

psychology

You may know who your customers are, but do you know what they're thinking? Psychographics can help you put the two together, but the practice is not without debate.

By Stephanie Fehr



YOU MAY HAVE A GOOD IDEA of who your customer is: perhaps he's male, over 50, a big farmer. But does that mean you know how to market to him? Not necessarily, say proponents of psychographics, a market segmentation tool. Unlike demographics – which measure the typical characteristics of people who buy your products, like age, income, and education – psychographics attempt to find out what motivates your customer to a specific action by measuring their attitudes, values, and beliefs.

“The issue is what kind of segmentation would give your company a unique edge? If you're just looking at demographics or behaviors, to a certain extent those are pretty available to the general public,” says Carol Morgan, a partner in Strategic Directions Group, a consulting group that has been focusing on psychographic segmentation since its formation in 1988. “So what big insight would you have by just looking at acreage?”

Psychographics typically look at the factors that drive decisions. For instance, a “traditionalist” selects varieties based on what's been done in the past – establishing a comfort zone with a type of product or brand. An “analyst”, on the other hand, is all about the data and performance charts. Other typical psychographic classifications include risk takers and risk minimizers; innovators and followers. How you market to each is very different.

Morgan says psychographics are stable over time because they are deeply rooted in personality. By asking people to rate a slate of 50 to 80 questions that cover a number of critical areas like cost or value, experts segment markets into a number of categories. For example, your market may value the sales relationship or they may just want the cheapest seed. Using this information, coupled with demographics, you can get a pretty good sense of what motivates your customers and tailor your offer to them.

Not everyone feels psychographics are a useful tool. Joanna Karman, Business Strategist with Blacksheep Strategies, says the use of psychographics goes up and down over time, as marketers try to look for new ways of reaching customers. And while being able to identify different groups of people who share the same values and respond to an offer or a campaign in a similar way is “an amazingly strong tool” in a strategic sense, Karman says it can be harder to use tactically. With demographics you can tell who your customers are by looking at them, but with psychographics it's hard to look at someone and know what their attitudes and beliefs are. “To use this knowledge to your advantage, you need

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to match psychographics to demographics," she says.

This isn't necessarily easy to do. Tom Funk teaches at the Center for Food and Agricultural Business at Purdue University. He's done four psychographic studies on farmers from 1980 to 1995, and while he says they provided interesting information, they didn't provide any keys to unlocking buying behavior.

"While it's useful to understand your different types of buyers and how they think, that doesn't help you reach them and marketers need to reach market segments," says Funk. "The only way psychographics become useful is if you can tie it to demographics, but for the most part people have not been able to do that. There's very little relationship between the two."

That's not to say psychographics aren't helpful at all. Bill Pool, Vice-President of Client Services at Adculture, says he's been involved in initiatives that used psychographics to enhance the profiles of a company's customers. From his experience, Pool cautions that it is important to make sure the psychographic profile is built on the decision-maker; otherwise it's useless. "A good psychographic profile can be useful in helping to separate yourself and your communications from the general market clutter," says Pool. "Psychographic profiling is all about creating relevance. You need to establish relevance with your customers in order for them to view you as a preferred provider and psychographics can help you do this. In general, the more data points and information you have and can

Know What They Want

Beyond knowing *who* buys your product, you need to know what makes them *want* to buy it. You are trying to get answers to these sorts of questions:

- What do they like about your product?
- What do they like about your competitor's product?
- What made them decide to buy your product?
- Did they know which brand they were buying before they purchased it?
- What advertising messages had they seen prior to buying?
- How much disposable or discretionary income is available for this type of purchase?
- What are their hobbies?
- What emotional aspects impact their purchase?
- What is their social class or status?
- Who is the actual decision-maker for this type of purchase?
- What values and attitudes play a part in this type of purchase?
- Who do they look to when making purchasing decisions?

Source: www.howstuffworks.com

apply, the more relevant and effective you can be."

Pool says psychographics can be particularly useful in a market of a diminishing number of farm operations and agribusinesses. "We operate in a business to business environment and to be successful we need to create and maintain lasting, relevant relationships. Developing a more thorough, deeper understanding of what makes our customers tick will help us to do this."

For some issues, like organic or GM, the strength of psychographic segmentation is its ability to predict what will be an issue. For instance, organic growers may be concerned about the use of mutagenesis in plant breeding based on European discussions about declaring it ineligible for an "organic" definition. Or they may care a lot about minimizing packaging. "It gives you a better understanding as potential future issues and concerns arise, so you can start thinking of them and deal with them as emerging issues. Demographics and other tools like purchase behaviors, which is reporting past history, would never help you do that," says Morgan.

So the consensus is that psychographics can help you understand what your customer is all about – and that's half the battle in marketing. The challenge is to find tools and experts who can help you be successful at it.



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Scott Cerveny
Maintenance Supervisor
Aurora Cooperative
Aurora, Nebraska

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Larry Funk, Funk Farms, Tilden, Nebraska

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Dave Prinz, President, Prinz Grain, West Point, Nebraska

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Dennis Baumert, President, Scribner Grain, Scribner, Nebraska

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Ph. (785) 632-2161 • FAX (785) 632-5964
www.hutchweb.com