PSYCHOGRAPHIC SEGMENTATION OF YOUNG ADULT CONSUMERS - A KEY TO DEVELOPING SUSTAINABLE MARKETING STRATEGIES

Nithila Vincent and D. Christy Selvarani*

Department of Commerce, ChristUniversity, Bangalore
*Dept. Of Commerce, UrumuDhanalakshmi College, Tiruchirappalli – 19
Corresponding author: nithila.vincent@christuniversity.in, christyselvarani@gmail.com

ABSTRACT

The Indian retail market is the fastest growing sector in the Indian economy and offers tremendous potential to the modern marketer. The predominant factor that can be attributed to this progressive scenario among other things is the emergence of youth as a powerful consumer segment. Understanding this crucial segment in depth and developing specific marketing strategies is important for business sustainability. By targeting the youth population in India, retailers will be investing in the future as they will be able to influence and create loyalty from the start. Marketers would be able to devise more effective strategies to tap this segment if they were able to get insights into their psychographic profiles. This paper substantiates this central point with findings from previous studies on youth and psychographic segmentation.

Keywords: Indian retail market, economy and psychographic profiles.

INTRODUCTION

The profile of the Indian retail industry is changing at a tremendous pace. India has been rated as the fourth most attractive emerging retail market and fourth in a Global Retail Development Index of 30 developing countries prepared by Kearney (2011). A number of changes have taken place on the Indian retail front such as increasing availability of international brands, increasing number of malls and hypermarkets and easy availability of retail space. The major factors driving this change are the increase in disposable income of the people, improving lifestyles, increasing international exposure and changing lifestyles and emergence of youth as a powerful consumer segment. Recent studies on demographic profile of India a population reveal that more than 50% of the Indian are aged below 25 years and more than 65% hovers below the age of 35 and they offer a huge consuming audience for life style and luxury products. The demographic differentials reveal that over the next 20-30 years, India has distinct advantages in a population profile concentrated in the younger age group, where many new opportunities can be fully optimised.

- The UN defines youth as those in the age-group of 15-24 years.
- The UNICEF defines youth in the age bracket of 15-30 years.

India’s National Youth Policy (NYP, 2003) considers all individuals in the age-group of 13-35 years as youth population. NYP further states that all persons within this age group are unlikely to be one homogeneous group and divides into two broad groups: 13-19 years (adolescent age group) and 20-35 years.

Rationale for Targeting Youth: Youth power is believed to be one of the most important assets for economic growth – [The Economic Times, 25 May 2009]. ‘India's growth is propelled by its youth’. Young-adult consumers provide an interesting topic for the consumer research for at least four reasons. First, at the period of transition from adolescence to early adulthood, the young people seek to establish their own individual personas and form behaviour patterns, attitudes, and values, hence their own consumption patterns. They make purchases to define themselves and to create an identity of their own making. Many of these patterns are carried well into individual’s lifetimes. Secondly, young people are able to influence the purchase and decision-making of others (Henry Assael. 2005). The young within the family often influence family purchasing decisions (Turk and Bell 1972). Thirdly, they act as a change agent by influencing society and culture. And finally, from a marketing perspective, young adults are recognised as a specialised market segment that forms a powerful consumer spending group in their own way (Henry Assael 2005). Young people are eager to consume, are conscious of their experience.

Though apparently the youth all over the world display similar characteristics a deeper observation reveals the finer differential qualities which are crucial and often ignored while targeting this group as a valued consumer base. While targeting youth to sell their product, most fashion retailers are blindly following the trends of USA or Europe without prior survey and understanding, expecting that the Indian youth will exhibit similar preferences. The efforts are unsuccessful (Jay et al., 2006). In India, the climate, customs, idols, psychology and attitude of youth are not the same as their peers abroad.
Targeting this large segment appropriately is crucial for marketers as they promise longevity of market and exert substantial influence on their parents’, peers as well as their own spending. Marketers would be able to devise more effective strategies to tap this segment if they were able to get insights into their psychographic profiles. In India psychographic profiling of consumers is still in its stage of infancy. There is negligible information available in the public domain regarding the psychographic profile of the Indian youth in the context of the changing retail environment (Naresh and Satyabhushan, 2010).

