SMART CHANGE STARTS HERE

PSYCHOGRAPHIC TARGETING AND BEHAVIORAL TARGETING

BY HEIDI TOLLIVER-WALKER

When it comes to understanding your customers and prospects, demographic data is critical. But is it enough? Demographic targeting tells you what someone looks like, but it does not predict what they will buy or what type of messaging is most effective in reaching them. For this, marketers must turn to behavioral and psychographic targeting.

Let's look at the differences between demographic, behavioral, and psychographic targeting.

Demographic targeting is based on the projected needs of individual buyers or groups of buyers based on their objective attributes, such as age, gender, and household income.

Behavioral targeting looks at what people are likely to buy (or what they need to move them along the sales funnel) based on what they do. When they're online, what pages do they visit? How long do they spend there? What pieces of content do they download?

Psychographic targeting crafts strategies and messaging based on how people think. What do they like? What's important to them? What other characteristics, such as hobbies and TV watching habits, give you deeper insight into what they need and motivates them to buy?

Behavioral and psychographic targeting don't replace demographic targeting—they complement it. Each has its role in developing and informing your marketing strategy.

WHY PSYCHOGRAPHIC TARGETING MATTERS

To further understand the difference between these forms of targeting, let's look at how HubSpot, a multichannel marketing and content marketing platform, contrasts demographic from psychographic targeting in relation to a hypothetical female buyer:

Demographic Profile	Psychographic Profile
Female	Concerned with health and appearance
Aged 45-65	Wants a healthy lifestyle, but doesn't have much time
Married, with children	Tends to favor quality over economy
Dealing with issues of weight gain, diabetes, lack of energy or hormonal imbalance	Enjoys going online in the evenings, big fan of Pinterest
Household income $100K+	Finds fulfillment in her career and family

These are two entirely different ways of understanding this prospective buyer. The first tells you what she (or a group of buyers like her) "looks" like. The second tells you how she thinks and what motivates her.

How would you use this information? HubSpot gives the following analysis:

Once you understand what's important to her, you'll know where to find her and how to motivate her. You'll know how to give her what she wants — that offering deep discounts isn't going to move her. Instead, she wants to hear that your nutritional counseling service has worked for others and how it will give her better health without a huge time commitment. So, make sure you highlight customer comments to that effect. When you know that she's spending her free time on Pinterest, you can stop spending money on Facebook or newspaper and magazine ads. Instead, use her love of Pinterest and share time-saving household and nutrition tips and give her ideas for fun things to do with family and friends.*

* https://blog.hubspot.com/insiders/marketing-psychographics

DO YOU ALWAYS NEED PSYCHOGRAPHICS?

Does this mean that you always need psychographic information to motivate buyers? No. For example, you don't need psychographics to know that a recent college graduate is likely to need a new wardrobe before starting his or her new job, or that a family just introducing its third child might be in the market for a minivan. In categories like these, demographic information might be all you need.

But demographics have their limitations. Even when the demographics of certain individuals looks identical, their personalities, priorities, and motivators can be entirely different.

For example, take two adult men. Both are around 70 years old. Both have college degrees, are millionaires, and are divorced. Both love to travel. Demographically, they're very similar and, from a demographic targeting perspective, you might treat them the same. Pull back the curtain to reveal their identities, however, and you'll see that demographics tell you very little, if anything, about who they are or what they need.
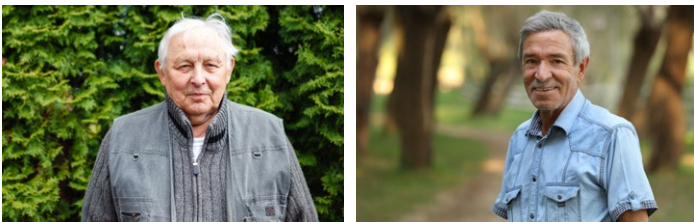

Source: Comparison originally drawn by InfusionSoft

This is an extreme example, but it makes an important point. Just because people are demographically similar doesn't mean you should market to them the same way.

