

Psychographic profiles matter more than consumers' status

Whether a target audience is inner directed, outer directed or sustenance driven is more important than traditional demographics, argues **Nick Murray**, EuroRSCG KLP

B RITAIN IS A SOCIETY in which 'mass' marketing solutions no longer really work. In the past ten to 15 years, we have seen a wholesale shift away from collective values towards individual ones, which, not surprisingly, coincides with the rise of the digital age and the free and easy access to information and media that come with it.

While we have always been known as a nation of obstinate individualists, it is only during this recent period that we have really had the opportunity to explore this individualism to its full.

This shift has had - and will continue to have - a massive effect on the marketing communications industry, forcing it to rethink its business models and the way it identifies and targets audiences.

Changes in scale

One of the core problems is that this shift has challenged the traditional economies of scale that mass marketing relies on. In the 1980s and early 1990s, corporations would pay large sums of money and get access to large numbers of relatively compatible consumers and prospective buyers. Now, these companies are still paying large sums, but are getting access to far fewer people, or have to fragment their expenditure to cover different channels to make the numbers, and there is far less agreement than before between the people they manage to reach on what they need and what will motivate them.

This means brand owners have either to increase their marketing budgets or find other ways to communicate with their target audiences. The problem is exacerbated by the fact that the UK's biggest commercial TV channel, ITVi, hoisted its advertising rates while audiences were waning. As any economist will tell you, this cannot be sustainable other than in a monopoly, and no monopoly now exists - narrowcast penetration is well over 60% and still growing. The result for brands is obvious and, more to the point, unsustainable.

The root causes of this change can be seen in a major shift in the psychographic make-up of UK society. Using Abraham Maslow's Hierarchy of Needs model (Fig-



Research by Jaguar has found that 80% of the decision-making process when buying a new car takes place before a customer enters the showroom and is chiefly influenced by the internet

ure 1, page 47) as the basis for looking at this, in the past 20 years there has been a big swing away from what Maslow called the 'sustenance driven' - those concerned with satisfying basic survival needs and achieving a physically and psychologically safe environment and protecting it - towards the 'inner directed'. Our survey has shown a 12% decline in sustenance driven people in the past ten years, balanced by an increase of around 6% in 'outer directed' and inner directed people respectively.

The outer directed are those among us who feel they have all their basic functional needs met, and form their personalities by reference to their perceived relative position in society. In a western-style society, this means they revel in the material benefits afforded by modern technology. Given their interest in social and material stereotypes, they are the mass marketers' dream.

Inner directed people, on the other hand, are more driven by their individual values, demonstrating a considered and inner sense of purpose. They are generally sensitive to ethical concerns, tolerant of alternative cultures, and their buying patterns and lifestyles often reflect their more compassionate nature. However, their most important characteristic is that they are increasingly autonomous and independent, and this is where

mass marketing's troubles stem from.

Instead of being driven by the urge to imitate the values or lifestyles of others, this growing band of inner directed people is saying: 'I have decided that I want to be like this.' They make choices in a different way and, given that they tend to be younger and richer than the average - for many brands, a desirable target audience - the result is that they dictate to the brands around them what they require of them, rather than the other way round.

These consumers want to be courted, informed and engaged, while demanding reassurance that the brand will deliver on its promises. This is also mirrored in a broader shift in the sources of authority, away from institutions towards the citizen. Even the UK Government now has to listen, explain and respond to voters. Brand owners are now faced with consumers wanting an individual relationship with their brand.

Their influence spreads beyond the one-third of adults who fall into this group. Ironically, as they are perceived by the outer directed group as 'doing better', getting more out of life and going to more interesting places, inner directed values increasingly become their goals too, blurring the line between the two groups.

The underlying causes of this growth in personal autonomy are rooted in education. Whatever we may think of the

education system, it has been working. Over 40% of young people are currently going on to third-level education, and this is increasing year by year. We have also had a long period of domestic security, and of progressively growing real wealth. The old theory derived from Marxist inevitability - that if you are born into the working class, you might get rich but you will stay in the working class - no longer prevails, and we now have a much more fluid society, both vertically and laterally.