**What Are Psychographics?** In market research and social science research in general, psychographic variables are attributes relating to personality, values, attitudes, interests, or lifestyles. Sometimes they're referred to as activities, interest, and opinion variables [AIO]. Psychographics is any measurement and analysis of consumer’s mind that seeks to point out how they feel, think, react and reflect. According to some researchers, attempts to measure lifestyle are known as psychographics. The term ‘lifestyle’ was first coined by Alfred Adler in 1929 and refers to an individual’s activities, interests and opinions (AIO) and the way they spend their time and money. Bauman (1990) opines that ‘lifestyles boil down almost entirely to styles of consumption’. Psychographic segmentation plays on the psychology of the potential customers and helps the seller determine how he must approach customers belonging to a particular segment (Robert Brown and Ruth Washton, 2006).

Psychographic segmentation should not be confused with demographic segmentation. Demographic segmentation primarily takes into consideration the age and gender of the targeted group of customers. It aims to group the market based on its similarities, whereas psychographics helps to understand how people are different. It’s about how people act and think and not about what they look like. The market segmented on the basis of demographic factors alone fails to capture the complete characteristics of the consumers, thus making it difficult for the marketer to draw a meaningful picture. The consumers in the same demographic segment possess different psychographic make up’s. It has been widely recognized in marketing and retail literature that the measurement of attitude and beliefs enables marketers to predict consumer behaviour more accurately. Thus the demographic and psychographic lifestyle approaches are highly complementary and work best together. People hailing from the same sub-culture, social class and even occupation follow quite different lifestyles. It is imperative to divide the market into various segments and target each segment individually so as to maximize sales.

**Why Psychographics?** The Indian consumer has grown from being a price driven buyer to a more discerning consumer who needs to be convinced about the product’s quality (Professor Moser IIMB et al, Dec 2009). Marketing a product requires a deep understanding of the customer’s psychology, along with their needs, in order for the product to be accepted. Marketers carry out a number of activities in order to better understand the psyche and the habits of the customers, so that they can accurately predict the response to the product they are selling, and thus make accurate sales projections. This is the primary use of psychographic segmentation. Marketers can adopt a suitable marketing strategy, or can alter an existing marketing strategy.

The variables that come into play when we speak of psychographic segmentation are primarily psychological in nature. The following variables could be said to be a part of the process of psychographic segmentation.

- Interests, Attitudes, Opinions, Behavioural patterns, Habits, Lifestyle, Perception of selling company, Hobbies. Using these factors as a base, a marketer can easily formulate strategies and plans to make their brands popular amongst the consumers. Two widely used tools for lifestyle studies are the AIO Inventory and VALS - acronym for Values and Lifestyles, classification developed by Arnold Mitchell and SRI International.

**Advantages:** Apart from the obvious advantage of increased sales, there are a few other intricate advantages of psychographic segmentation as well. Increased brand value of the company in the eyes of the customer; Greater usefulness of the product for the customer; Better inputs for the design of new products that the customer will like; Lesser amount of money spent on marketing, as it is now more specific; Simpler to target a specific type of customer base; Simpler to derive effective and efficient marketing strategy; Greater degree of customer satisfaction and customer loyalty, resulting in higher amount of customer retention and Strategic positioning of new products, repositioning of existing products, developing new product concepts and creating new product opportunities in specific fields.

**Difficulties in Studying Youth Behaviour:** While this segment is a potentially lucrative target for many marketers, it is also complex and must be examined carefully. Youth is perhaps the most difficult demographic group to communicate with. Not only do they have a short attention span, they are also elusive in media consumption, fickle in brand preference, and simply challenging to engage and entertain. Marketer’s spend millions in marketing research every year trying to predict, or anticipate,
changing youth behaviours. This group embrace technology at an early age, it quickly becomes the early adopters of all new trends and convergent platforms. One can argue that whatever youth does today foreshadows what older demographic groups will adopt in the near future. All this makes it extremely difficult to understand and target their behaviours. These changing psychographic profiles make it even more imperative for a continuous longitudinal study to keep track of changes and incorporate them in the art of marketing. Hence it is imperative that psychographic study be conducted for strategic marketing purposes.

Psychographic segmentation has demonstrated its use as a practical marketing tool in consumer markets. In order to develop sustainable marketing strategies, marketers need to focus on the youth segment, understanding their consumer behaviour based on psychographic profiles and develop specific marketing strategies that are successful and sustainable in the long run.

REFERENCES


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