

EVALUATE 'PSYCHOGRAPHIC' SEGMENTATION AS A BASIS FOR EFFECTIVE MARKETING IN THE UK CAR INDUSTRY

Introduction

The marketing process for any product begins with analyzing the market, segmenting the market, selecting the target market and finally developing a position for the product being marketed.



(Nowell, D)

Analyzing the market involves determining how strong the market is and in what ways it is changing. Segmentation involves breaking apart a large market into smaller groups which share certain characteristics and behaviours. The third stage is selecting target market(s) and matching the 4P's of the marketing mix (price, product, place and promotion) to the need of the selected segment(s) and, finally, positioning the product being market, whether it is a car, food, or clothing, in the minds of the consumers. If the above marketing process is carried out successfully, then we have effective marketing.

This essay will focus on the second stage of the marketing process, segmentation. The essay will begin to discuss the importance of market segmentation and the bases used to segment target markets. Overall, the essay will evaluate Psychgraphic Segmentation as a basis for effective marketing in the UK car industry and the benefits and the limitations of psychographics will be viewed. In addition, use of other segmentation techniques will also be discussed to show where they are predominantly used or where they are used in conjunction with psychographics.

Main body

For marketing to be effective, a competitive advantage must be gained. This is accomplished through successful segmentation in order to enable markets to have a variety of product needs and preferences and to allow customer needs to be better defined. Psychographic segmentation is one type of segmentation technique which we will concentrate on. This type of segmentation divides the market into different groups based on social class, lifestyle and personality. This way of segmenting is an interesting way since it gets into how people think in terms of the activities, interests and opinions (AIO) of the people. Thus, by knowing the psychographics of one's customers enables industries to create the correct advertising message. The following table shows some examples of AIO of the people.

Activities	Interests	Opinions	Demographics
Work	Family	Themselves	Age
Hobbies	Home	Social	Education
Social Events	Job	Issues	Income
Vacation	Community	Politics	Occupation
Entertainment	Recreation	Business	Family Size
Club	Fashion	Economics	Dwelling
Membership	Food	Education	Geography
Community	Media	Products	City Size
Shopping	Achievements	Future	Stage in
Sports		Culture	lifestyle

(Gunter & Furnham, 1992)

Psychographics are used in practice in the marketing of cars. One of the variables of psychographics mentioned above which marketers look at is social class. Cars for upper social classes and for lower social classes will be different. It is more likely for example for BMWs to be targeted at lawyers rather than electricians.

The Phaeton is the new Volkswagen luxury car which is being targeted at wealthy buyers. This type of car for example along with other such as Audi, Bentley, Bugatti and Lamborghini would only be targeted at those with a high paying job. Jaguar cars are

examples of cars which are targeted by Ford at rich gay markets. This type of market is attracted to Jaguars since they have no children and their income is highly disposable. Luxury cars such as those mentioned would not attract non wealthy consumers. Buyers who cannot afford to spend money on cars would simply want any car to get them from one place to another and they wouldn't care about the style of the car.

Ford caters for different social strata's. For example its Ka model may appeal most to the younger generation who don't have any family commitment. The Fiesta is aimed at first time drivers who are looking for a cheap car. The Galaxy model is ideal for families as it's a people carrier car. Large families will obviously not go and buy a Ka or Fiesta they would buy a larger car such as the Galaxy. The 1.7 TD Vauxhall Astras are practical family cars so they too would be aimed at consumers with families. The Astra 1.7 TD is a fast car and can go a long way without having to stop for fuel still making it an ideal family car for long drive trips and vacations. As can be seen, markets can be segmented so as to target products according to what the consumers' opinion, interests and activities are. A further example of a car targeted at consumer interests is the Ford Puma. This sporty stylish car attracts and satisfies consumers who are into sport.

Other segmentation techniques which are used in marketing include geographic demographic and behavioural segmentation. Geographic segmentation divides the market into different geographic units such as nations, countries, regions, cities, demographic into groups based on age, gender and income and behavioural based on occasions, benefit sought, user status, user rate and loyalty status. Demographic segmentation is used by car industries to target consumers. For example, luxury cars such as BMWs and Ferraris will be targeted at those people who earn a high income. Also, different cars are targeted at different genders. For example, the Minis are more likely to be targeted at females rather than at males since it is a more feminine car. The stage in people's life cycle affects marketing. More expensive cars could be targeted at newly married couples since they are more likely to spend money on cars. Occupation is another variable of demographics. People will tend to buy cars suitable for their occupation. Geographic segmentation is also

used for segmenting the car industry. A four wheel drive car for example is more likely to appeal to and attract consumers living in the country or near the mountains.

