, then your job would just be to come to work every day and do things for your friends, and that's easy. If you wanna ask me how I can get my friends to buy something, I can tell you that in 10 minutes flat. If my job is to figure out how I can get my friends to come and join my team, join my company, I know exactly what I need to say to them. So once you know the values of a group of people, you have fast friends at scale. Usually it's that story where people go, "Oh, yeah. I want to know this." Yeah.

SS

It makes total sense, absolutely. We're gonna come back to this because it does present challenges for marketers in terms of how you actually go forward with implementation, so I do wanna deal with that specifically. But before I get there, there are, as you say, traditionally demographic ways to segment the market. There is also this idea of lifestyle segmentation, which obviously Environics is the chief purveyor of that concept, and that's the birds of a feather flock together idea, also called social clusters because these are people who have specific affinities and lifestyles that they tend to group together. How would you compare and contrast the two systems? It's almost as though one is a mirror reflection of the other in some respects. The values explains the birds of a feather part, in other words. (27.45)

DA

Yeah. So the reason you can put people into a group and say, "Look, they have a similar lifestyle" is because they have similar values. So what do you wanna focus on? Do you wanna focus on the cause or the effect? So by looking at the values of a group of people and saying, "Okay, these folks

are driven by,” let’s make one up here, “Personal growth, ambition, and social standing”. And because of those three values, they are behaving like this. They’re thinking about these things. They’re gonna make decisions like this.” And so depending on what we’re talking about, are we selling sweaters? Are we selling baseball caps? Are we selling...I’m just looking around here...desks, phones, watches, whatever. You’re gonna use those three touch points to come up with an entire customer journey for them that rings those bells and pushes those buttons. And the beautiful thing about it is you don’t have to pay attention to anything else. So all that sitting around going, “Well, I’ll bet they’re...probably these people would really respond well to something that’s about sustainability.” Well, no, because they would’ve shown up. You can talk to them about sustainability if you want but make it about their own ambition. Why should you be a sustainable consumer? Well, because it’s gonna get you ahead in life if you can find a way to tie it back to those values.

So all of those groups that Environics has, I don’t like speaking ill of competitors, but Environics is one of those companies. We have 116, I don’t remember how, these are all the things, and no matter who you are, you’re gonna fit into some of those categories. And the places where they get their data are, like, postal codes. So you’re trying to tell me that everybody who lives on your block is the same as you? I mean, hell, I live in a condo tower. We have one postal code for the entire tower and there’s nobody in this building that’s anything like me on the inside, maybe on the outside because we have to be in a similar income bracket. But you’re telling me all the people who earn the same amount of money as I do are gonna be the same as me? It’s nonsensical. So I think it’s deeply flawed myself.

SS

But let me take that a slightly different direction. So let’s look at the U.S. for a moment, and certainly in terms of these enclaves that the U.S. in particular, I won’t say this is true of Canada, have been formed over the last 20 years or so of people who share a world view. They retreat into these enclaves of what I call like-mindedness because they’re more comfortable with people that have that point of view. And that speaks to what you’re talking about, which is, these people have shared values or they have a shared world view, therefore, they’re comfortable with each other and their neighbors, and they find it easy to interrelate, exactly as you were describing earlier. Is that true, though, of other parts

of the world, that this desire to be in a neighborhood where people agree with you and don’t disagree with you, that don’t treat you as a moral adversary? Is that true in other parts of the world?

DA

Again, let’s just take a step back and have a look at that premise. The people who live in these gated communities in the United States, they look like each other on the outside. They smile and nod at each other. They’re wearing the same brands of clothing, but why? Some of them are doing it because social standing. That’s the value that’s being activated by choosing to live in this way. Others are doing it perhaps because of ambition. They want in there because they want to meet the right people so they can get to the next level in their careers. Someone else might be doing it because of family. “I’m looking for a really good, safe place for my kids to grow up.” So you’re gonna have a variety of different kinds of people inside that gated community.

