

Understanding customers

It's a generation thing

Marketers everywhere are slowly waking up to the special approaches needed in the “grey” market, and earlier articles in *Argent* have focused on these. Now Edgar Keehnen and René Teuwen, using the Netherlands as a case study, argue that the same principles can profitably be applied elsewhere – and in particular in marketing to ethnic groups.

If, as a provider of financial services, you want to get a fuller understanding of your customer, you must also understand what drives him. In other words, what he feels to be important in his life and what values are important to him. There are different views on how and when a person develops these values. One of the philosophies on this subject¹ suggests that a person's values are formed

This implies that this type of customer has a completely different sort of relationship with intermediaries to that of the generation immediately below them. One reason for this is that their general education has not been as comprehensive as that of the younger generations, but their specific experiences in their formative years may be more significant.

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between the ages of fifteen and twenty-five, the so-called “formative years”. Whatever happens during this period in a person's life will have a significant effect on what he regards as important, and on which values he will set great store by.

So, to approach the over-50s effectively, you will need to know something about their backgrounds and what they think about life – and therefore you will have to go back to the values by which they were brought up. People in this age group in most western economies all seem to be fairly critical consumers, with such experience of life that you

Deep impressions

When the current 70-plus generation was fifteen to twenty-five, the Netherlands was in the throes of the crisis years of the 1930s, and then the Second World War, with occupation and severe shortages of basic necessities. These were events that made a very deep impression on everyone, and communal needs were much more important than individual needs. They all had to work together against the common enemy. This produced a feeling of solidarity and of strength through togetherness. In such a culture there is no room for individual needs. This generation thinks in terms of duty, efforts, saving for the future, groups and harmony.

This attitude to life arose as a result of the years of unrest and strife in which they grew up. Togetherness was important, and a society with a well-ordered hierarchy was the only way in which the Netherlands could be rebuilt. Even in those days, the notions of respect for elders and for authority were ingrained in everyday living. These factors were perhaps concentrated in this population group after the war, because so many of their number – perhaps half a million – were encouraged to emigrate to the Dutch colonies; those that stayed behind would have had a special bond of togetherness.

In terms of financial services, this means that the pre-war generation (and arguably their children who grew up during the war) consists of older people, who save in the certain knowledge that there will be enough left over for their children. These inheritances are typically available when their children are in their fifties. This

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cannot just pull the wool over their eyes. But, by and large, the 70-plus generation – especially in the Netherlands – generally seems to follow the doctor-patient formula and is happy to take the advice of anyone in authority. They follow the advice of consumer associations and are more loyal to both traditions and brands.

raises a lot of questions with regard to assets. The baby boom generation (46–55 age group) finds itself “confronted” with a wealth of assets from their parents and their savings-oriented generation.

Different outlook

However, this younger generation has a different outlook on life. When this target group was in its formative years, there was relatively little external threat or danger. During the period of rebuilding, there were few problems of the type that their parents’ generation had to endure. For this reason, they were able to look at life a little differently, more from the individual perspective. Above all, this individual view of the world was built on a rejection of traditional and hierarchical values. The previous generations were thought to be rigid and oppressive. This generation thinks in terms of rights, relaxation, spending, me (the individual), conflict, and the here and now.

If we now compare the 70-plus generation with the generation of the ethnic minorities (the first generation of foreign workers), we can see similarities between these two groups².

Both were typically, not as well-educated as the following generations. This first wave of immigrants also had a difficult time during the formative period. They had to leave their own countries, learn a new language and start all over again – clearly a major, and perhaps traumatic, event that had a great impact on their lives. As with the older native Dutch, they also think in a very hierarchical manner, and the role of authorities such as the Church and leaders within the group itself is strong.

They have been able to secure their existence in the Netherlands both as individuals and as a clearly-distinctive group. Networks, in particular family networks, are strong.

In short, what do the pre-war generation and the first generation of immigrants have in common? Answer: they have the same views on duties, commitment, saving for the future, groups and harmony.

Modern reactions

But what of the younger groups? If we now compare the baby boom generation with the second or third immigrant generation, we see a shared form of opposition to society. Not surprisingly, as this immigrant generation has not been exposed to a great deal of hardship. Just like the baby boomers, they have grown up in a thriving economy and, in comparison with their parents, they have had a better education.

And the opposition to existing family structures is also evident, albeit in a different manner than with the baby boom generation. They have to revisit the old hierarchical and religious thinking processes and adapt

these to their own needs. Ultimately, they have all grown up differently and have accumulated different experiences. Even the requirement of collective need for survival has diminished. There is now room for individual thinking.

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Here too, there are similarities, such as thinking in terms of rights, relaxation, spending, me (the individual), conflict and the moment. Both the baby boomers and the second/third generation immigrants have fought their corner in a very emphatic manner and will have to continue doing so.

These are not radical ideas – they are more like applied common sense. But however straightforward they may be, they were being ignored in the Netherlands until recently – and probably are still being ignored elsewhere.

These are not radical ideas – they are more like applied common sense – but they were being ignored.

Marketing effectively to ethnic groups will become an increasingly important element in most Western economies as a result of continuing migration. Marketers everywhere should find to their relief that most of the core principles, and the fundamental attitudes, are actually pretty familiar – provided they look in the right places. □

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¹ This has been developed at, amongst other centres, the University of Tilburg in Noord-Brabant – www.uvt.nl.

² There have been two distinct phases of immigration into the Netherlands. As in Britain, there was a large influx from its colonies (chiefly Surinam and the East Indies), especially after independence. More recently, the focus has been on Turkey and Eastern Europe.