Psychographic Profiling of Indian Young Adult Consumers of Smartphone - VALS Approach

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ABSTRACT:
The current youth market is characterized as tech-savvy, variety seekers who has been active in using digital technology in unprecedented ways. The market segment defined here comprises of youth adults between the ages 20 to 30, who are more comfortable with purchasing the smartphones than previous generation. There is fierce competition in smartphone market, due to the large selection of devices from a wide range of brands.Thus it is of significant interest to understand the consumer behavior on buying a smart phone.Smartphones are considered to be a lifestyle device than a necessity. This study strives to evaluate snapshot of the differences and similarities among the Smartphone consumers in the given sample of population, and offers a glimpse of the early demographic and behavior trends associated with new smart phone devices in the Indian markets. This study profiles the consumers into eight segments based on Values and Lifestyle (VALS) model. It is evident from this research that consumers' brand preferences vary according to their lifestyle segment. The insights from the report provide a better understanding of both the challenges and opportunities that exist as the mobile landscape continues to evolve.

Keywords: Values and lifestyles, Psychographics, Brand preferences, Customer profiling, Cluster analysis

INTRODUCTION

In the digital mobile globe, mobile phones have come to be one of the convenient ways of communication. Customers all over the globe are employing mobile phones to link alongside the people and the world. New period Smartphone's additionally come equipped with latest technologies and high-end features - making existence of customers easier than ever before. Purchasing of smartphone has been increasing among the consumers in the recent time. There has been rapid growth and competition among the mobile handset manufacturing companies (Anderson, 2006). Nowadays; It has been found

that a mobile phone with almost every person. Thus it is of significant interest to assess the consumer's view on purchasing (what the consumers want, what they are buying and why), necessity and spending money on mobile phones. However this study does focus on consumer behavior towards smartphones. According to IDC report on smartphones market 2014, smartphones now account for 63.1% of the worldwide mobile phone market, up from 50.7% in 2013. This study also reveals the importance of operating system in consumer decision making process of buying a smart phone. The

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Android operating system was released by Google in 2008 has been the market leader in Smartphone operating system market in the world. It was running on three out of every four Smartphone handsets sold in the third quarter of 2012, according to IDC (table 1).

The youth market today is extremely tech-savvy and that has been active in transforming the application and use of digital technology in unprecedented ways (Audrey, 2004). The market segment defined here comprises of young adults between the ages 20 to 30, who are more comfortable with purchasing the smartphones than previous generation.young people tend to be early adoptersand they prefer smartphones to be in touch with friends and family by using various features of smart phones and customize them to suit their needs. Purchasing a smartphones has become a practical necessity, as well as a status symbol for consumers. (Kalba, 2008).

The study strives to evaluate snapshot of the differences and similarities among the Smartphone consumers in the given sample of population, and offers a glimpse of the demographic and psychographic behavior trends associated with buying process of Smartphone's in Indian markets. VALS is a way of viewing people on the basis of their attitudes, needs, wants, beliefs and demographics. By using psychology to analyze and predict consumer preferences and choices, the VALS system constructs a link between personality traits and buying behavior. The system identifies current

and future opportunities by segmenting the consumer market place on the basis of the personality traits that drive consumer behavior (Canandan, 2006). This study segments consumer market of smart phones based on VALS framework which provides a better understanding of consumer psyche. Customer buying is not mere transfer of an item from seller to buyer. It is a value transformation process which results in customers' experience. This study takes into account the relevance of operating system in consumer decision making process and captures the factors which influence the consumer to purchase Smartphone. This study also measures the loyalty of different branded smart phones among consumers.

Literature Review

Psychographics is the science of using psychology and demographics to better understand consumers (Kotler, 2010). Customers are classified into different groups on the basis of personality traits, Lifestyles, Values. People within same demographic group can exhibit different psychological profiles. When attitudes, motivations, personality characteristics and belief systems are analyzed statistically to determine groups with substantially different attitudes, the result is psychographic segmentation psychographic segmentation will help advertisers to target the most receptive audience for their message (Schiff man and Kanuk, 2008).

