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The ‘Millennials’, otherwise known as ‘Generation Y’, represent approximately 20% of the Australian population. These 15- to 35-year-olds are currently spending $67 billion every year and by 2025 this will be pushing $100 billion annually when they will make up 75% of the workforce. It’s no wonder that businesses are paying attention – both from a marketing and human resource management perspective.

Who are the Millennials?

A generation is a group of people born around the same time and raised around the same place. People in a ‘generation’ exhibit similar characteristics, preferences, and values over their lifetimes.

Millennials is a term used to describe the generation of people born between 1981-2004 and is often associated with words like ‘tech-savvy’, ‘self-absorbed’ and ‘free spirited’. By understanding how each generation views the world, marketers are able to better create and sell products and services that resonate with each generational market segment.

Market segmentation

Market segmentation is the identification of portions of the market that are different from one another – it allows a firm to better satisfy the needs of its potential customers.

Consumer markets can be segmented on the following characteristics:

- Geographic (region, metropolitan area, climate, population density)
- Demographic (age, gender, family size, family life-cycle, generation, occupation, education, ethnicity)
- Psychographic/Lifestyle (activities, interests, opinions, attitudes)
- Behavioural (benefits sought, usage, brand loyalty, occasions eg birthdays, Christmas)

Generations are shaped by shared life experiences such as world and national events, music, fashion trends, toys, TV and language which then shape the way each generation views the world and then interacts with business – both as consumers and as employees.
<table>
<thead>
<tr>
<th>Generation</th>
<th>General Characteristics</th>
<th>At Work:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greatest Generation (before 1945)</td>
<td>• experienced hard times while growing up which were followed by times of prosperity</td>
<td>• long term steady career path</td>
</tr>
<tr>
<td></td>
<td>• follow the rules and respect authority</td>
<td>• consistent, disciplined, loyal</td>
</tr>
<tr>
<td></td>
<td>• save money and careful with spending</td>
<td>• don’t adapt well to change</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• work and life as separate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• value dedication and hard work</td>
</tr>
<tr>
<td>Baby Boomers (1946 - 1964)</td>
<td>• Post-war babies who grew up to be ‘radicals’ of the 1970’s and ‘yuppies’ of the 1980’s</td>
<td>• Loss of work life balance through long working hours</td>
</tr>
<tr>
<td></td>
<td>• independent</td>
<td>• Collaborative</td>
</tr>
<tr>
<td></td>
<td>• anti-war &amp; anti-government</td>
<td>• Challenge authority</td>
</tr>
<tr>
<td></td>
<td>• question everything</td>
<td>• Prefer flatter organisational structure &amp; team approach</td>
</tr>
<tr>
<td></td>
<td>• ambitious and competitive</td>
<td></td>
</tr>
<tr>
<td>Generation X (1965-1980)</td>
<td>• Suspicious of baby boomer values</td>
<td>• want improved work-life balance</td>
</tr>
<tr>
<td></td>
<td>• Adaptable &amp; highly-educated</td>
<td>• focus on individual advancement</td>
</tr>
<tr>
<td></td>
<td>• Independent &amp; individualistic</td>
<td>• want job stability and satisfaction</td>
</tr>
<tr>
<td></td>
<td>• Flexible, practical &amp; self-reliant</td>
<td>• cynical - not impressed by titles</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• distrust authority unless they believe that the position is well</td>
</tr>
<tr>
<td></td>
<td></td>
<td>undeserved</td>
</tr>
<tr>
<td>Millennials or Generation Y (1981-2004)</td>
<td>• Have grown up with the internet and smartphones in an always-on digital world.</td>
<td>• more value on work-life balance</td>
</tr>
<tr>
<td></td>
<td>• Resilient &amp; optimistic</td>
<td>• want meaningful work</td>
</tr>
<tr>
<td></td>
<td>• Confident, innovative, independent</td>
<td>• desire a creative outlet,</td>
</tr>
<tr>
<td></td>
<td>• service-oriented</td>
<td>• seek immediate feedback,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• natural multi-taskers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• want to ‘contribute’ to society</td>
</tr>
<tr>
<td>Generation Z (2005 - now)</td>
<td>• open-minded, team-oriented</td>
<td>• show signs of being more entrepreneurial</td>
</tr>
<tr>
<td></td>
<td>• entrepreneurial</td>
<td>• less influenced by money</td>
</tr>
<tr>
<td></td>
<td>• realistic rather than optimistic</td>
<td>• prefer traditional methods of communication</td>
</tr>
<tr>
<td></td>
<td>• want to be able to customise things to suit them – their education, products, lifestyles</td>
<td>• want to work for an honest leader</td>
</tr>
</tbody>
</table>
Millennials: A Growing Market… and a challenge