These changes are further accelerated by big shifts in the traditional gender roles. The stereotypical picture of the girl from the typing pool waiting around to marry the superior-earning alpha male is, thankfully, long gone, and there are now more women undergraduates than men.

We are also seeing smaller-scale, but still fundamental, shifts in what might be termed everyday hierarchies, with more people working for smaller firms. There are now more people working for companies with less than 25 people than there are working for firms of over 100. These smaller businesses have flatter, more merit-based and more open structures, contributing in turn to breaking down some of the traditional hierarchies in society, and further encouraging personal autonomy.

Enablers of change

Behind these causes lie four key enablers: the internet and the introduction of interactive communication opportunities, institutionalised consumerism and the segmentation of media,

Had the internet not been born, the inner directed would have invented it, as it is the classic medium for informing yourself, making your own opinions and engaging in an interactive relationship with the brands and products you choose. Car showroom staff these days are regularly confronted by people who know more about the products than they do. Recent research by Jaguar found that 80% of the decision-making process when buying a new car takes place before a customer ever enters the showroom, and the vast majority of that is influenced by the internet. This is not confined to com-



Coronation Street: media fragmentation has a marked effect on viewing figures

plex choices, as in the motor industry; it is now faced by almost every brand in every channel.

All this has forced brands to become far more genuinely responsive to the needs of their target audience - generally a good practice anyway. But it goes further: the recognition that their business is being bid for has contributed to consumers' realisation that they can dictate to brands. These changes are underscored by increasingly institutionalised consumerism, as embodied in the 'watchdog' or Which? phenomenon, not to mention the plethora of consumer-protection legislation and regulation.

The increasing fragmentation of consumers' media diet is a reflection of these developments, but also an enabler of further change. Segmentation becomes fragmentation when, for example, one compares the number of TV channels now entering UK homes with the fact that the number of hours of TV has not grown *pro rata*. To see the evidence of this, compare the ratings for *Coronation Street* now with what they were 15 years ago.

The consequences for brands

We have seen that there are now some new rules for brands, whether they are new or long-established. Today, consumers want brands to be transparent and inclusive, offering consumers a much more interactive, honest and open relationship. To do this, they need to be able to talk to their audiences differently and they need - and at last are offered - new ways of reaching them. The big old monopoly channels that used to offer

massive audience delivery are disappearing at a dramatic rate.

One major consequence is that brand and product choice decisions have moved further downstream and closer to the point of purchase, and the most influential marketing environment is where the most frequently-seen ad for a product is now found - on the shelf or in the showroom. This may involve an internet search, but choice is decreasingly dependent on the television. As a result, agencies that operate close to the point of purchase - if they are not already doing so - will face a growing demand to contribute directly to the brand equity, rather than simply shifting the boxes, and this includes new ways of engaging and influencing the customer via the internet.

Impact on marketers

Whether they are planning a new product or a campaign, marketers must recognise that this phenomenon is irreversible. The classic 'ABCi women with five children' socio-economic model no longer works. We need to divide our target audience on a psychographic basis - the old model said nothing more profound than: 'We have the same job description, we have roughly the same income, therefore we buy the same things.'

We are no longer a restrained hierarchical society; we are no longer expected to behave in specific ways when we reach a certain position, in social or age terms, as we were 30 years ago. There is more in common between a 20 and 50-year-old in the same psychographic group than there is between two 20-year-olds in different psychographic groups.

If you imagine all our existing societal strata - such as age, job title, earnings and number of children - as being horizontal slices across society, psychographic grouping takes a vertical slice through these. In a sense, it is upending traditional demographic analysis, but the advantage is that we actually know a lot more about these groups. Importantly, we know how they make their minds up and what their sources of information are.

Today's researchers also need to recognise that any research should anticipate

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that respondents will segment (and respond) on the basis of their psychography, and this means setting up a recruitment and pre-screening process that will pick up and distinguish these individual groups from one another from the start.

There is also one hazard to recognise in this approach when testing advertising or communications. The inner directed love advertising, and if they like an ad they are likely to be able to replay every frame, and wax lyrical about it. However, that ad may not be reflected in their decision-making process. Many a client has come away from such a group believing that they have had an amazing response, but in reality they were only witnessing the activation of just one of the influences to which their target audience responds. You need to find a more profound method of relating these primary responses to actual intentions to purchase.