In a way, that gated community is the same as our opening conversation about the people who came and bought in a condo tower back when I was doing real estate marketing, right? They look like each other, sort of, but on the inside, that’s where the values are. That’s where it starts to make sense. That’s where it starts to understand how the audience segments out in ways that don’t just have to do with gender, and the amount of pigment in your skin, and how much money you earned. We’re all being motivated by different things, so is it happening around the world? We haven’t studied gated communities around the world. I know there’s enclaves of people who live near each other because they find some comfort in that. But all I can do is point back at the database and say, “Just because you’re demographically similar, it does not mean that your values are aligned.” (32.30)

SS

But one of the things you do point out in the book about the U.S. at least is that the number one value is belonging, and I think you use the expression, “They see life as tribal.” That seems to explain a lot about where the U.S. is today actually.

DA

Oh, my gosh. Yeah, I speak a lot in the United States and I tell this story and people nod and agree. In the United States, the number one most important value, as you’ve said, is belonging. Second most important value is family. And in Canada, it’s the inverse, family is first, and then belonging. So sitting here in Canada, watching what’s been going on in the States with their political environment over the last

few years, we hear stories all the time about an uncle and an aunt who aren't invited to Thanksgiving dinner this year because they're on team red instead of team blue. And I think for most Canadians, that's the most shocking part of the whole story is, "What? How would you uninvite your family to a dinner?" We have political disagreements here in Canada as well even within families, but you don't not invite them to Christmas dinner because family is more important than belonging.

You also can look at the States in terms of their sports culture. The sense of belongingness that people have to their favorite sports team, very, very strong. I know there's very strong fans here in Canada for certain hockey teams, for example, and perhaps your college hockey team, or whatever it might be. But in the States, it's a whole different level of belongingness that you can see in the UK when it comes to soccer, what they like to call football. Yeah, it pops up in that way I suppose in other parts of the world. I hadn't really thought about it that way before.

SS

So in your book you do split out the U.S. deliberately for, I think, the reasons we were probably just talking about, yet you chose not to treat Canada differently from Mexico, which seems a little bit counterintuitive. What was your rationale for that?

DA

Well, the U.S., Canada, Mexico, and about a dozen other countries, we make up what's called North America. And not a lot of people realize that North America isn't just Canada, the U.S., and Mexico. And so we had to find a way to make it make sense so that the data wasn't being inadvertently skewed in one direction or another, and that we didn't end up having to build a breakout for all 180 countries. We can. If somebody wants to hire us to give them the specifics, we can do that. And it seemed to us that there was two countries in the world that had an over-dominant influence on their region.

So the region of North America, overly dominated by the U.S. So we've pulled them out and said, "Let's look at them on their own." And then the rest of North America, we just let it sit by itself, so we end up with two. The other one is China. So there's China is by itself, and then there's the rest of Asia. If we'd left China in there with all the rest of Asia, then the numbers that you'd see for Taiwan, and Singapore, and India would be incredibly skewed because of what China does to the data. And it hurt me. As a Canadian, I was

like, "I want Canada to have its own region." It just didn't logically make any sense.

SS

Well, and you know Michael Adams, and he came out with a book, oh, God, easily a decade ago, and it was quite interesting because it was kind of along the lines of the work that you've been doing, looking at the U.S. versus Canada in terms of values. And I think one of his discoveries was that the part of the U.S. that was closest to Canada in values was the Pacific Northwest, which is Vancouver. It makes a ton of sense. So that's my next question is that, it's not just a country, you can have these value differences, these pockets of value, social clusters regionally, too, right? Isn't that another way of looking at this?

DA

Yeah, absolutely. So okay, I don't want this to sound like a pitch but I want to tell you how we actually do this work. When someone comes to us and says, "Okay, David, we want to understand our target audience for..." Well, I always reach for my reading glasses because they're here, so let's use reading glasses as an example. You're a reading glass manufacturer and you're interested in understanding who's gonna buy your new pair of reading glasses, or how you can get more customers for these reading glasses you already made. So let's walk through it.

Demographically, we understand they're not gonna sell to 18 to 24 year olds because they're reading glasses. They don't need them, lucky things. And let's say these reading glasses that I'm holding, they're not, but let's pretend they're made out of solid platinum so they're really expensive. So that means there's gonna be an income qualification for these reading glasses. And they're very, very wide because I have a giant head, so these are definitely for men. So we got rich men who are of a certain age, that's our target audience for this particular pair of reading glasses.