Millennials are the fastest-growing generation of customers in the marketplace and make up 21% of consumer discretionary purchases, which is estimated to be over a trillion dollars in direct buying power and a huge influence on older generations. Millennials also have different attitudes toward employment, sales, and marketing, which challenge traditional strategies and approaches used by business.

- 37% of millennials say they are willing to purchase a product or service to support a cause they believe in, even if it means paying a bit more
- 80% of millennials want brands to entertain them
- 40% want to participate in co-creation of products and brands
- 70% feel a responsibility to share feedback with companies after a good or bad experience

Source: http://www.millennialmarketing.com/who-are-millennials/

For brands to succeed, they need to introduce themselves and become part of Millennials’ daily lives in lasting, authentic ways. To be more than just a fad with young Australians, brands need to have meaning and depth.

What should marketers consider when marketing to Millennials?

Word of Mouth and ‘Influencers’

When asked why they might switch brands, Millennials identified the availability of something new as a factor and also peer recommendations. So, while they might be on the lookout for the latest and greatest, they’re also influenced by more traditional marketing recommendations and word of mouth.

Millennials are turning to their online networks when making purchasing decisions. Brands such as L’Oréal, Chanel, Prada and others already understand this and are collaborating with influential bloggers to reach millennials.
User-Generated Content

Digital media represents an effective way for businesses to engage Millennials (often called ‘digital natives’) to share their experiences with a brand (powerful word of mouth influence) and to re-purpose this user-generated content for their own marketing efforts.

Instagram: Many businesses take advantage of user generated content by reposting customers’ photos. This process is mutually beneficial as customers experience a thrill of seeing their photos on the business’ feed and get more exposure for their account while the business starts engaging their audience on a more personal level for greater loyalty.

YouTube: It is a powerful marketing strategy to engage customers to promote their products in user-generated video content, particularly given that 86% of Millennials believe that user generated content is a good indication of your brand’s quality level and perceptions.

GOPRO: Successfully Targeting Millennials

GoPro is a brand that has successfully developed their business around user-generated content and a brand based on self-expression, personal experiences and identity. Every user of the product feels like they have ownership of the brand – as they use their GoPros, users collect and make memories that create and express their identity.

GoPros brand was created by offering a camera, but also encouraging users of the camera to share their experiences with others. Their slogan, ‘Be A Hero’ appeals on an individual level, and also encourages users to take their camera and be the hero of their own story to be shared online (GoPro website, Youtube channel and other social media platforms). GoPros YouTube channel has more than 4.8M subscribers, giving them significant access to their target audience with broad demographics including Millennials, parents, sports lovers, nature enthusiasts as well as adrenaline junkies.

Health & Wellness Trend

Wellness is a daily, active pursuit for Millennials – they are exercising more, eating smarter and smoking less than previous generations. Apps to track training data, and online information to find the healthiest foods represent opportunities for businesses. This is an area where Millennials are willing to spend more.

Rise of the Foodies

Healthy eating isn’t seen as the be-all and end-all for Millennials. A recent study by a New York based marketing agency, The Halo Group (http://thehalogroup.com/), found that three-quarters of the market see food not only as a means of satisfying hunger, but as an adventurous pastime, and regularly seek out new food trends as a source of entertainment. They also reported that Millennials prefer to eat in groups and share their experiences through social media on sites such as Instagram and Facebook.

