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DISCUSS THE ROLE AND IMPORTANCE OF PSYCHOGRAPHIC SEGMENTATION  
IN CONSUMER MARKETS. WHAT ARE THE PROBLEMS ASSOCIATED WITH  
THIS SEGMENTATION BASE?

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When Levitt said that a business executive should ‘stop thinking of his customers as part of some massively homogenous market’ but instead regard them as ‘numerous small islands of distinctiveness, each of which requires its own unique strategies’ (1974) he accepted the marketing principle that each individual customer should respond differently to a marketing mix. Engel *et al.*, (1972), proposed that customers are different, that these differences are related to differences in market demand, and that consumer ‘segments’ can be isolated within the overall market. If this is true, ‘a company can’t be all things to all customers’, and so must subdivide its market into smaller groups, treating each differently ‘based on knowing what a customer wants’ (Wyner, 2002).

The proposition is that customers who share certain characteristics will behave similarly, but the success of this theory will depend upon on the criteria chosen to segment the market. If one uses a geographical basis it is assumed people living in the same area are similar customers, but it is not accurate to say that all people living in Birmingham, for example, will buy the same products. However, it is widely understood that psychographic variables heavily influence purchase making decisions. Lilen & Kotler (1983: 293) explain that segmenting according ‘life-style or personality differences’ is likely to be of much greater use to the marketer than most other segmentation methods, because even those ‘in the same demographic group often differ remarkably in their psychographic profiles’.

The psychographic basis is therefore said to have ‘evolved in answer to some of the shortcomings’ of other segmentation bases, because it goes beyond ‘superficial, functional features’ and on to ‘benefits that can be seen to enhance [the customer’s] lifestyle on a much more emotional level’ (Brassington & Pettitt, 2000: 187). In order to appeal to this psychological aspect of the customer’s purchase decision, ‘marketers try to endow their products with brand personalities...designed to correspond with consumer personalities’

(Lilen & Kotler, 1983: 293). The importance of getting this reflection in personalities right is shown in a case study of Dr Pepper, whose sales actually fell as a result of ‘a campaign that appealed to people with traditional values’ because ‘[t]he people that actually drank Dr. Pepper viewed themselves ...as being different, innovative and they wanted excitement in their lives.’ (Bobrowski, 2002)

The prominence of the use of psychographic segmentation in the business world, and in academic discussion proves its importance. Wind (1978) wrote that ‘one can hardly find an issue of any of the leading marketing journals which does not include at least one article directly concerned with segmentation’. The practice is not without its problems however. Psychographic studies can be costly to launch, implementation can be difficult and some have their doubts as the usefulness of the data for predicting market behaviour.

As Brassington and Pettitt explain, one of the greatest drawbacks of the psychographic base is that the ‘segments are very difficult and expensive to define and measure’, and that there is no ‘single universally applicable typology of psychographic segments’ (2000: 188, 190). That is to say, there are no ready made solutions that the organisation can pick from the shelf. In contrast with demographic and geographic data, psychographic data will probably have to be obtained ‘from scratch’; there will be little relevant information in the public domain, and the division of customers will probably need to be uniquely created by the organisation, so that it corresponds to their particular market.

Not only this, but some would argue that psychographic information can be useless. Clancy & Robert (1995: 112-4) suggest that ‘personality by itself has nothing to do with market behavior’ and that it ‘does not explain what people buy’. They point to a study among fast food diners which showed that although the customers were split into five psychographic segments, including the extremes of ‘Health Conscious’ and ‘Health Oblivious’, it was found that there was not a large difference in product usage between the five segments, and thus no clearly potentially profitable group could be identified to market to.

The marketer must also overcome the hurdle of creating the optimally sized segment. Ziff (1971) notes that 'the attitudes or values prevailing in one area are not totally independent of those extending to another' and whilst there is likely to be a stronger correlation between these 'attitudes and values' when the group is smaller, Lord Weinstock warned that niches can become tombs. To concentrate on a niche, or segment which is very small can mean the death of the business because not only have you removed the risk-bearing option for if and when the market fails, but your business may starve to death without the revenue benefits of economies of scale in your production. You must segment the market far enough so as to gain higher revenue from specialising to your psychographic segment, but not go so far as to go against Kotler's (1980) requirement that the segment must be of an adequate size so as to be potentially profitable.

In conclusion, the psychographic segmentation base has the ability to offer the organisation a way of understanding the consumer, and thus the ability to more convincingly persuade them that buying its product would enhance their lifestyle or achieve their aspirations. The drawbacks of the base, namely the costs of collection and difficulty in applying the information so that the customer will be swayed by it, need careful consideration. The nature of your organisation, and the good or service you trade in will affect whether the base will be worthwhile using. A small business with limited resources may not be able to afford the risk of implementation going wrong, and Brassington & Pettitt (2000) argue that psychographic segmentation will be of more use to those making products which have great psychological benefits like clothing, cars or perfume. I would agree with this, as it seems unlikely that the base would be of much use to those producing goods with mainly functional benefits such as baked beans or tissue paper.

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## References

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