

## **Application of Consumer Psychographics in Market Segmentation and Sales Promotion: Indian Context**

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### **Abstract**

*Marketers have noticed that there have been key changes occurring in consumer attitudes, especially in the recent past. Not too long ago, debt was viewed as a detested thing by Indian families. But now, Indian consumers have developed a huge change in the attitudes towards debt. Today, it is considered to be perfectly legitimate and an easy way to create assets and aspire for a better lifestyle. This change in consumer attitudes has led to the emergence of a number of very easy credit options. There has also been a shift in the mind set towards rising aspirations and changing attitudes to lifestyle, recreation and entertainment expenditures. As a result, today a basic product such as a soap or detergent is competing with a credit card, cell phone or digital camera all of which are bought with the same money.*

*Added to this is the fact that the market is flooded with an explosion of choices of products with seemingly very little differences between one and the other, which are often not even perceptible to consumers. The result of such imperceptible differences is that, the consumer is confused on which product and brand to select from the wide range of choices. Thus, the urge to motivate the consumer to develop a positive buying behaviour towards their brand, has resulted in a vicious spiral of consumer down-trading, price based competition, value destruction, erosion in profit margins at times even leading to the death of the brands.*

*Psychographic considers life experiences basically based on psychology of the group and accordingly decides market strategy and places them in different groups. Life style or psychographic can defined as a composite measure of the activities a consumer enjoys in and spends time doing, of interest of the consumer and of the opinions held by the consumer. Psychography studies these actors in detail to formulate marketing strategy and segmenting consumers in different groups so that may be targeted accordingly. In a Country of the size of India where life style differs widely from region to region the study of consumer psychographics is of great significance to marketer.*

*Key words: Consumer Behaviour, Indian Context, Market Segmentation, Psychographics, Sales Promotion.*

## **Introduction**

Psychographics is commonly known as study of lifestyle of consumers. It plays an important part in building consumer behaviour and helps in the promotion of those products and services which are related to items of personal care, fashion, automobiles, telephone services, alcoholic drinks, newspapers, magazines, food products like milk, tea, coffee (which are sold by brand names). In a country of the size of India where life style differs widely from region to region the study of consumer psychographic is of great significance to marketer. What is demanded or liked in Bengal may not be demanded in Punjab, Maharashtra, Gujrat or South India because of vast differences in lifestyle. For instance, a Bengali may like to wear dhoti at least on functions and religious places but people of some other states do not feel it necessary. People of Punjab may like showy products, but it is not so in South India or Bengal where they will prefer simple products. The music of Bengal is entirely different than that of Punjab or Karnataka.

The life style depends not only on the regions but also on one's profession. The life style of film actors is entirely different than that of common person. They may like to have pash house, high priced, showy things of glamour which are not part of others life style so that they may be different from others.

A poor person has no life style and looks only for necessities and things of utility. But, a rich person whether he is a businessmen or high placed executive will require best cars, best TV's, best schools for their children, AC for every room and every best things of life.

The psychology of highly educated author, writer or thinker is different than that of a common person; he likes to stay in calm place away from hussel of city. He would like to buy latest books of his interest irrespective of price and would like to read all possible magazines of subject of his liking.

The life style also depends upon health, weather, culture, economic, social, political factors and demographic Inferiority and superiority complex also influences psychology and the buying habit. A person of robust health whether male or female prefer to own strong big things. For example, a Punjabi may like motor cycle instead of scooter, big car instead of small car, bright colours instead of light colours. But, a person of South or Bengal who have sleek physique may prefer light weight products which are easy to handle and light colours.

Some people who are healthy and are not prone to cold may like very Cold Coke, Pepsi or other soft drinks as compared to person who has allergy to cold. There are people who look for convenience in product and prefer things of remote control not only in TV but other products including doors of their garage so that he may not have to step out of the car to open garage door.

There are people who are very conscious of their looks, tooth, appearance, complexion etc. irrespective of their income, education, region, culture etc. They, therefore, use best soaps, best cosmetics, facials, lip sticks, toothpaste and what not. Therefore, companies make separate products for them. In brief, psychographic variables depend upon activities, interests and opinions (AIO's). The activities affect life style to a great extent. life style of student, housewife, working women, businessmen, senior executive, shopkeeper, industries, film stars, models, politicians, singers, pilots, farmers, professional sportsmen are different from each other. The interest partly depends upon activities but partly on other factors. The opinions of various individuals about product, philosophy, religion, politics and so on.