Offering More In-Store

Whilst the online environment is crucial in effectively marketing to Millennials, they are still using traditional ‘bricks & mortar’ stores, but as a social experience. Stores are not just places to buy things, but also as places to hang out. Retailers are starting to respond to this trend by changing their in-store experiences.

Urban Outfitters (http://www.urbanoutfitters.com/) have a large store in New York that includes a coffee shop, photo booths and a hair salon. It is hoped that whilst in-store, Millennials are researching products online, and posting to social networks at the same time, ultimately buying online later.
Working with Millennials

Millennials already form 25% of the workforce in the US and account for over half of the population in India. They present a unique challenge in Australia where they are less satisfied with their work, and more likely to leave their jobs within two years than their global counterparts. Australian work and Human Resources Management (HRM) practices could see significant changes as Millennials grow to represent a reported 50% of the workforce, both locally and globally, by 2020.

A Millennial Perspective on Work

Millennials differ from Generation X and Baby Boomers at work through their preference for a flat corporate culture, an emphasis on work-life balance and social consciousness. Their positive work related qualities are that they work well in teams, are motivated to have an impact, favour open and frequent communication with their supervisors, and are at ease with communication technologies.

Millennials are spending an ‘average of about three years, four months in a job, and will work for up to 17 different employers in their lives’ which means that managers need to focus on effective recruitment and also how to stay engaged with them through their careers.

HRM for Millennials: Retain, Engage, Motivate, Retain

The Top 5 Drivers of Millennial Employee Engagement:

1. Sense of belonging
2. Interesting or challenging work that pushes them to grow
3. A boss and co-workers they like
4. A mission or purpose they believe in or want to support
5. Compensation and benefits

Source: Unlocking Millennial Talent, 2015

Recruitment

Millenials are looking for more in life than ‘just a job’ or a steady climb up the corporate ranks. They want to do something that feels worthwhile, they take into account the values of a company when considering a job, and they are motivated by much more than money.

When asked what matters most at work by FutureStep (http://www.kornferry.com), 23% of respondents answered ‘the ability to make an impact’, with 20% opting for ‘a clear path for advancement’. By comparison, only 13% identified ‘income’ as most important.

Non-monetary Rewards: Work-life balance/flexibility

Millennial workers are interested in flexible career paths because their priority is work-life balance. The Deloitte Millennial Survey (https://www2.deloitte.com/global/en.html) found that flexible hours within a permanent working schedule was key to retaining and engaging workers.

Corporate Social Responsibility & Values Alignment

Millennials shift in attitudes has been shown in the findings that 64% of Millennials would take a 60% pay cut to pursue a career path aligned with their passions.

Culture: Teamwork & Collaboration

Millennials want to be able to work in the way that suits them best. Extensive technology use means that the line between work and home is blurred, although many would
Millennials still prefer to work in an office than alone. Millennials report that working and interacting with other members of a team makes work more pleasurable. Reasons for this may include more group-based learning and project groups experienced in school and because they often socialize in groups as well.

Training & Development – Opportunities for Progress

Millennials have specific expectations when it comes to learning and career development. Career progression is the top priority for Millennials who expect to rise rapidly through the organisation. Many respond well to mentoring by older employees and they would like to see their boss as a coach who supports them in their personal development.

Companies have been slow to adapt their training processes to align with how Millennials prefer to learn (visually and independently eg via YouTube). This is creating challenges in effective development and retention of Millennials as they enter and advance through the workforce. They generally prefer to learn by doing rather than by being told what to do.

Where Millennials Want to Work in 2016 – 3M

The companies that have already been the most successful in attracting talented millennials are naturally innovative employers who are never restrained by ‘how things used to be done’ - their culture, management style and approach to recruitment and retention naturally appeal to the millennial generation.

The 2016 Millennial Career Survey by National Society of High School Scholars (NSHSS) recently reported that 3M had overtaken Google to top the list for most preferred potential employer. 3M, a global innovation company, boasts $30 billion in sales, more than 55,000 products and 89,400 employees in 70 countries.