> **Application Tip:**
> Say you're a vision center ordering new in-store signage. Use psychographics to create different posters and displays that appeal to varied psychographic segments. One poster might target the "trendsetter" by emphasizing that you offer eyeglasses on the cutting-edge of fashion. Another poster might target practical, non-risk-takers by detailing your store hours, optical services, and "best-in-class" warranty. This allows you to market to people who look demographically similar but for whom buying decisions are based on very different priorities.

Psychographics play an important role in identifying markets as well. Take hybrid cars. Your target audience may share broad demographic traits, such as level of education or household income. However, their personal values, as reflected in things such as social media activity (e.g., liking "bike to work" posts), purchase history, and web browsing and Internet search activity, would be better predictors of the likelihood of buying a hybrid car.
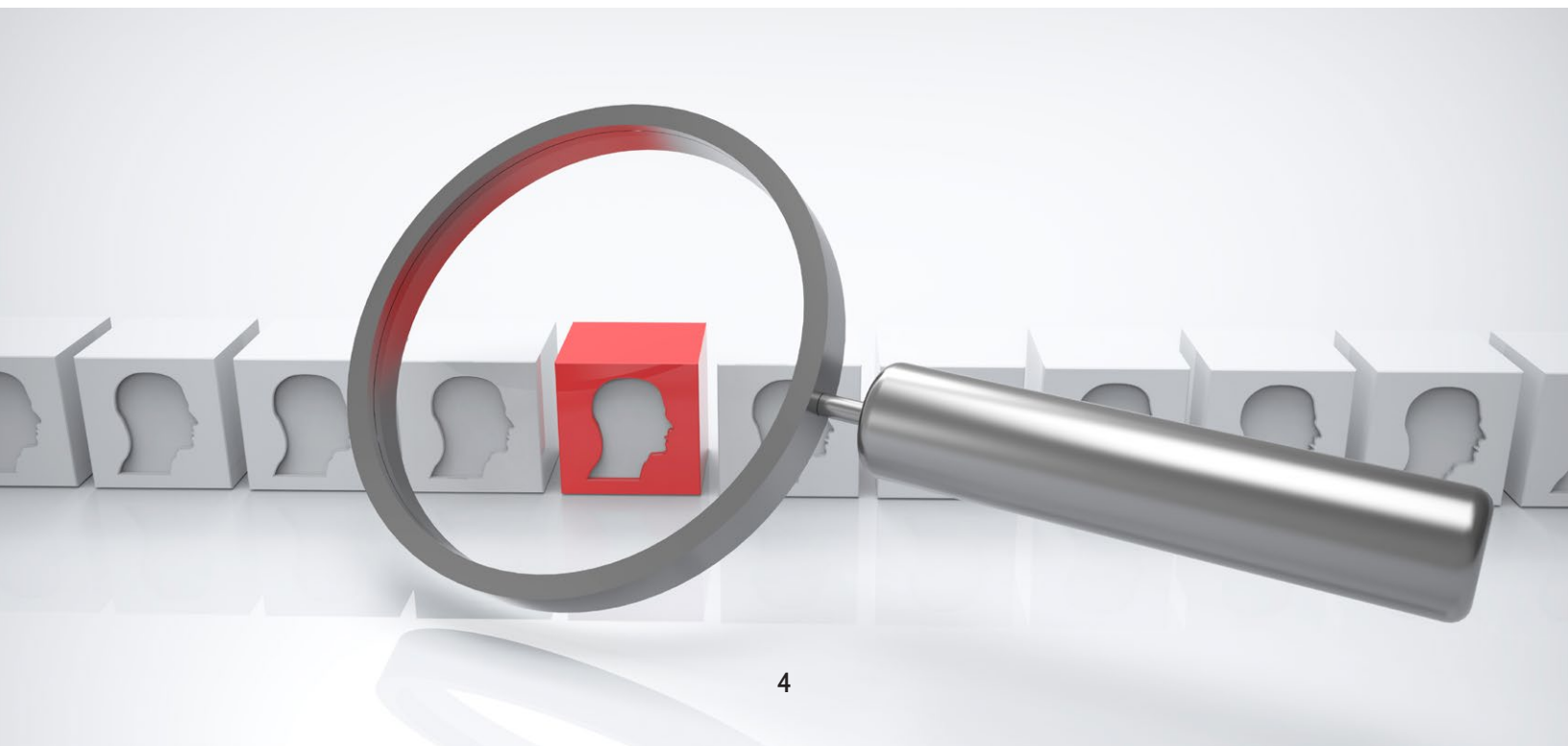
GETTING STARTED

How do you get started in psychographic and behavioral targeting? You can't just go out and buy psychographics the way you do demographic data . . . or can you? Yes, you can. You can purchase psychographic and behavioral data, and you can develop your own. It's not as straightforward as demographic targeting, but it's not all that different once you get your head around it.