Table 1: Top five smartphone operating systems, shipments and market share, Q3 2013 (Units in Millions)

Operating System	3Q13 Shipment Volumes	3Q13 Market Share	3Q12 Shipment Volumes	3Q12 Market Share	Year-Over-Year Change
Andriod	211.6	81.0%	139.9	74.9%	51.3%
IOS	33.8	12.9%	26.9	14.4%	25.6%
Windos Phone	9.5	3.6%	3.7	2.0%	156.0%
BlackBerry	4.5	1.7%	7.7	4.1%	-41.6%
Others	1.7	0.6%	8.4	4.5%	-80.1%
Total	261.1	100.0%	186.7	100.0%	39.9%

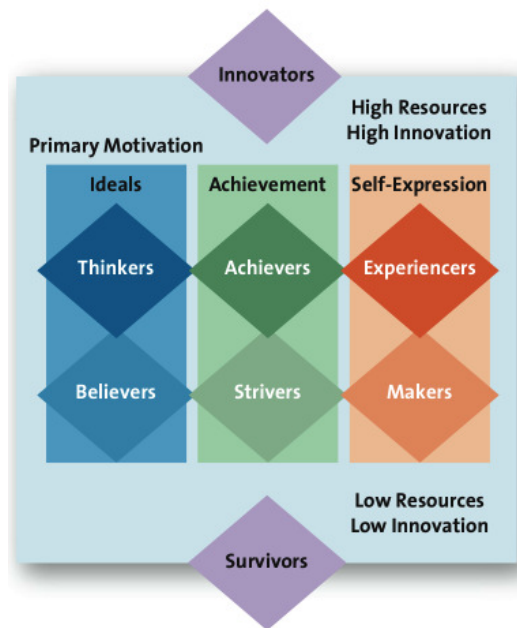Source: IDC Worldwide Mobile Phone Tracker, September 13, 2013

Figure 1: VALS frame work

Source: Strategic Business Insights

VALS is a framework developed by strategic business insights way of viewing people on the

basis of their attitudes, needs, wants, beliefs and demographics. The VALS framework explains the deeper psychological drivers of consumer behavior. VALS uses psychology to segment people according to their distinct personality traits. The eight segments of VALS system range from the top with high resources and high motivation, the innovators, to the bottom part with low resources and low motivation, the survivors. In-between are Thinkers (high resources) and believers (low resources) motivated by ideals; achievers (high resources) and strivers (low resources) motivated by achievement and experiencers (high resources) and makers (low resources) motivated by self-expression (figure 1).

VALS system creates an explicit link between personality traits and buying behavior by using psychology which will predict consumer preferences and choices. VALS specifically groups consumers into eight segments on the basis of consumers' personality traits that affect behavior in the market place.

The problem is that even though individuals in a specific demographic category have different values, motivations and beliefs which results into different behavioral acts. Clawson and Vinson (1978) explains the significance of values in predicting the consumer

behavior including consumer attitudes, degree of deliberating, product classification, and life style.

According to Morgan and Doran (2003), If communication program developed based on psychographics segmentation , it will result in more effective and efficient campaigns. Based on the findings of Mohdazamosman et al. (2011), young male customers usually are larger target market for smart phones. Authors identify the differences among gender with respect to usage of smart phones. Men have higher agreement in the direction of assorted mobile contents such as games, request multimedia, e-mail, and internet browsing. On the supplementary hand, women have a higher tendency to accept or buy ringtones and wallpapers, that are meant to adorn or personalize their Smartphone. Even though the

choice of a mobile phone is a subjective choice situation, there are factors that seem to escort the choices.

Hamka (2014) mentions that incorporating demographic and psychographic factors for profiling the marketplace segment established on behavioral custom furnish supplementary vision for every single actor to discern their target customers and suitable marketing strategy and product custom to be offered. Research on

psychographic segmentation has been broadly focused on tourists (Schewe, 1978; Weber, 1989; Galloway, 2002), Green Consumer (Mostafa, 2009), Customers in a specific geographic region (Boote, 1982; Lin, 2002). Compared to other areas of research in psychographic segmentation, there is significantly less importance given to understand to profiling of smart phone users based on their psychographics.

