



Psychographics: Is it an effective marketing tool

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Abstract

In an environment dominated by the digital medium, where businesses are deluged with enormous data about their target groups, what they choose to value and measure has increasingly become critical to success. Beyond capturing data, Digital Marketing has aroused enormous curiosity for its scope and capabilities in either manipulating or driving consumer choices. A variety of tools and techniques, from Data Analytics to Algorithm-based data points, have mushroomed to capture this data and organize it. However, the correlation between these tools and actual conversion to sales; in essence, the influence that Marketers are actually able to exert on their target audience through online platforms is weak or hard to measure. In light of this the introduction of Psychographics as a tool/method of influencing and converting audiences into regular customers has become extremely popular in the past few years. More than merely affecting choices, Psychographics seeks to influence the decision-making processes of people based on their personality types and emotional trigger points. In recent years, Psychographics has come to be associated with the Cambridge Analytica scandal and the US Presidential Election of 2016. This paper seeks to understand Psychographics, its uses in the world of contemporary marketing for political and commercial purposes and whether it is truly an effective digital marketing tool.

Keywords: psychographics, marketing, marketing tool, future of marketing, dystopian, why people buy what they buy

Introduction

Psychographics – is it the future of marketing? Is it the ‘dark arts’ of marketing? Or merely the standard operating procedure for today’s savviest marketers?

Demographics is the language advertisers are used to thinking and talking in. It has been a common practice to slice up the market by age, ethnicity, gender and other variables which help to understand the distinctions and commonalities among customers. While this approach has been successful to target potential customers with personalised ads based on factors such as income, education, gender etc., its shortcoming is that it fails to take into consideration the personality of the individual customer.

Psychographics is a more fine-grained method for individual analysis and goes beyond classifying people on general demographic data. It refers to a research that classifies people by studying their cognitive attributes such as interests, tastes, values, opinions and attitudes. Interests, activities and opinions are the three features that define the core of psychographics.

Psychographics strives to capture the distinctions within and between common categories, encapsulating details and drawing connections that other market segmentation approaches may fail to do. Psychographics is about building on the existing demographic information on customers to enhance the understanding of their lifestyle, habits and behaviours.

Psychographics are just as paramount for marketers as demographics. While demographics explain “who” the buyer is, psychographics aim to understand “why” they buy. The cryptic field of psychographics, it may sound similar to an invalidated scientific principle but it’s one of the most exhilarating developments in psychological analysis that marketers can use as a secret weapon in their marketing campaigns. A combination of demographic data and

psychographic data enables marketers to build more powerful, complete and sophisticated profiles of consumers to enable companies to target consumers more efficiently. Psychographics is behaviour orientated rather than strictly data-based. The internet has brought about a drastic change in the significance of psychographics by making psychographic differences significantly more evident and relevant to both consumers and advertisers alike. The various approaches to psychographics converge on a similar purpose; which is to discover and obtain information about the consumers beyond demographic data and efficient application of this knowledge will allow marketers to develop not only the desired messages and campaigns to attract consumers but also to effectively translate the needs and wants of consumers into services and products.

Psychographics gives marketers a roadmap to navigate the divisions and sensitivities of the consumers. Social media enables accurate identification of trends in attitudes and interests.

Traditional marketing tools such as direct mailers, television ads, and billboards which normally cover entire demographic groups (“over 50 years old”, “urban upper middle-class”, “females 18-34 year of age”, etc.) have failed to serve Marketers in today’s concentrated consumerist culture. This focus on collective data sets with minimal variables hasn’t kept up with the diverse preference exhibited by individuals as customers in a digital world. Confronted by a plethora of choices and options varying in price and quality, on online platforms, today’s customer is highly individualistic with idiosyncratic habits and differing choices over different time periods. It is in this space that Psychographics has emerged as a powerful tool to measure, influence, capture and understand consumers and their emotional and personal traits. So, what is Psychographics? Psychographics is the study of consumers based on their opinions, activities and interests, exhibited online, that isn’t