Behavioral targeting is largely accomplished by tracking online behavior via cookies. There are a multitude of third-party solutions to help marketers understand the "who," "what," and "where" of what their customers and site visitors are doing on the web.

Psychological targeting can be more complex, but that doesn't have to mean it's out of reach. You can purchase lists of consumers that fall into different psychographic groups as determined by third-party data firms. You can also do your own psychographic profiling based on data, including (but not limited to) . . .

- Results of customer surveys/focus groups
- Purchase history
- Social media activity
- Internet browsing history
- Retargeting behavior

For online customers, you can layer in even more detail by using keyword research to see what searches buyers were conducting before they made a purchase. And you can gather additional detail from social media conversations and customer reviews.

You can also purchase psychographic profiles from third-party research firms that have done this work for you. Cambridge Analytica, for example, now widely known for its highly successful psychographic targeting in the 2016 U.S. election, claims to have 4,000 – 5,000 pieces of data on every person living in the United States. It uses this data to create and sell psychographic profiles. Smaller companies, such as InfusionSoft, can help companies get started at a smaller level.

Application Tip:
Say you're a cosmetics company launching a new line of mascara. You send out three versions of your product announcement. The first targets buyers with the "social consciousness" profile by marketing the product as vegan and 100% cruelty-free. You also woo them by informing them that a portion of the profits from the sale is donated to their local animal shelter. The second targets the "fashionista" profile by positioning the product as a cost-effective alternative to lash extensions. The third targets the "practical, cost-conscious" buyer by focusing on the low price and offering "buy one, get one free." As consumers respond to different offers, you assign them the profile associated with that offer and use that information to guide your future communications.

USING PSYCHOGRAPHICS ON THE GROUND

What might this look like on the ground? Let's say you sell home decorating items, such as wall décor, candles, and throw pillows. You feel that the throw pillow market is exploding and want to make a heavier investment in these products. However, you also know that your next buyer is as likely to be a 25-year-old woman living in Wyoming as she is a 65-year-old woman living in Maine. Since demographics aren't going to be of much help, psychographics can play an important role.

First, we start by identifying the primary reasons a shopper might purchase throw pillows. For example . . .

- Her couch is starting to wear; throw pillows will add comfort and cover up imperfections.
- Her decorating style has changed and now she's redoing the look of her home.
- Her family bought a new couch and love seat and she doesn't like the ones that come standard with the set.
- She's going through a life change and wants pillows to make a statement about who she is.
- Her friend just purchased a new home and she needs a housewarming gift.

The next step is to learn more about why these shoppers make the specific purchasing decisions they do. One way is simply to ask them. Conduct a survey of recent customers.

For example, you might ask . . .

- When was the last time you purchased throw pillows?
- Why did you purchase throw pillows?
- Were the pillows a spontaneous purchase or planned?
- How important are throw pillows to your décor?
- Now that you own throw pillows, are you using them differently than you intended when you bought them? If so, how?
- What were the most important factors in selecting the pillows that you did?

You can also ask lifestyle questions to learn even more about these buyers. What do they do in their free time? What matters to them most? What are their hobbies, television watching habits, and religious or political views? Once you have this information, then you can start your analysis. How do people buying pillows for practical reasons differ from people buying pillows as gifts? Are there common threads among people in life transition? How about clues from their lifestyles? For example, are people who like gardening more likely to buy pillows with sayings than pillows with decorator fabric?

You could spend days and weeks analyzing the data and coming up with connections that help you develop marketing strategies not just based on what people buy, but why.