So what we do is we go out and we find a stat rep of people who meet that description. "Are you interested in buying reading glasses in the next little while? What do you think of these ones? Do you think those are the best ones you've ever seen? Cool, do you mind if we ask a couple questions?" And we only need to ask them three, four, five questions. And it's just enough that in the aggregate, when we've talked to 1,300 to 1,800 people who fit that stat rep, who fit that description, we get a stat rep, listen to their responses, and that gives us a wayfinding system to go into the benchmark

study and pull out, extrapolate all the rich data profiles we have of people who match them. So that's why we can do this in infinite numbers of ways.

We could look at reading glasses wearers who meet the description, are interested in these, meet our income qualifications, they're male, and they're the right age, and they think these ones live amazing. And they live in Belgium in a southwestern suburb of a major city, and compare those to the folks who live in a northwestern suburb of that same city in Belgium, and compare those two to the northwest and southwest suburbs of Boston, and Barcelona, and Seattle.

And then for that manufacturer, we can help them say, "All right, you've got some similarities between this group and that group, but there's a lot of differences between these two groups. So if you're gonna think about marketing messages, or placement of stores, or a redesign of your packaging, you're gonna have to think of this as two audiences because you've got a big divide here," or, "Guess what? You lucked out. They're all exactly the same on the inside. Their values are identical so you can just go forward with one approach." So yeah, we can get down to the level of IP address. And when we work with real estate developers, which we still do, given my background in that world, we have them come to us and say, "We want to understand who's gonna come and buy this tower that we're building. What are their values so that we can build the tower in a way that reflects what they're looking for?"

And if there's a competitive tower four blocks away, we can find the difference between the group of people who are attracted to this one, versus that one. So it can get really, really precise, and then it can go out as big as the entire globe. On my website, if anybody's ever got a target audience, which is everyone on Earth, which would be the most ridiculous target audience in the world, but all the global values are listed rank order there if you're interested. You can go find that blogpost. I think it's valuegraphics.online/global. (39.52)

SS

Well, if you're targeting the whole world it's not a target audience at that point, is it?

DA

I know, but it's kinda fun to see how they stack up for the entire planet and see, you know, it's actually one of the most hopeful things that I think we've found. After all this work,

million surveys, all these clients we've worked with, United Nations Foundation, PayPal, all these big groups, there's only 56 values. And I think we're living through a moment in time right now where there's so many forces who would like us to believe we're very different from each other because it suits them. It helps them with their own goals. But at the end of the day, there's only 56 things that make us different from each other. There's 88 keys on a piano, so it's more difficult to learn how to play "Happy Birthday" on the piano than it is to understand what's driving all of us to do everything all day long, everywhere on Earth.

SS

Well, it is interesting, and to your point, the populists use the "us versus them" narrative for their own purposes. And it seemed to me what you're describing is there are more things that should bring us together than drive us apart. And those togetherness values that you described, there's five of them or whatever I think you name in the book, are the key ones. They explain the human species, to a large extent.

DA

Yeah, it's interesting when the former President of the United States, Mr. Trump, was just starting to run the first time and I was watching from Canada and going, "Wow, this is really polarizing. It's really interesting what's going on here." Then he won and things were getting really heated. And we did a study of people who watch Fox versus people who watch CNN. I thought it would be a more interesting way to see what's going on than just political ideology. So it started, "Which station do you watch?" And I did it because I thought I'd be a bit of a shit disturber and that I'd get some, "Well, there's banjo-picking hillbillies versus elite academics locked in an ivory tower." And I thought, "This would be great press." All I wanted out of life was Anderson Cooper to say, "According to a Valuegraphics study," just once during the evening news.

And so I was hoping for some big divide, and actually what I found out is they're very similar. On the inside, Americans on either side of this giant divide have so many more things in common with each other than they do that are different, and so many things more in common with each other than I think they want to admit. But it gives me hope that at some point in the future they're gonna find their way home. I don't think it's always going to be this way. It can't be when there's so many similarities on either side of that conversation. And so I'm still waiting for Anderson Cooper

to call me up one day that he wants to have a chat, but so far, no luck.

SS

It is about finding common ground, for sure, which brings me to a question. I do wanna come back to the marketing question momentarily because I just wanna stretch that conversation just a little bit more. But just in terms of company values, every company has its values, whether they live up to them or not. How important is it that those values align with your understanding of what customer values are? How important is that for them to be in sync?