Table 2: Final cluster centers – K-means cluster analysis

Final Cluster Centers								
	Cluster							
	1	2	3	4	5	6	7	8
I am often interested in theories.	3	3	2	2	2	1	3	2
I like outrageous people and things.	1	2	3	3	2	3	3	3
I like a lot of variety in my life.	4	4	3	3	2	3	4	4
I love to make things I can use every day.	4	3	3	2	3	2	3	3
I follow the latest trends in tech2logies.	3	3	4	3	2	4	3	3
I like being in charge of a group.	4	4	3	2	2	4	3	3
I like to learn about subject and industry	3	3	2	3	3	3	4	3
I often crave excitement.	4	3	3	3	2	4	4	4
I am really interested in only a few things.	1	2	4	4	3	3	1	3
I would rather make something than buy it.	3	3	4	2	2	2	3	3
I am more tech-savvy than most people.	2	2	4	3	2	4	3	3
I have more ability than most people.	1	3	3	3	4	4	3	3
I like showing off at times like how others do.	3	3	2	3	3	3	2	3
I like trying new things.	4	4	4	2	2	4	4	4
I am very much interested in how tech2logy and their applications work.	1	3	4	3	2	4	4	4
I like being updated when tech2logy is concerned.	1	3	4	3	2	4	4	4
I like to lead others.	4	3	3	3	2	4	3	3
I would like to spend a year or more in a foreign country.	1	3	3	2	3	3	4	4
I like a lot of excitement in my life.	4	4	4	2	3	4	4	4
Like few others even my interests are somewhat narrow and limited.	2	2	3	3	2	3	2	3
I like making things of hardware, software, or other such components.	1	2	4	2	3	3	2	3
I want to be considered fashionable.	1	3	3	3	2	3	3	3
I like the challenge of doing something I have never done before.	4	4	4	3	3	4	4	3
I like to learn about things even if they may never be of any use to me.	1	4	3	3	2	3	3	3
I like to make things with my hands.	3	4	4	2	3	3	3	3
I am always looking for a thrill.	4	3	4	2	3	4	4	3
I like doing things that are new and different.	4	4	4	3	3	4	4	3
I like hopping through E stores.	1	3	3	2	2	4	3	3
I would like to understand more about how the tech2logy works.	1	4	4	3	2	4	4	3
I like my life to be pretty much the same from week to week.	2	2	3	4	3	3	2	3

Table 3: Genderwise classification of clusters

						Cluster Number of Case					Total
Gender:*Cluster Number of Case											
Count											
		Innovators	**Thinkers**	**Experiencers**	**Believers**	**Makers**	**Strivers**	**Early Adopters**	**Early Innovators**		
Sex	**Male**	0	8	27	4	0	0	14	12		65
	Female	1	7	18	1	4	8	3	12		54
Total		1	15	45	5	4	8	17	24		119

RESEARCH METHOD

The sampling unit as per this study is young Indian Smartphone users who are in the age group of 18-35. Convenience-sampling method has been adopted under the non-probability sampling technique and about 119 samples have been collected for the study. Descriptive research has been adopted which provided data about the population being studied. Survey method is used to collect the data required. Cluster analysis is used to segment the customers into eight different segments based on VALS framework. The questionnaire is developed based on VALS inventory contains 35 questions developed by Strategic Business Insights, US. Pilot study is conducted with the sample size of 20 respondents. Based on their responses, 30 questions are finalized to capture lifestyles through Likert scale (1-StronglyDisagree- Disagree, 3-Neither Agree nor Disagree, 4- Agree, 5- Strongly Agree)

The following Objectives are designed for the study.
✓ To profile the consumers using psychographic segmentation mainly VALS framework.
✓ To examine the relationship between brand preference in smart phones and psychographic profile

RESULTS AND DISCUSSION

Cluster analysis is used to segment the respondents into eight groups based on their responses to thirty statements derived from VALS framework which captures their values, attitudes and Lifestyles. K-Means cluster analysis is used in this analysis as the number of clusters is predetermined. Table 2 shows final cluster centers. Table 3 depicts the gender profiling of the respondents.

Cluster 1: Strivers

Consumers in this segment do like lot of variety in their lives. They love making things on their own. Here, the individuals are tech-savvy and they keep themselves updated to the latest trends. They love being in charge of a group and to lead them. These set of consumers always crave for excitement. They at times show off about themselves to others. They love trying new things instead of routine life. These individuals have their interests wide and unlimited.

Key Characteristics
✓ Variety seekers
✓ Love making things of own.
✓ Excitement seekers

Cluster 2: Thinkers

Consumers in this segment are studious. They don't like outrageous people and new things. They do like lot of collection in their lives. They like making things on their own. Here, the people are tech-savvy and they retain themselves notified to the latest trends. They would like to be in charge of a team and to lead them. These set of customers always crave for excitement. They believe in their ability. They at periods display off concerning themselves to others. They like trying new things instead of routine life. They are believed to be fashionable. They indulge in acting trials that are new to them. They like hopping across E stores.

Key Characteristics
✓ They like simple things.
✓ They are always excited.

Cluster 3: Experiencers

Consumers in this segment are not interested

in theories. They like outrageous people and things. They do like lot of variety in their lives. They love making things own their own. Here, the individuals are very much tech-savvy and they keep themselves updated to the latest trends. They love being in charge of a group and to lead them. They believe in their ability. They don't show off. They love trying new things instead of routine life. They would just love spending a year or more in a foreign country. They indulge in doing challenges that are new to them. They like hopping through E stores.

Key Characteristics
✓ High belief in their abilities
✓ Very much tech-savvy

Cluster 4: Believers
Consumers in this segment are not interested in leading others. They believe in their ability. They love their routine life and are not interested in trying new things. These people would not like to spend time in a foreign country. These individuals have their interests narrow and limited. They don't like hopping through E stores.