Application Tip:
Do you know which ones are gift givers? If so, why not send emails around gift-giving holidays, such as Mother's Day? How about people with a passion for home decorating? For these, why not incorporate decorating ideas into your blog posts, with purchase links to products mentioned in the posts? Or you could take the people who said they were the most likely to recommend your products to others and invite them to participate on a research panel that gives them sneak peeks and input into upcoming products. This not only maintains engagement, including among future customers, but it also creates brand ambassadors.

OCEAN MODELS

Another way marketers use psychographics is to understand not just what aspects of products and services motivate buyers most, but how to speak to buyers in ways that are most likely to get them to buy.

While marketers use many different psychographic profiles (and many marketers develop their own), one of the most commonly used is the OCEAN model. While it's not the only way to look at personality characteristics, we'll use it for the sake of discussion here.

OCEAN is an acronym that stands for the following:

O	Openness	Openness to new experiences
C	Conscientiousness	Tendency toward order and planning
E	Extraversion	Tendency to be socially minded
A	Agreeableness	Tendency to put the needs of others before their own
N	Neuroticism	Tendency to worry

How might this model be put to work? Say you have two men, Bob and Steve. Both share the following demographic profile:

40 - 45 years old
Married
Has children
Mid-income
Capital One® user
USA Today reader

While both Bob and Steve might look the same demographically, they might be very different people who respond to very different styles of messaging. If you're selling new cars, for example, you might need to target and message them differently. Say Bob falls into the "conscientiousness" category. In your messaging to Bob, you might emphasize the car's great gas mileage, its extra cargo space, and how it holds its value over time. If Steve falls into the "neurotic" category, you might talk about safety ratings and the car's ability to protect his family.

Of course, you can create your own psychographic profiles, too. Porsche, for example, has created the following profiles:

Top gun: Ambitious and driven individual who cares about power and control, expecting to be noticed.

The elitist: Individual from old money who has the attitude that a car is just a vehicle and not an expression of a person's personality.

Proud patrons: People who see a Porsche as a trophy and consider it to be a reward for hard work.

Bon vivants: Thrill seekers and jetsetters who see a Porsche as a means of excitement.

Fantasist: People who see a Porsche as a form of escape but do not care about impressing others.*

Because Porsche is looking to increase purchases from women and younger consumers, it's added another profile consisting of people "enjoying a sporty vehicle for daily use by women and younger drivers." This profile is reflected in its marketing campaign, "Engineered for magic, every day."

Application Tip:
One way to make use of personality categories is organizing the material on your website. Say you're a florist. Instead of organizing floral arrangements by type or even occasion, you might organize them according to buyer personality: "Flowers for Everyone" (Safe and Steady, Non-Risk Taker), "Delicate Petals" (Very Feminine), or "Arrangements on the Edge" (Risk-takers). Each category might include some of the same arrangements, but when people choose to purchase under a specific category heading, they self-select as falling into the personality profile associated with that category. Future communications can then include language that reflects the profile. For risk-takers, you might say, "When was the last time your loved one received an arrangement like this?" while the non-risk taker would receive, "Here's a gift sure to satisfy every taste."

* https://www.stephenzoeller.com/targetmarket-segment-porsche/

NEXT STEPS

So, are you convinced that behavioral and psychographic targeting are tools that you should incorporate into your marketing mix? If you're a printer or marketing services provider, here's a quick "to do" list to help your customers get started. If you're a marketer, you might want to discuss this list with your marketing partners.

1. **Start by creating demographic profiles.** Understand who your customers are and how they can be grouped into basic demographic groups. This becomes the foundation of your marketing program and the base to which your psychographic profiling is attached.

2. **Start tracking your customers' online behavior (if you aren't already).** This sounds complicated, but behavioral targeting is a cookie-based process, and there's plenty of software out there to help. Behavioral targeting helps you serve up the right content, the right offers, and the right products based on where visitors go on your site and elsewhere on the web.

3. **Analyze Facebook behavior.** It's amazing how much can be learned just by using Facebook Insights. You can learn who's visiting your site, what they look like demographically, what their interests are, and much more—and it's free. You might think that your ideal customer is a mature homeowner with lots of disposable income, for example, but after using Facebook Insights, you might discover that it's really Millennials with young children. How might that knowledge change your marketing?