Initiatives implemented by 3M that attract younger employees and applicants:

- 3-to-12-month leadership development programmes; mentoring and training initiatives
- 3M’s range of sustainability and diversity projects
- 3M has a commitment to geographic, linguistic and ethnic diversity with top management representing many races and countries from around the world
- 3M’s ‘15 per cent’ philosophy that sees its scientists and product makers spend 15 percent of their time on projects of their choosing


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**Student activities**

1. Define market segmentation.
2. Explain the benefit of market segmentation in identifying target markets.
3. Create an annotated visual representation (or characterisation) of the typical Millennial. Identify and outline their key characteristics as a consumer and as an employee.
4. Describe the elements of the promotion mix in marketing.
5. Using examples, explain the importance of opinion leaders (influencers) and word of mouth in marketing to Millennials.
6. Assess why a mix of promotional strategies is important in the marketing of goods and services to Millennial consumers.
7. Research GoPro or another business that has successfully targeted Millennials. Describe two marketing strategies used by the business and evaluate the success of these strategies using clear criteria (eg sales, profit, market share, brand awareness).
8. Outline the processes of Human Resource Management or the steps in the HR cycle.
9. You are a HR consultant for an Australian telecommunications company. Propose and justify THREE employee programmes the company could implement to attract, motivate and retain Millennial employees.
10. Investigate a business which is considered a ‘great place to work’ and examine the range of strategies they have implemented to effectively manage their human resources. Link: [http://www.greatplacetowork.com.au](http://www.greatplacetowork.com.au) (Australian) or [http://www.greatplacetowork.com/best-workplaces](http://www.greatplacetowork.com/best-workplaces) (global)

   a. Explain how e-marketing can be used to effectively target the Millennial consumer.
   b. Discuss the ethical implications of current issues in marketing.
Further Reading:

- Another infographic: http://www.theonion.com/graphic/who-are-millennials-36111

References


Four great examples of marketing to millennials | Econsultancy. (n.d.). Retrieved from https://econsultancy.com/blog/67822-four-great-examples-of-marketing-to-millennials/


TARGET MARKETING
GAINING CUSTOMER DETAILS TO MAXIMISE MARKETING STRATEGIES

Ian Biddle, Former Head Teacher, Social Science Jamison High School

Businesses seeking likely customers

A successful business needs to reach sufficient potential customers who are aware of and are favourably inclined to what the business is selling. This involves effective marketing. To maximise marketing resources a business would need to in its research and strategies:

- Identify who are the most likely customers.
- Identify the needs, preferences and buying habits of these potential customers.
- Focus on developing strategies and products that best attract these customers.

Some suppliers of generic products seek a mass market. Most businesses however focus upon a particular segment. They may even produce differentiated products for particular market segments as Marriott International Hotels has done.

<table>
<thead>
<tr>
<th>Product</th>
<th>Target Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marriott Courtyard</td>
<td>Targeted at over-the road travellers</td>
</tr>
<tr>
<td>Ritz-Carlton Hotels</td>
<td>Targeted at luxury travellers</td>
</tr>
<tr>
<td>Marriott Conference</td>
<td>Targeted at hosting small and mid sized meetings</td>
</tr>
<tr>
<td>Centres</td>
<td></td>
</tr>
<tr>
<td>Marriott ExecuStay</td>
<td>Targeted at executives requiring long term stays</td>
</tr>
<tr>
<td>Marriott Vacation Clubs</td>
<td>Targeted at timeshares consumers</td>
</tr>
</tbody>
</table>

Some businesses in their research may identify a very selective target market segment, such as luxury cars or organic vegetables. They may become a dominant supplier in this niche market.

In their market research businesses may use one or a combination of features to segment the wider market. These may be:

<table>
<thead>
<tr>
<th>Category</th>
<th>Identifying factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic</td>
<td>Age, gender, income, education, lifecycle stage</td>
</tr>
<tr>
<td>Geographic</td>
<td>Location, access, travel opportunities</td>
</tr>
<tr>
<td>Psychographic</td>
<td>Attitude, beliefs, values, lifestyle, perceived class</td>
</tr>
</tbody>
</table>

Focussing on a market segment has been the traditional marketing approach, although having a degree of focus on individual customers is not new as many businesses have practiced relationship marketing. However, technological developments have enabled businesses to gather data that not just provides marketing information on a segment of the market, but detailed information on individuals and families. Such information is used to tailor highly focussed marketing strategies.