DA

I love this question. Thank you so much for asking it. I have a really hard time with most organizations and the methodologies they use to determine their company values because I believe that no matter how well intentioned they are, that it ends up being an exercise in what I call business poetry, choosing some words that everybody loves and putting them up on a wall. And they're chosen, again, with good intentions, but I'd say that the odd company who can show me their values and say that anyone would notice if their competitors' values were swapped out, it's probably 0.001% of the companies out there.

They all say things like "cooperation, and diversity, and excellence." That's a favorite one, everybody's values is excellence. It's like, that's not a value. You don't value excellence. Anyway, so it's business poetry. I think the right way to do it is to take a page out of an old management philosophy that keeps coming in and out of favor. At the moment it's having a bit of a resurgence. It's referred to as stakeholder capitalism, an awful name. It needs to be rebranded. It sounds like something Dracula does when he wants to make money. It's a really nasty name. (44.53)

SS

Well, the other term is "conscious capitalism," right? There's a few.

DA

Right. So stakeholder capitalism is that a business, unlike what we've been taught in school, its sole purpose is not just to increase shareholder value. It is all about shareholders, yes, but also a bunch of other stakeholder groups, customers, prospects, employees, vendors, and partners are part of this ecosystem. So is the communities that we operate in as an organization. So there's five or six different stakeholder groups and all of them should be considered by the C suite when they're talking about things like values, and strategy, and how we're gonna move forward.

The problem with it, and the reason this theory keeps coming in and out of favor, and you can go and Google, and you'll find a bunch of articles in "Harvard Business Review" over the years where it's, "This is the most amazing thing to do." And then, "Oh, nobody's doing this anymore." And then, "Oh, my God, it's back and everybody's talking about it." It keeps failing because nobody can figure out, how do you make a decision in the C suite that's gonna work for all those different groups when they're so disparate from each other?

Well, the answer is, if you know the values of all of those different groups and you look at where they overlap, think of them as a series of Venn circles. Those Venn circles will overlap and you'll find a set of two or three values that work for everyone in the ecosystem, all the stakeholders. Those are your company values. Whether you like them or not, those are truly the place where the C suite should begin to start having conversations about, "What are we gonna do? How do we move forward in the world? What do we stand for?" And so I think that if we can get organizations to start thinking about values instead of demographics, they'll see that those stakeholder groups aren't that different. They're gonna have some commonalities because we're all humans and there's only 56 things that can drive us to do the things we do.

SS

So not every company has, obviously, a monoculture of customers. They don't all look alike and they have different values. You describe a technique in the book to identify, I think the term you use is super archetype, is that correct, to focus on one versus perhaps some of the others. But what if that is fairly diffuse across the different segments? What's your default segmentation at that point? Does values simply become a descriptor of an alternative segmentation, or do you find some way around this challenge that, "Hey, 10% of my base, yeah, they're the highest number of customers that I have. But you know what? I got these other segments, too, I gotta pay attention to," or is the alternative approach to look at high-value customers, your loyalists, and try to come to terms with what is common with them? What's the best approach to take here?

DA

I think that's up to corporate leadership to decide. If we come into an organization and come up with, so we'll profile, let's say, their customers, or their employees, or whoever

they're interested in understanding, hopefully both, and we come back and say, "Okay, your employees break down into five segments. You got five kinds of people going on in here. And your customers, they break down into six kinds of people," or three kinds of people, however many segments we end up finding. We don't know in advance until we actually go and do the work because it's all custom, right?

I've seen some organizations will look at a segmentation and say, "Oh, really? Well, we don't like those guys at all so we're just gonna ignore them, and we're only gonna focus on these couple over here and double down. And if these other guys find us and still keep giving us their money, whatever, but we're not gonna talk to them because we don't agree with them. We don't like them. They don't align with how we wanna see ourselves in the world." Others will stand back and look at all the segments and go, "Yeah, well, we kinda like them all. We don't really wanna weight this in one direction or another so we're gonna scoot back up to the umbrella version where all segments combined. Here are the values for everybody in the profile."