4. **Survey your customers.** Once you know who they are, you can start getting to know more about them. Use existing insights to get you started. Then craft questions that will help you mine out new correlations and refine your understanding even further.

5. **Create a web.** Once you have as much information as possible, start tying it all together.

In its blog, WordStream* explains:

Once you've identified and refined your core audience, look for the psychographic commonalities that your target market shares. Are their political beliefs relevant? Does their affinity for certain brands or even specific products suggest wider, underlying attitudes? (For example, mothers in their thirties who are also into yoga may be interested in broader, health-related topics.) How do these consumers see themselves? These are all questions you can ask as the starting point for psychographic targeting research that could yield new opportunities you might not have considered previously.

Behavioral and psychographic targeting can be fun. Not only do these tools create opportunities for getting to know your audience, but they also open doors for learning, creativity, and exploration.

So have fun!

- Select the right partners.
- Invest in the right tools.
- Engage the right people within your organization to start exploring it with you.

Test your theories, monitor the results, and refine your strategies—and don't forget to enjoy the process along the way.

* _https://www.wordstream.com/blog/ws/2017/08/16/psychographics-in-marketing_
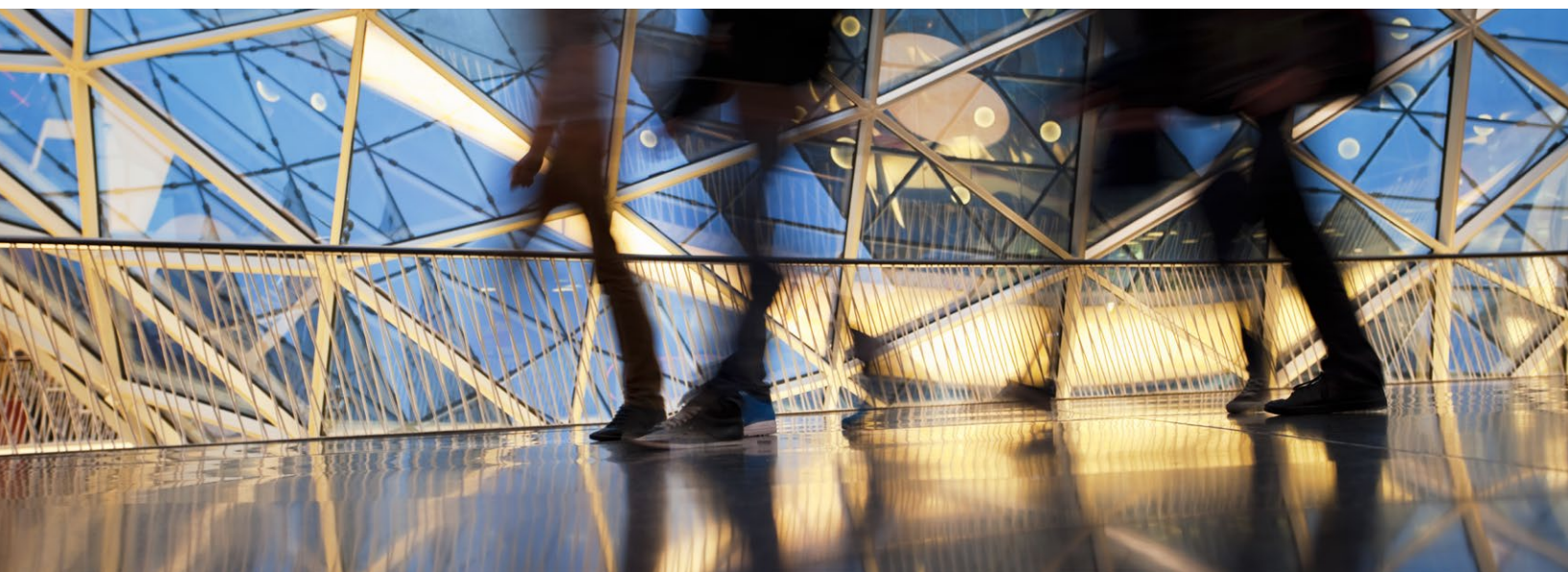
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