restricted to classifying people based on demographic data such as age, gender and race but rather takes into account their cognitive/primitive attributes like emotions, values and attitudes among other psychological factors. Marketers, advertisers, and researchers leverage this approach to create “psychographic profiles” of consumers. These profiles help researchers understand consumer motivations and opinions that can then drive messaging tactics. In essence this type of AIO (Activities, Interests, Opinions) marketing or in this case, Psychographic Profiling helps marketers capture information around a person’s emotional triggers, lifestyle choices, interests, attitudes, hobbies, etc. which vary immensely from individual to individual. This provides insight into why someone buys the products they do, vote the way they vote, support some causes more passionately than others and much more. The OCEAN (Openness, Conscientiousness, Extraversion, Agreeableness, Neuroticism) model of Personality is most often used to classify people into groups. Using this holistic mix of demographic and psychographic data, marketers customize, tailor and influence their brand & campaign messaging and tone. In an attention deficit world where multiple outlets with multiple brands are trying to attract consumer’s eyeballs, this type of targeted advertising serves well. The question of these tactics getting converted to sales/purchases is answered in a matter of seconds. As with super-markets which place products in specific places to draw consumers into purchasing more than necessary, Psychographics taps into the subconscious personality traits which manifest themselves as impulsive decision making. According to a 2009 experiment, psychographically-informed behavioural targeting increases click rates by 670%.

A later study, one of the first to test the effectiveness of targeting advertising, showed that because of the “propensity effect” (Propensity Score Matching) of psychographic marketing to generate clicks, such advertising strategies outperform traditional advertising by a factor of 2 to 1. There are several different ways to gather and analyse psychographic data. Some methods include the use of: Traditional focus groups/interviews, surveys/questionnaires/ quizzes, psycholinguistic dictionaries, website analytics (e.g. Google, Yahoo analytics), browsing history, social media (i.e. likes, clicks, tweets, posts, etc.), third-party analytics.

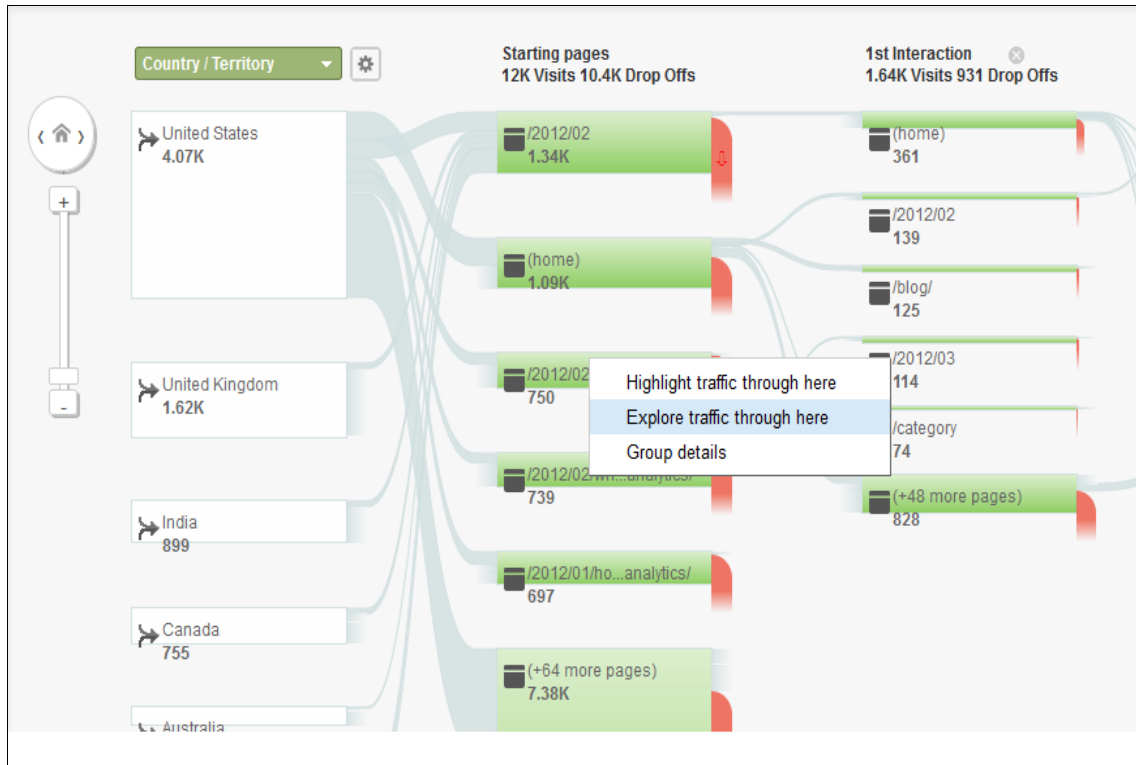
Uses

There are tremendous ways in which Psychographic data can be/is used to influence decision-making.

