



Sample: Marketing - Demographic and Psychographic Analysis of a Market Segment

Demographic and Psychographic Analysis of a Market Segment

Market segment is a group of people that share one or more common characteristic (Investopedia). This group should be characterized by homogeneity, distinction from other groups and similar reaction or response to market.

The chosen group is the consumers of premium SUVs (Sport Utility Vehicles). This group of people is mostly top-managers and owners of small or medium businesses, living in urban or suburban areas and having families.

The consumers in a given market segment should be responsive to the products meant for them (Adams, para. 5). The products should meet their needs. The chosen segment representatives choose cars functional enough to serve them in their active lives (within cities, in business travels, on family weekends, etc.), large enough to transfer the whole family, premium enough to underline their status, and of high enough quality to be comfortable and pleasant to drive.

The SUV automotive segment includes cars of high reputation and quality, manufactured mostly in mature markets. These are four-wheel drive cars with high clearance, but usually possessing more characteristics of usual urban cars, not being fully-featured off-roaders. Most vivid representatives of this segment are Audi Q7, BMW X5, Mercedes M-Class, Cadillac Escalade, Porsche Cayenne, etc.

According to KPMG (2013), the premium automotive segment constantly grows in established markets, and is forecasted to possess 15% of the whole market by 2020, equivalent to the total annual sales volume of 6.4 million vehicles (Meyer). So the segment is rather challenging and promising. And to market the product correctly, one should understand the demographic and psychographic characteristics of the target customer.



So, when speaking about demographics of the chosen segment, along with geographical aspect (living in cities and its suburbs) and some social status characteristics (being top-managers or small and medium business owners), an important fact is that the larger part of these customers are male, and the age mostly varies from 30 to 50 years old.

They value their status and achievements, want to demonstrate it and to be in line with modern trends. Social class and lifestyle and social grade totally affects the decision making process when purchasing a car. Society has a certain image of a successful businessman, and target group representatives would like to correspond to it. As a small example, one might notice that most of the businessmen's cars are black, more rarely white or metallic, and very rare in this segment are bright colours.

In other words, mass market cars are a more practical purchase, and investigations demonstrate that for Ford, for example, widespread dealer network, substantial and cost effective servicing facilities and support are particularly important, while for premium cars more irrational factors have weight. For BMW, for example, issues of congruity between brand image and self-image or presentation of the consumer rather than product differentiation was found to be meaningful (Anurit, p. 49)

Still, it is important to have a notion of what lifestyle our target customers have. They work a lot. They travel a lot (both for business and entertaining purposes). They most likely have their own houses and have a rather long way from home to work. They have children. Most of them like some outdoor activities.

Thus, to target this segment, we should address their vision of what a perfect car is.

It should correspond to their status, i.e. to be stylish and modern, to look expensive, to have all up-to-date technological features and be a gadget in some sense.



It should be safe for the owner and his or her family, and reliable in terms of service life, requiring minimum maintenance. The potential customer should be sure that the car won't let him down in any trip or in any other circumstances and protect his family in case of an accident as well as it is possible.

It should be functional to satisfy all the diverse needs of its owner.

According to Anurit (2002), customer's overall evaluation of a luxury car can depend upon beliefs about the car's reliability, durability, safety and technology as well as the feelings of prestige and pleasure. (p. 51)

We should not also forget that luxury car is often an emotional purchase. When it comes to luxury cars, the feeling is the dominant motive. On a personal note, how many people talk to their cars and have names for them. The dominant purchasing motive is emotional, especially when speaking of choosing a car among different car brands.

Thus, the advertising strategy can have two directions:

1. Create a range of messages about each value important for the customers. This may mean either further segmentation, and differentiating between family-concentrated, image-concentrated, technology-concentrated and business-concentrated customer groups within the chosen segment, or switching messages depending on seasonality and other factors.
2. Create a message that would prove that the car has all the needed features in one, e.g. that it is the last word in car evolution for businessmen and their beloved families.

Cars are the products for which aftersales service means a lot. So a complete market proposal for the target segment should include also premium maintenance, roadside assistance, and insurance. To go further, a premium automotive dealer could offer regular car wash and tire



service with discount or for free. Accessories for the vehicle could also become a competitive advantage. The dealer could propose special packages based on customer's lifestyle (business package, family picnic package, travelling package, etc.)

Thus, to market a premium SUV, one should address a typical representative of its target segment (a successful businessman with a family and active lifestyle) and target his vision of a perfect vehicle in advertising campaigns.

References

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