So that determination is, I think, best left to individual organizations to decide. Back to real estate, but this applies across the board, it's a really obvious thing in that case. You're building a building, I'm coming in and telling you you've got three kinds of people. And let's say one group of people, one segment in your profile is family oriented. You're not building a building in a neighborhood that has anything that's for families. And the other segments are, let's say, hardworking workaholic kind of folks who are all about ambition, and social status, and trying to get ahead in life. There's a disconnect there. You can't build a building that's gonna make both groups happy so you've got to, kind of, pick one and say, "We're gonna lean in favor of this one versus that one and we're gonna make decisions about amenities, and about branding, and how we build these suites and everything. For these folks, if some of those family people wanna come and buy here, great, but we're not gonna target them. We're gonna leave them alone."

And the game in any marketing scenario is to be as narrow as you can while still having the opportunity to make the money that you need to make. So the more narrow you can go, the more specific you can build something, the faster the uptake, the more loyal people will be. They'll feel like

you made this just for them, and that's the goal. So how much dilution you want based on whether the segments are...sometimes the segments are super similar and there's no question. Other times they'll be an outlier. So yeah, it's a case-by-case answer. I talked for a lot there but I don't think I can give you an answer to that question. (50.38)

SS

Well, it's a tough question to answer and so variable. But where I think this can really pay off, put aside the targeting question for a second, is the things that a company stands for and where they invest back into the community. And I'll give you just a quick example of what I'm talking about. I had lunch the other day with the head of marketing for Samsung here in Canada, and he described this new program they'd just launched which is this resource hub for people who suffer from ADHD. And I said to him, "That's really interesting. That's what companies should be doing, but how did you arrive at ADHD as the focus?"

And he said, "Well, it came to an internal discussion and somebody was suffering from this," and blah, blah, blah. It was just this very impulsive path it seemed to me, the right thing to do for companies. That's absolutely what they should do. It seems to me that what you're describing actually might be a smoother path to get to, well, what are the causes that we should believe in? How do we build up community trust, and where should we put those dollars, as opposed to making this a purely messaging challenge?

SS

Absolutely. I don't think anybody listening today is gonna be unfamiliar with the recent troubles over at Bud Light. They decided, with all good intentions, to try and support the trans community, did a very small thing to help Dylan Mulvaney and give her a bit of money and one can of beer with an image on it. That was the extent of it, and that was someone sitting in a boardroom going, "You know, it's Gay Pride Month and the trans community is something that a lot of people are paying attention to, so let's reach out and let's do this thing." And we all know what happened. Their stock price halved and the blowback was insane. And what I get scared of, if there's something that keeps me up at night, it's this, that because of some very public examples of things like this happening lately that companies are gonna take a step back and go, "Well, we can't be involved in anything because it's too risky. It's too dangerous. Who knows how people are gonna react?"

But if you know how people are gonna react then you can stand up and stand for something. And so your point is well taken. ADHD, it's something I suffer from. It's something my husband suffers from and many of my friends. I don't know where it's all starting to come from but something's in the water, I think. We're all starting to have this issue.

SS

My brother has it. Yeah.

DA

Yeah, so it's worth supporting. But is it the right thing for Samsung to support? That would be a matter of looking at their stakeholders, and finding out what their values are, and seeing if there's some alignment there. The fact is, not every company should support all things, you know? Bud Light maybe shouldn't be supporting people of the LGBTQ-plus community. Maybe they should be supporting childhood poverty, or adult literacy, or cancer research. There's a bazillion things they could be doing to be good corporate citizens. And instead of a random decision made through a few discussions internally, if you know what people care about deep inside their hearts and you set your strategy for your ESG work accordingly, you're gonna resonate. You're gonna land. It's gonna be received with open arms. So it's a way to de-risk those decisions.

SS

It is interesting because a company like Nike, just as an example, also suffered from, over the Kaepernick incident, significant blowback. And it's been hugely successful in latching onto this idea of everybody's an athlete and running with that, no pun intended. But the Kaepernick thing was a different matter altogether. But Phil Knight basically shrugged his shoulders and said, "Well, I don't care about the people who don't believe in that anyway." So he's prepared to write off a big part of the market. Is the other way to go here is to find the common ground that we talked about earlier, the values that we share in common? That's a little easier to gain, I think, majority consent that, yeah, that's the right thing to do.