Key Characteristics
✓ They use the available things.
✓ Not adaptive.
✓ Like routine life

Cluster 5: Makers
Consumers in this segment don't like variety in their life. They love making things own their own. Here the individuals don't follow the latest trends in technologies. They are not interested in leading others. They don't crave for excitement. They believe in their ability. They love their routine life and are not interested in trying new things. These individuals have their interests wide and unlimited. They are not considered to be fashionable. They indulge in doing challenges that are new to them. They don't like hopping through E stores.

Key Characteristics
✓ They love making things on their own
✓ Their interests are wide and unlimited.

Cluster 6: Innovators
Consumers in this segment love trying new things instead of routine life and they are not interested in theories. They like to be outrageous. They do like lot of variety in their lives. Here, the individuals are tech-savvy and they keep themselves updated to the latest trends. They love being in charge of a group and to lead them. These set of consumers always crave for excitement. They believe in their ability. They indulge in doing challenges that are new to them. They like hopping through E stores.

Key Characteristics
✓ They love using technology and usually first buyers.
✓ They are sophisticated.

Cluster 7: Early adopters
Consumers in this segment are studious. They believe in their ability and they don't show off. They love trying new things instead of routine life. These individuals have their interests wide and unlimited. They are considered to be fashionable. They indulge in doing challenges that are new to them. They like hopping through E stores.

Key Characteristics
✓ They are not happy with routine life.
✓ Thrill is a major entity in their life.

Cluster 8: Early Innovators
✓ The consumers in this segment are not interested in theories. They always indulge in up gradation of technology. They believe in their ability. They at times show off about themselves to others. They love trying new things instead of routine life. These individuals have their interests narrow and limited. They are considered to be fashionable. They indulge in doing challenges that are new to them. They like hopping through E stores.

Key Characteristics
✓ They always indulge in up gradation of existing gadgets.
✓ They strive in the challenges they work for.

Brand Preferences and Psychographic Profiles of Consumers

This study clearly reveals that brand preferences vary across different psychographic profile of customers. 'Apple' i-phones are bought by experiencers and early innovators. The apple brand is known for its design and innovation and we find early innovators who try to keep themselves abreast to the technology are using apple smart phones. The segment of thinkers also bought this device, the characteristic that made them to buy apple mobile is that they are tech-savvy and they try out new things and trends which prevail in the current market. A very small segment of strivers and early adaptor are i-phone consumers. Samsung is preferred by early adaptors, thinkers, early innovators and experiencers. Since there are various models available in this brand, Samsung addresses the need of wide range of segments. This finding clear implies how Samsung has captured the market and became the market leader in smart phones. Experiencers prefer HTC and Sony the most. Experiencers are the people who look for the opportunity to get updated to the latest trends. Micromax, less priced smart phone in India targets value for money consumers. Micromax is preferred by early innovators and experiencers who would like to try out new

things and are tech-savvy. Nokia is preferred by all most all the clusters except innovators and believers, but the number of users are less compared to top players like apple, Samsung, Sony and Micromax etc (table 4).

CONCLUSION

The study attempted to classify the customers based on their psychographics. This study clearly depicts smart phone brands target different psychographic segments but in the same demographic segment. Media planning should be developed based on the psychographics of target customers. Innovators are less T.V. Viewers and frequent readers, so magazines, Newspapers and blog posts are the suitable ways to target that segment. Marketers should craft their campaigns according to the psychographic profile of the target consumers. Experiencers and Early Innovators are the larger part of young audience, so marketers have to concentrate more on innovation with advanced features giving excitement to customers. This study focused only on top brands of Smartphone. Research could be carried out to profile customers of all Smartphone and also to explore the differences among the segments in their brand preference of smart phones.

Table 4: Smart Phone Preferences based on psychographics

	Innovators	Thinkers	Experiencers	Believers	Makers	Strivers	Early Adopters	Early Innovators	Total
Apple	0	2	4	0	0	1	1	4	12
Samsung	0	6	5	4	3	1	7	6	32
HTC	0	1	6	0	0	0	0	1	8
Sony	1	1	9	0	0	4	5	2	22
Micromax	0	2	6	2	0	0	1	5	16
Nokia	0	2	4	0	1	1	2	3	13
Blackberry	0	0	3	0	0	1	1	0	5
Lenovo	0	1	5	0	0	0	0	0	6
Karbon	0	0	1	0	0	0	0	1	2
Nexus	0	0	2	0	0	0	0	0	2
LG	0	0	0	0	0	0	0	1	1
Total	1	15	45	6	4	8	17	23	119

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