Both geographic and demographic variables are relatively easy to measure and to get access to however they are not very successful. Why? Well let's take an example. Latino people are all different, listen to different music, eat at different restaurants, and drive different cars. An Asian male who lives in Los Angeles, will probably not like 80% of the same things as another Asian male in Los Angeles but might be an 85% match with a woman who lives in Britain. Relating this to cars, one of the men might like Honda cars like the woman in Britain however the other man might not. The example just described shows that demographics are poor indications of buying habits since they don't show what motivates the customers to purchase the product. Behavioural variables also lack showing what motivates people. They are observable however difficult to like to individuals. Due to the limitations of behavioral variables and demographics, companies have turned more to and are starting to analyze psychographics more.

Psychographics allow us to more clearly understand consumers' lifestyles and characteristics and give us more complete pictures of individuals thus making it easier to understand how to market products to them. Consumers behave unpredictably. Heath (1996) says that consumers 'demonstrate loyalties to brands (or not), blindly follow trends (or not), and buy according to their convictions and aspirations (or not). Individuals are innovators in some product categories, but not in others. What they say they do and what they really do are seldom the same' (Heath, 1996). She also states that Psychographics help to clarify the behaviours which consumers exhibit. Another benefit to psychographics is that they minimize risks (Weinstein, 1994).

Porsche is an example which uses psychographics. Using Demographics, Porsche targeted a homogenous group of male college graduates earning over £100,000 per year and sold

cars costing between £20 and £41 thousand to them however it turned out that the wrong people were being marketed. Porsche turned to using psychographics and segmented its market into groups according to the consumers' characteristics as shown below:

Top Guns: Driven, ambitious. Power and control matter. Want to be noticed.

Elitists: Old money. A car is just a car, no matter how expensive.

Proud: Ownership an end in itself earned by hard work, no need to be noticed.

Bon Vivants: Worldly jet setters and thrill seekers. Car heightens the excitement in their already passionate lives

Fantasists: Their car is an escape, uninterested in impressing others, may feel a little guilty about owning a Porsche.

(Taylor, 1995).

By targeting the above different segments, Porsche's sales increased. The new 911 Turbo is both fast and exciting and would target consumers who care about their ego. These consumers would probably go for colourful cars in order to attract attention.

Apart from the benefits which psychographics possess, there are a number of limitations. Psychographics are not easy to measure and are not normally available from other resources. Researching for psychographics is often confusing and complex and according to Weinstein (1994), it can be very costly. 'Critics also claim that the categories psychographic research places consumers in overlaps so much that it does not differentiate among consumers'¹. Gunter (1992) also states that psychographic research can be lengthy and narrow, or unable to be projected onto an entire population.

Despite these limitations, psychographics have been used as mentioned above in the examples. What has been found to be an even greater success for understanding consumer behaviour and achieving effective marketing is using psychographics in conjunction with demographics. Income, a demographic variable, plays a very important role in marketing segmentation since it has a great effect on and can change people's lifestyles. The more money a consumer has the more luxurious his car would be. Gender

and sex are two further demographic variables which are used in conjunction with psychographics. The Alpha Spider car used both demographics and psychographics to segment and target consumers. This car attracts buyers who like fast sporty and stylish cars which they can show off and impress others since it possesses those features. At the same time, the Alpha Spider would target people with high incomes since only they would be able to afford such a car. This car is also more likely to target men rather than women. Women are more likely to go for more practical cars and features such as the speed of a car wouldn't matter so much to them however, this is not always true. There are some women out there who do like such cars. This last example shows that psychographics and demographics work effectively when used in conjunction with one another.

Conclusion

Overall it can be concluded that psychographic segmentation is a good basis for effective marketing in the UK car industry. It can be seen that psychographic variables have an advantage over demographics and behavioral variables however they should not replace them. Instead, psychographics should be used and where appropriate, in conjunction with demographics in order to achieve effective marketing.

References

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