DA

Yeah. I mean, if you're asking about whether or not we should just poll people and say, "Which things should we support," people don't know what the options are. They don't see how, if you can line something up with their values, it could be a thing they'd never heard of before and suddenly it will resonate. It could be something they've heard of very publicly before and they're already supporting. That's great. I don't think that a Valuegraphic profile for an organization

should be the way that you decide on a specific issue. You still need those conversations. You still need more talking with your stakeholder groups, but it can point you in the right direction.

There's a term in the research world called "the last mile," and it's basically that when you are about to make a decision, you pile up all the stats and data you possibly can around whether it's a marketing strategy, or an ESG strategy, or a campaign you're about to launch, whatever it is, all the data, put it all on the table. And then someone's still gotta sit down and make a guess, and go, "Okay, based on all that, I think we're gonna do this." And the distance between the research and that decision is referred to as "the last mile," still humans need to make a risky decision.

But if you know what direction to jump because you know the values of the people you're trying to impact, that last mile becomes like the last hundred yards. You still need to make a guess. It's not gonna tell you what to do, but it's gonna tell you what direction to go. It's gonna have to be about certain core values that you know are resident and resonant inside the hearts of the people that you're trying to engage. (56.36)

SS

Well, I think, too, the other opportunity for companies is to create social movements, where the brand is seen inextricably supportive of that. And that's where success comes from in, I presume, you've identified those shared values such that people get behind that movement. And let me throw out an example of that because you give it in the book, and I thought more than anything that brought to life this whole concept, which is North Face versus Patagonia. To me, that was a clear dividing line here, right? Can you just elaborate a little bit on that?

DA

Yeah, for sure. Patagonia, everybody knows what Patagonia is all about. We know what they stand for, and they have, for decades now, been trying to, through a series of trial and error, figure that out, and they got it. It took them a long time but they got there. They know that it's about the environment and about sustainability, and when we profile Patagonia shoppers, we see, for example, the value of personal responsibility is incredibly high. Personal responsibility people, the ones who value that particular, who place a great importance on that value, they wanna feel like they're the ones making stuff happen and getting

things...moving the needle, and moving that peanut across the table, that they did it.

So Patagonia's positioning is, you buying this thing is going to help the environment in this way. Even their community giving program goes right down to a level where they do micro-grants to small individual organizations. You can apply and they'll give you a micro-grant to do something good in your community. Instead of them making a big, splashy donation, they're letting you do it, personal responsibility. Now it took them decades to figure this out. We could do this for you in five weeks, but they got to a place where they understand who's buying their stuff, and what their values are, and how to play into those. Right down to the founder, it was about a year and a half, two years ago, stood up and said, "I've got enough money."

SS

Yeah, Yvon Chouinard.

DA

"I'm ready to retire. I'm gonna give my company over, and all the profit from this point forward goes to saving the planet." I think I say it in the book, it's the biggest values-driven mic drop in history, you know? And imagine waking up the next morning as the vice president of marketing for North Face and going, "What the hell am I supposed to do now?" And if you look back in the timeline, the next day or the next week, suddenly there's all these big environmental donations from North Face, and Arc'teryx, and everybody else who plays in that space were like, "Hey, we're doing a good thing over here, too." But it's, like, you didn't give your whole company away. He already got that, so let him have that one. Let's find out what your values are.

And so, for example, by contrast, North Face, one of the values that really ranks high for their consumers is creativity. Now that doesn't seem logical. We're talking about outdoor gear, but we have to remember these values aren't about the product category, it's about the people. So these people see themselves as creative, and they gravitate towards anything that will give them the chance to be more creative, and explore it, and celebrate other people's creativity. So if I was the vice president for North Face, what I would be doing is finding out every way I could double down on creativity, and letting Patagonia have environmentalism. You guys got it, good for you. We're gonna own creativity.

Anecdotally, here in Vancouver where I live, there's lots of film crews out on the streets all the time shooting movies,

and doing all kinds of stuff. You walk by and look at these crowds of people who are working behind the camera doing all the stuff they do, and 75% to 80% of them are wearing North Face. So it's been adopted by the film industry as, sort of, the brand of choice when you're on a set. So it's there, it's tangible.