Evidence of this trend is shown by the following examples:

- Loyalty programs such as flybuys electronically send to households not only information such as special deals but also specials relating to products that the household frequently purchases.
- Households receive information on businesses such as booking.com, rental cars and Qantas deals soon after internet searches were made regarding a planned holiday.
- A phone “survey” was administered relating to a person’s attitudes to particular charities. This was shortly followed by calls from the more favoured charities seeking donations.
- Recent election campaigns have moved away from mass non-specific advertising such as letterbox drops to phone calls that identify the perceived needs and concerns of the targeted (usually undecided) voter.
- Most adults now have over flowing wallets packed with a wide range of loyalty cards. There are now over 70 million loyalty cards in circulation.

What information is sort?

As Smartera Business Builder suggests the more detailed picture a business has of its targeted customers the more effective will be its marketing strategies. Some of the main types of important customer information include:

- Name and contact details
• Transaction history
• History of past communications /replies
• Demographic profile
• Spending habits
• Payment history

Such information will enable the business to easily contact the prospective customer, predict their product needs, create a favourable image and avoid potential problems. Data collection needs to be unobtrusive and incentivised with benefits for the people providing their details. The consumer /provider relationship can be damaged if the consumer feels harassed or compromised.

The Queensland Government on its business website suggested a range of sources from which consumer data could be collected, these include:

**Order forms:** These and other enquiries provide customer details, transaction history, and customer needs, on-line orders can be easily added to a data bank.

**Surveys and competitions:** These enable needs to be clarified and data added to the data bank.

**Warranty cards and complaints:** This provides information on purchasing history and gives a chance for the customer relationship to be improved.

**Customer reward programs:** These provide customer details, an insight into customer needs and interests and an opportunity to provide customers with incentives and rewards.

**Your business website:** The business website, especially with a “contact us” option allows interaction with the business and the customer and allows for product updates.

**Broad statistical data:** Statistics and data already out there can help build a broad picture of the needs and changing demands of the target market segment.

**Market research agencies and associations:** These are able to also provide a broad overview of the targeted customers.

The type and method of data collection will be influenced by the size and nature of the business, its marketing strategies and the particular features of its target market.

It may be primary data, which is information collected from original sources such as surveys and loyalty programs, or secondary data, which is made available from an outside source such as a marketing organisation or the A.B.S. Data collected from inside the business is referred to as internal data, whilst that provided from outside the organisation is referred to as external data.

### Consumer information at broad societal level

Businesses base their marketing plans and strategies upon their ability to identify and respond to marketing opportunities, this includes the buying patterns and future intentions of existing and potential customers. A variety of factors will impact upon these intentions, these can be summarised as:

**Psychological:** e.g. perceptions, attitudes, learnt behaviour, lifestyle and self perception.

**Sociocultural:** e.g. social groupings, education, peers, traditions and occupation.

**Economic:** e.g. income levels, job security, existing financial commitments

**Government:** e.g. taxes, social service benefits, product laws and regulations.

Techniques such as surveys, observations, and controlled behavioural experiments will provide insights into buying patterns and the factors that will influence future buying intentions. Of particular importance are tools that show changes and trends. The Australian Census is such a tool.

#### The Australian National Census:

The Federal government conducts a nationwide compulsory survey every five years. It is a demographic snapshot that also indicates how the nation has changed. As Assoc. Prof. Nicholas Biddle from the A.N.U. states “it has a real impact ranging from the redistribution of electorates, the allocation of government funding, future planning decisions and, as well, influences private investment strategies based upon projected demands for goods and services.”