In brief, psychographics is a science which studies all the activities, interest and opinions of consumers through surveys, observations, personal discussions and using various statistical and econometric tools.

### **Psychographics Versus Demographics**

There is high degree of complementarity in psychographic and demographic analysis. In psychographic studies generally one depends upon lifestyle i.e, activities, interests and opinions of an individual while demographics studies and segments the markets based on sex, age, education, income, which are collected by all the countries in census data. A study of AIO of various demographic groups it helps the marketer to promote products and services much better. Through demographic studies one find out activities, interest and opinions of consumers of various sex, age groups, literacy standards; when psychographic and demographic profile are combined it becomes very useful and powerful information for advertisement, sales promotion and changing the attitude of consumers or, mould their views on various issues. Demographic data is available on sex, marital status, occupation race, religion, homeownership, age of household members, income levels and the number of income earners in the family, languages. In India, all this information has been collected in 2011 census and in post census and throws very useful light on socio-economic aspect of the population. In foreign countries advertisements are "increasingly designed ads that depict in words and or pictures the essence of a particular target market life style". For instance, Nestle

Cerelac has depicted that "doing with horemole foods" mothers also consider balanced nutrition. In USA, Grey House Bus company has used demographics and psychographics to better understand bus riders. In India also lately there is increasing studies in demographic/psychographic profiles of consumers to promote their products and services and this approach had been quite successful. For instance, Colgate is placing great emphasis in its advertisement aimed at children about strength of tooth and their long life. Similarly, Pepsodent of Hindustan Unilever also give almost similar message to children about their tooth paste. These are only examples but how successful they have been is not known because advertisers are not willing to reveal the impact of their ads.

The psychographic may divide life style into traditional, very traditional, non-traditional, modern etc. and through demographic studies they can be further segmented as per age, income, sex, profession etc. Thus, two together helps one to know in great detail about the consumer and then attempt can be made to influence their behaviour for a particular product or service. The further studies also help to know the beliefs, tastes, likings, dislikings of various segments to arrive at a strategy. It can be tried to change the personality and life style for which there is big scope in a poor country like India.

### **Types of Psychographic Variables**

There are large number of variables which influence psychographic, They may be divided into three groups namely

- I. Activities,
- II. Interests, and
- III. Opinions.

### **Activities**

Activities relate to research how the time spent by an individual, family or a group on various activities such as working, resting, vacation, hiking, riding, playing, studying, recreating, etc. By asking suitable questions various activities of an individual, household or group are studied and measured. Based on these replies society is divided into various groups. The various activities depend upon social class one belongs, status i.e. the level of income, level of education, profession, vocation or calling, area of residence, personality, knowledge, interest among other factors also depend upon age. Young boys or girls or recently married couples may prefer to own a house or spend more on fashion, travel as compared to middle aged person. Old family members interest may be more on quiet simple life as compared to outing.

### Interests

The interests also depend upon level of education. A person highly educated may have greater interest in reading books of his subject while less educated person may not read books or may prefer go to a movie or watch TV.

The preferences and priorities are also affected by the region one lives. A person living in hot place like towns of South India or Delhi may prefer to own a refrigerator, cooler or air conditioner but they are not on preference list of persons living in cold climate of Jammu and Kashmir, Himachal Pradesh or Uttarakhand. For persons living in cold climate room heater, water heater, warm clothes may be on priority list.

The culture and social set up also decide or at least influences preferences and interests. A person living in South India or Bengal likes traditional music, simple traditional dress while those living in high society may prefer to spend more on fashion, going to clubs, spend more on personal care, cosmetics and modern shorts or jeans. Again within same social group the interest of youngsters may be different than that of elders in almost every thing like eating, drinking, playing and researcher has to find out all these points through well-structured questions. Social and cultural set up also affects social customs, dress, functions and what not. A tribal of Madhya Pradesh or Odisha does not bother about clothing and covers smaller portion of his body compared to urban elite or a person of high social class who prefers to have modern dress, may prefer smoking, drinking and entertaining themselves even with outsiders which may be taboo for some other cultures.