There's a thing in Banff School of Management, Banff School of Fine Arts, it's called the Banff Mountain Film Festival. North Face should be the title sponsor. It should be, "The North Face Banff Mountain Film Festival," and they air all these films people have made about crazy skiing, and outdoorsy stuff, and dropping out of helicopters, and sides of mountains, and doing all these kinds of mountaineering things. Be there, make that into the Academy Awards of mountaineering, and celebrate the creativity behind these folks who have made these amazing movies. There's all kinds of places you can go as North Face without trying to catch up and play me too around environmentalism. (61.06)

SS

Yeah. Well, I think immediately of GoPro, which has done exactly what you're describing, leveraging the creativity of people who submit these amazing videos. I think of Red Bull, obviously far ahead of the pack just in terms of doing exactly what you're describing. So there's proven case studies out there. We're almost out of time. I wanna ask one other key question. Of those 15 values archetypes that you named, one group that you call out as being the most prevalent are "The Seekers," you call them. What makes them unique? What makes them the most prevalent?

DA

Yeah, you know, in my previous book, we had a different name for them. We called them "the unsettled." These are people who are just not quite sure that where they are in their life and in their world is the place they wanna be. They're always looking, and, "Is this the right apartment for me? Is this the right spouse for me? Is this the right job for me? Is it better over there?" I think I tell a little story in the book about people who go and look at open houses, not because they wanna move, they're just checking out other people's lives, going, "Oh, if I had a banquette and I put it over on that side, maybe that would be the thing I'm looking for." It's a bit of a silly way of getting the point across, but the Seekers are just, they're seeking something. They might not know what it is, but they just know that where they are isn't it.

SS Makes them unsettled, migratory.

DA Yeah, could be about moving, could be about they're gonna have a lot of change in their lives. They're gonna try things on. They're gonna be the friend you all have who one day decides that, "I'm preppy," and starts wearing their collars flipped up again, and then six months later, they're like, "No, I'm goth and it's only black, and that's all I'm wearing." They're trying on things, like, metaphorically speaking. They're trying on all kinds of things. They probably go to read a lot of different books on different ways to, you know, maybe taking up hobbies all the time, and trying this thing, and that thing. We all have that friend, and they fit into that category.

SS So this time has flown by, I have to say. First of all, the book was fantastic but this conversation really helped fill in some gaps for me, and, of course, you're a wonderful speaker, very practiced. I'm glad, too, so quite enjoyed the conversation. Really, David, it was fantastic, so thank you very much for the time today.

DA You're welcome. Can I just put in a quick plug?

SS Yeah, absolutely.

DA I'd really like everybody listening to this to have a good think about how they can apply this in their own lives. Even if you don't use it at work, if you decide it's not good for you at work, that's fine, but just we all need to stop using demographics as a way to understand other people. Because the more we do it in our boardrooms, the more we're just reinforcing that that's the right way to think about people, that you should walk through your days, and walk through your life looking at folks and going, "Oh, wow. Look, that's somebody who's Black, and old, and female." And all that does is force us into propping up stereotypes about people.

When we keep looking at people with lenses that mean nothing, it leads us to having to fill that gap. Nature abhors a vacuum, so we fill it up with stereotypical ideas of what boomers are all about, or what gay people are about, or whatever. And those stereotypes are bad enough, but what they fuel is the worst, because those stereotypes fuel agism, and sexism, and racism, and homophobia. And if anyone asks me about the values of my organization, my work,

my team, that's where it comes to play. We wanna see if we can't get people to stop using these ridiculous ways of thinking about other people, and instead, start thinking about who people are on the inside. Because if we just change that, if we don't do anything else, if you just change the way you look at people, we can make the world a better place. That sounds like a cliché, but it's true.

SS But it is very true.

DA We can get rid of some of that divisiveness in the world right now.

SS Absolutely. Absolutely. Well, thank you, again, David. That was, as I say, terrific and well spent time. Thank you very much.

DA Lovely chatting. Thanks for the time.

That concludes my interview with David Allison. As we learned, the use of demographics to segment customers is not terribly useful. In marketing's long quest to uncover the mysteries of consumer decision making – the motivations behind brand preference and choice – the answer seems to be their core values. That, more than anything, is what unites people – and what divides them. The need for family, relationships, financial security, belonging, community – these values and others have a tremendous influence over how people behave, how they interact with each other, and how they relate to the world at large, including the brands they choose. The ultimate expression of affection, in fact, is when a customer feels their values are completely aligned with a brand.



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