1. Create More Refined Social Media Audiences
2. Write More Emotionally Compelling Ads
3. Enhance A/B Tests
4. Identify New Content Topic Areas
5. Improve Your Conversion Pathways
6. Reinforce Your Brand Values
7. Create More Targeted, Relevant Email Marketing Blasts
8. Use Aspirational Imagery and Messaging

1. Create More Refined Social Media Audiences: Targeting relevant audiences by interests is a viable strategy. Sifting through their Psychographic commonalities helps understand how the consumers see and perceive themselves. These inform us of new metrics that a traditional notion of the consumer would have missed and yield good opportunities for growth.

- 2. Write More Emotionally Compelling Ads:** Emotional triggers have a massive influence on the way consumers interact with a product/service. These largely determine whether the brand can successfully attract large customers. Emotionally compelling messaging using attributes like amusement, surprise, interest, happiness, delight, pleasure, joy, hope, etc.
- 3. Enhance A/B Tests:** incorporating psychographic data into A/B tests can result in more revealing and accurate results. They answer the question of *why* people who filled out their responses chose the way they did. A change in the design of the website, layout, wording & messaging, or any other incremental change that suddenly spiked/ fractured user engagement is a critical data point for the firm.
- 4. Identify New Content Topic Areas:** Psychographics uses a concept called “land and expand”, the process of broadening the breadth of your content topics to include tangentially relevant topics that are beyond your immediate business interest but are still relevant to your primary audience. These form the basis of strategies that help interested parties understand the kind of content they must cover to drive growth and engagement.
- 5. Improve Your Conversion Pathways:** when a Marketer seeks to achieve specific goals and objectives, a key data point is why, once engagement is captured (i.e. potential customer comes on the landing page) it fails to convert into sale of any kind. By applying the psychographic data to a specific problem, you can examine the problem (why customers aren’t purchasing the service/product) with more focus. Key questions like whether the messaging is dry, or business perception different from consumer identity can now be recognized.
- 6. Reinforce Your Brand Values:** Reinforcing brand values by ensuring that these are made clear and upfront to the most loyal customers of the brand is another critical component towards successful marketing. This requires first identifying the value prioritization that guides your target group and creates the image of an ethical, inclusive organization. These values could be genuineness, positivity, simplicity, happiness etc.
- 7. Create More Targeted, Relevant Email Marketing Blasts:** Psychographics not only help figure out who the customer is, but how they feel and what they want and need. This allows for tapping into their emotions and creating target email campaigns by sprinkling them with enticing messaging, rhetorical questions that generate curiosity and brand positioning in tune with their current needs. Not only creating openings for interested customers but one can also analyse why a certain email went viral and tap into those common to reproduce the effect.
- 8. Use Aspirational Imagery and Messaging: Customers** Are ultimately people with dreams and aspirations. Associating with a product is not merely a feature of convenience but also an integral part of their identity. Not only who they are, but also who they want to be. Tapping into this deep-seated is an extremely powerful driver for understanding and crafting your brand accordingly. The product isn’t just an appendage to solve a problem but a core feature of their perception of self. Leveraging this aspirational dimension of a customer is a direct consequence of culture and social groups.



Conversion Pathways in Google Analytics

Fig 1

Conclusion

Various new businesses are taking a shot at giving psychographic bits of knowledge to upgrade gathering of people outreach. It's imperative to take note of that, despite the fact that the potential for abuse exists, this should be possible without inappropriately assembling information on people. Furthermore, regularly, information gathering is "Anonymized," which means the basic information fuelling the focusing on is cleaned of individual identifiers. A range of business industries from Automobiles and Food to Healthcare and companies such as Narratr, Five, Stat Socia, and Merchant IQ, Audi, Core Health Tech, The Meatball Shop have introduced Psychographics in their Marketing strategies. The combination of data mining, addressable ad tech, and behavioural psychology that make up psychographics can be used to advertise nearly any product or idea. Critics argue that psychographics will eventually turn dystopian. The approach essentially based on studying psychological attributes of customers comes with an inherent risk of estrangement of groups with dissimilar interests. Psychographics works best when incorporating other market segmentation approaches such as behavioral data, demographics and geographics. While the internet has increased the significance of psychographics, advancement in research, analytics and targeting make it possible to use this psychographic information to the advantage of the marketers by serving as a basis for effective and efficient marketing research and strategy.

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