

DEMOGRAPHICS AND PSYCHOGRAPHICS

Demographics is the study of the behaviors and other characteristics of groups of human beings in terms of statistics. Objective characteristics of consumers such as age, income, education, sex or occupation. A demographic is what most marketing activities focus on, as it is easiest to describe.

Psychographic is the study of how people live, what interests them, what they like—also called lifestyle analysis because it relies on a number of statements about a person’s activities, interests and opinions. (How they “behave”) Psychographic segmentation - Dividing markets into segments on the basis of consumer life styles and attitudes.

Demographics (How people are similar) vs. Psychographics (How people are different)

Demographic data

- SWM (male /age)
- Earn a certain income
- Occupation and education
- Have one child
- Graduated college

Psychographic data

- Conservative with spending
- Limited in trusting a business
- Demanding in how I will be treated
- Value efficiency and privacy
- Not always a technology optimist

Usefulness of data

Demographics help you make a “first cut” on market sizing and segmentation. More about aggregates than individuals. Psychographics help you understand the psychology of how a person makes decisions, and their own self-image. The overlap of demographics and psychographics is market specific.

Demographic and marketing examples

- Newly wed career couples with homes will likely own or evaluate life insurance.
- 50 year old couples with a second home will likely own security alarm systems.
- Aggregate data about a market.

Psychographic and marketing examples

- A single mother with a professional career values and requires (more) security and trust in making wise investment decisions.
- Soccer Moms value the safety and security of their family – they consider Volvo wagons.
- Image is important for college youth. In advertising, multiculturalism is the rule.

How it is used

- Direct marketing
- Database marketing
- Marketing to individuals based on their purchases, behavior, or anticipated behavior or purchase
- Interactive marketing
- Current customer or “opt-in” permission marketing
- Targeted POP displays

THE GENERATIONS OF OUR MARKETS TODAY

• baby boomers

What is a Baby Boomer anyway? The common definition is that people born between 1946 and 1964 are considered “Baby Boomers.” Why is this generation so important? Well, mainly because they changed the way the world lived and thought. They took to the streets to protest everything from the Vietnam War to Civil Rights. They didn’t stand by and live the way their parents and grandparents had always lived. They wanted things to be different. Today, Baby Boomers are the largest segment of the population and they are the people who go to work everyday and make the world go round. Baby Boomers are the doctors, lawyers,

businessmen and businesswomen, actors, policemen and policewomen, firemen, husbands, wives, parents, and yes, the grandparents of today. They are also, increasingly, the retirees. They have plenty of income and can often afford to spend!

- **Gen X**

Generation X can technically be defined as the generation following the Baby Boomers. Gen-Xers were born between 1965 and 1980 and were usually judged by characteristics assigned to them by the media. The term Generation X came from a fictional book written in 1991 by Douglas Coupland by the same name. The media has singled out Gen-X members as: “underemployed, overeducated, intensely private and unpredictable”. Generation X was defined in the early 90s as made up of cynical, hopeless, frustrated and unmotivated slackers who wear grunge clothing, listen to alternative music and still live at home because they cannot get real jobs. It is an unfair label that has stuck, even after grunge faded, stereotypes and all. An added stereotype is that Gen-Xers lack the ability (or desire) for commitment. They are “individuals”. Gen-Xers, however, represent the unique experiences that influenced their upbringing, much of which resulted from inheriting the mess created by the baby-boomers. In reality Gen-Xers are changing society in “stealth mode”: making small changes that expand out and affect all society. They also helped build the web as we know it. They are sarcastic, suspicious of authority and status quo and do not like to be grouped or labelled, which is ironic, since they were the first generation to be named and labelled at inception.

- **Gen Y Echo boomers**

Also known as the Millennials or the Echo Boom, they are chiefly the children of baby boomers and new immigrants, a demographic behemoth born roughly between 1981 and 1995 (?) and numbering over 82 million. (Some experts define the group as those born between 1977 and 1997). Well aware that this racially mixed group of Gen Yers is fast becoming one of the nation’s largest consumer blocks, marketers are now grappling with the multibillion-dollar challenge of wooing and defining them. The Millennials have already shown themselves to be big spenders. Though still a work in progress, Gen Y cuts a very different racial profile from previous generations. According to Census 2000, children under the age of 18 were less likely than adults to be white, and are twice as likely to identify themselves as being of more than one race. In 1972, at the peak of the baby boom, nearly 80 percent of elementary and high school students were non-Hispanic whites. By 1999, the year in which today’s student population equaled the baby boom’s high of 49 million, that figure had dropped to 63 percent. Multi-cultural is a strong “identity” for Gen Y.

Think About it (extra credit: up to 15 points)

Who do you identify yourself with in terms of generations?

What life events have affected your behavior the most?

How do you arrive at purchase decisions?

What is an effective method of advertising to reach you as a “demographic”?

What is an effective method of advertising to reach you as a “psychographic”?

Did some of these definitions bother you?

Did you ever stop and think about your decision making process and what factors influence it?



Boomers

1946-1964

80 million

Most consumer spending
Trillions in buying power
Respond well to print
Print drives them online
Seek health information
Newspapers
Email

WHO YOU
TALK TO
IS AS
CRUCIAL
AS WHAT
YOU SAY.

SCRATCH



Gen X

1965-1980

50 million

Multichannel marketing
Entering peak earning
Buying online
Banking online
Online news
Entrepreneurs

THE
MEDIUM
CAN BE
AS VITAL
AS THE
MESSAGE.

SCRATCH



Gen Y

1981-1995

100 million

Friendship
Viral marketing
Peer recommendations
Social media, online gaming
Entertainment
Positive reinforcement
Texting

EACH
GROUP
HAS ITS
OWN
IDEAS
AND
BIASES.

SCRATCH



Gen Z

1996-2010

20 million
(and counting)

Very diverse population
2007 largest birth year ever
Technologically savvy

HOW WILL
YOU TALK
TO THE
FUTURE?

SCRATCH

Factors influencing the consumer's decision-making process

Purchase Situation:

- Purchase reason
- Time
- Physical surroundings

Individual Factors:

- Perception
- Motivation
- Learning
- Values, beliefs, attitudes
- Personality, self-concept, lifestyle

Social Factors:

- Culture
- Subculture
- Reference groups
- Opinion leaders
- Family
- Family life cycle
- Social class