Religion is another variables which decides interests in certain respects and sometimes influences entire thought process. A Jain muni has no interest in anything and believes to forego all worldly things; same may be case of nagas. The food habits of those who believe in vegetarianism are quite different than non-vegetarians based largely on religion. A devotee of Hinduism will prefer to go to pilgrimage to temples, places of workshop like Vaishnov Devi and Tirupati Balaji sometimes at the cost of other goods or recreation. The believer in Muslimism may prefer to go to Mecca Madina at the cost of other comforts. A believer of Sikhism may like to spend time in Golden Temple of Amritsar or other Gurdwaras rather than in other activities and so on.

Language is another variable which influences ones and families interest. A person from Bengal, Tamil Nadu or Kerala will like to read newspapers, magazines and story books in their state language. The language not only influences reading habits but also liking for films, music, dances and so on. As language differences are much more in India as compared

to most other countries its impact on interest is more in India than in many other countries. Any number of examples can be given about the impact of language on one's interest. How educated one may be his mother tongue has a lasting impact on ones thinking, interest and priorities. It affects the overall environment in the family and those who drift away from their language their interest changes, it is said but this is not fully true; NRIs from Gujarat, Kerala, Rajasthan, Punjab even after generations in foreign lands like music, films etc. in their language. They like to read magazines, story books of their language and because of this factor there is market for them abroad.

### **Opinions**

The opinion about various activities, products, services, health, fashion, books, beauty, nature of consumption, politics, tours, travels, education, nature of education, institute, houses, buses also decide consumer behaviour and so the consumption of various goods and services. Therefore, re- searcher wants to study through formal or informal surveys, opinion polls etc. find out opinion of consumers so that the goods and services may be modified, improved, restructured and innovation may be carried out to introduce new products to satisfy the requirements of various consumers. In these research consumers are asked their personal or family opinion on varied social, economic, political, cultural, personal issues, products and services. One who is studying the opinion on various major blades of Gillets available in India from users may tabulate the questions to find out their opinion on various major blades and degree of their satisfaction and the reasons of satisfaction. Then he can find out percentages for various items in the table and arrive at a conclusion to help the company to modify the product or strategy. Another research may be studying the opinion of Lux Soap or various washing powders like Surf, Surf Excel, Nirma, Ariel, Tide etc. and through scientific survey he can know the opinion of consumers. Similar studies, opinion surveys can be conducted for various other products and services. These opinion studies are also conducted to find out opinions on various events which have taken place, films, social issues, political or cultural issues. It has become an important tool to find out consumers opinion but this tools is successful when questions are very few and properly structured first to get response from respondents and secondly to arrive at a conclusion to modify the strategy.

### **Application of Psychographic Analysis in Market Segmentation**

Psychographic research about activities, interests and opinions on various products, services and issues is an important tool to segment the market for various sections of the society according to their life style and then introduce products to satisfy the needs of various

groups. For instance, in India for two wheelers the opinion is building in favour of motor bike instead of scooters among youngsters and rural people who want sturdy vehicles to carry heavy loads like milk cans for distribution of milk in urban areas. For these two-class speed and sturdiness is more important than petrol consumption and price. Therefore, some motor bikes have been made to satisfy their demand. There is another group of people who are more concerned about petrol consumption. Therefore, to cater their demand Honda emphasis is on economy in driving. Third group the ladies prefer self-starting two-Wheeler because two-wheeler requiring kick does not suit them. Therefore, for them Kinetic Honda has produced a scooter for them which company does not call it a scooter.

The psychographic research about cars has revealed that consumers requirements are different in terms of size, getup, capacity etc. Some persons prefer big cars even when they are priced at Rs. 10 Lakhs or more. Actually, big industrialists, and other wealthy persons prefer big cars and therefore for this segment big cars are being manufactured. The large number of persons in middle income group want economy, therefore, to satisfy their requirements number of companies are producing economy cars in the range of Rs. 4 to Rs. 6 lakhs. There are big families who want capacity of 8-10 persons so that whole family may travel together with lot of luggage. Therefore, for this segment companies like Telco and Honda have produced cars to meet the need of the family. There is another group who want both large capacity with price economy; to meet their demand Maruti Van has been modified to have capacity of 8 persons including driver. This psychographic study has helped the industry to segment the market according to the requirement of different consumer groups. It would not have been possible to segment the market without psychographic studies.