Understanding the audience

At the moment, most brands have some form of combined demographic, behavioural and attitudinal interpretation model, but the most prevalent driver for marketing decisions tends to be based on behavioural models. With target audiences becoming harder to pin down and mass media failing to deliver, marketers need to be assured that they are approaching their audiences in the most effective way and through the most effective channels. From this perspective, we really do need to understand in a much more profound way than in the past who our audiences really are, how they really think and what they really need, and how and where they make their choices. We can't go on firing buckshot at them and hoping some of it hits the target.

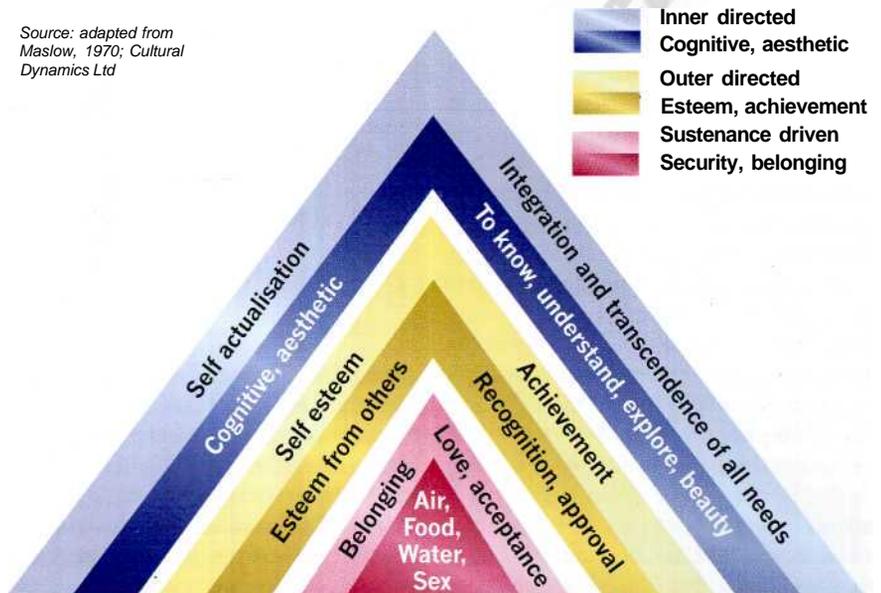
It is unlikely to be a prerequisite that marketers become trained psychologists, but it is certainly something that needs to form a more prominent part of the marketing syllabus in the future. Its fundamental relationship to brand performance - and hence to good old fashioned revenue - needs to be grasped.



More on consumer psychology at www.warc.com

FIGURE 1
Maslow's Hierarchy of Needs

Source: adapted from Maslow, 1970; Cultural Dynamics Ltd



Sustenance driven

Sustenance driven people are concerned with satisfying the base needs in Maslow's pyramid - basic nutritional and physical needs, along with creating, and then being able to protect, a physically safe environment. This segment adheres to established rules and laws. Research by Synergy Consulting in 1998 found the percentage of sustenance driven people in the UK to be 55%. Business consultant and author Francis Kinsman, in his book *Millennium*, predicts this will have dropped to 10%-15% by 2020. According to research by EVS Consulting, around 2% of senior management are sustenance driven.

Outer directed

Once the basic needs are met, Maslow believes individuals become motivated by the need for esteem - both from others and from themselves. Outer directed people begin to think and behave much more autonomously and are less responsive to group norms and values, wanting instead to define their lives in a way that is best for them. Synergy's research measured outer directed people at 20% in the UK in 1998, while Kinsman forecasts this will have risen to 30%-35% by 2020. According to research by EVS Consulting, around 40% of senior management are outer directed.

Inner directed

Inner directed people, whose primary aim is to discover themselves, tend to follow their own set of rules, rather than those of society. Since these people will have moved into senior management positions (around 60% of senior managers are inner directed), they have changed the nature not only of the business agenda, but also the consumer agenda as they have become key drivers in this area. Synergy's research found that the proportion of inner directed people in the UK in 1998 was 25%, and Kinsman predicts this will rise to 40%-50% by 2020. According to research by EVS Consulting, around 60% of senior management are inner directed.