The study of activities of various consumers have helped to find out needs of different persons and families, segment the markets and produce the product for different segments. The research has revealed that people of different professions, different income groups, educational and cultural background, people of different geographical regions, languages, religion, culture, climate have different needs. This has helped marketer to adjust products for different groups and promote their sales accordingly.

It has been found that people of same profession, same income group, same educational and cultural background and so on always do not have similar interests; their preferences and priorities differ due to their personality and psychology. Therefore, even within people of same activity there are subgroups according to their priorities. Therefore, after detailed psychographic research they have been segmented to produce goods and services required by them which helps in promoting sales.

The opinions of different persons in same psygraphic group always are not similar; one may want close shave for which best razor is needed. Opinions about colour in lipsticks or flavour in scents also differs. On various economic and political issue's opinion differs, so on health care, creams, lotions, soaps, food, restaurant, photocopying machine, courier agency, shipping line, airline etc. The re- search finds two things. First, he studies the opinion of different persons surveyed and reasons for their different opinions. It helps marketer two things first to segment the market according to opinion, second to make effort to change the opinion, and third to improve their services or products.

### **Application of Psychographic Analysis in Promotional Campaigns**

The purpose of all consumer behaviour studies and so psychographic analysis is to promote sales of existing products or develop a new product according to AIO (activity, interest and opinion study, if someone wants quality razor blade, soap or cosmetics it is produced for specific classes and their activities, interest and opinions are used for sales promotion. When it has found that some persons like very cool AC KENSTAR has accordingly made its ad campaign when it was discovered that consumers want the service promised IODEX made a campaign for its balm that if there is no relief, the price will be refunded. When Nestle found out that people opinion in new noodle is not as good as for old formula it reverted to old formula Maggie. When scientists and doctors found that smoking is injurious to health and may cause cancer governments started campaign against smoking (which is negative campaign) which had its affect and the consumption of cigarettes in absolute quantity has started declining in certain countries including India.

When psychographic research revealed that in matters of cars price is not always the constraint, high priced cars were produced and sales was pushed. When it was found that many consumers in middle income group have interest in discount sales, these schemes have been introduced. There are certain shops which have discount sales throughout the year and doing roaring business. There are some companies like Bombay Dyeing who announces discount sales every year and creates interest in them to push sales. Large number of consumers are attracted by big prizes, therefore number of companies introduced prize schemes. But when surveys revealed that customers interest declines when he does not get prize certain companies guaranteed prize in every pack. One can quote many more examples of use of psychographic research for sales promotion. But in order the scheme succeeds the psychographic research is done in scientific manner. The size of the sample should be large enough to be representative and the questions should be pointed so that they may help to arrive at proper and correct conclusions. If the research is not done properly and scientifically



it may instead of promoting sales through campaigns may even harm if the results are contrary to the facts.

### **Summing-up**

Psychographic is study of life style of consumers based on their activities, interests and opinions. The study of consumers psychographic helps to promote sales specially of those products which relate to personal comforts, personal care, fashion etc. In a country of size and diversity like India the study of consumer psychographic is of great significance in developing products and services, segmenting markets and promoting sales. Since the life style depends upon large number of factors the research also uses demographic and both are interdependent and takes the help of each other. Psychographic researchers depends heavily on demographic data on age, sex, sex, education, profession etc. collected every ten years in census. The psychographic research also takes help of motivational research to find out why people have particular life style and with the help of motivational research tries to change the psychology of consumers and thus makes an effort to change their life style which becomes basis of action. The activities and interest of consumers help to develop products for different segments and modify them according to the opinion of consumers surveyed. The help of psychographic is also taken to change the opinion and conduct opinion surveys on social, economic, political and cultural issues. The psychographic research is of great help in segmenting markets and promoting sales.

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