The following table outlines census data (2016) from two contrasting census collection districts:

<table>
<thead>
<tr>
<th></th>
<th>Carlton (Melbourne)</th>
<th>Tea Gardens (NSW coast)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Median age</strong></td>
<td>24</td>
<td>65</td>
</tr>
<tr>
<td><strong>Ancestry</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chinese</td>
<td>31%</td>
<td>English</td>
</tr>
<tr>
<td>English</td>
<td>12%</td>
<td>Australian</td>
</tr>
<tr>
<td>Australian</td>
<td>8%</td>
<td>Irish</td>
</tr>
<tr>
<td>Country of birth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>27%</td>
<td>Australia</td>
</tr>
<tr>
<td>China</td>
<td>23%</td>
<td>England</td>
</tr>
<tr>
<td>Malaysia</td>
<td>6%</td>
<td>New Zealand</td>
</tr>
<tr>
<td></td>
<td>Carlton (Melbourne)</td>
<td>Tea Gardens (NSW coast)</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Religion</td>
<td>No religion 47%</td>
<td>Anglican 35%</td>
</tr>
<tr>
<td></td>
<td>Not stated 13%</td>
<td>Catholic 21%</td>
</tr>
<tr>
<td></td>
<td>Catholic 11%</td>
<td>No religion 19%</td>
</tr>
<tr>
<td>Marital status</td>
<td>Married 15%</td>
<td>Married 64%</td>
</tr>
<tr>
<td></td>
<td>Never married</td>
<td>Never married</td>
</tr>
<tr>
<td></td>
<td>77%</td>
<td>16%</td>
</tr>
<tr>
<td>Median weekly income</td>
<td>$338</td>
<td>$476</td>
</tr>
<tr>
<td>Dwelling</td>
<td>Separate house 1%</td>
<td>Separate house 91%</td>
</tr>
<tr>
<td></td>
<td>Flat/apartment 84%</td>
<td>Flat/apartment 4%</td>
</tr>
<tr>
<td>Home ownership</td>
<td>Owned outright 10%</td>
<td>Owned outright 56%</td>
</tr>
<tr>
<td></td>
<td>Rented 77%</td>
<td>Rented 17%</td>
</tr>
</tbody>
</table>

Source: Sydney Morning Herald from ABS 2016 Census data.

This snapshot will certainly influence what products and services are offered in the two areas and the marketing strategies used by businesses to sell them.

As well as providing a snapshot, census data also highlights trends by comparing current data with previous census data. Some examples of trends that would influence marketing strategies include:

- Increase in the number of rental housing and apartments as opposed to stand alone owner occupied dwellings. Over 30% of households rent, especially high in the under 45 age groups.
- Rental payments are now a growing burden with 15% of household in financial stress.
- Job insecurity is increasing with more casual and part time work.
- Communities and suburbs are increasingly being defined by income differentials.
- Income and wealth inequality is increasing.
- There is a growing gap in wealth between the young and people above 50.
- Income growth is slow compared to increases in the costs of living.
- There is increasing cultural diversity.
- The way business interpret data will vary. Large businesses will analyse the data internally whilst smaller businesses may rely on an outside analysis.

Relationship marketing

This is the development of a long term and cost effective relationship with customers, through established data bases with associated mail-outs and relevantly timed emails. This encourages repeat business which is more cost effective than seeking and attracting new customers.

However, what has changed is the technology that has lead to a massive expansion in the collection of individual data and the associated marketing strategies that rely on this data. These activities range from loyalty programs to detailed data mining that relies on compilation of data base on individual activities such as websites searches and social media interaction.

Loyalty programs

Loyalty programs are initiated by businesses to obtain data from customers and to then be able to target them with specific goods and services most suited to their needs. In return customers may receive rewards which are related to the value of their purchases. Examples include Wesfarmers flybuys and the various airline frequent flyer schemes. Over 90% of adult Australians belong to at least one loyalty program.

Wesfarmers flybuys

This is the most popular loyalty program in Australia. It began in 1994 with approximately one million cards issued.

The original partners were Wesfarmers, Shell and the National Australia Bank. Points are awarded based largely on the value of purchases. Originally points earned travel rewards but the scheme expanded to include general merchandise. When purchases are made at Wesfarmers stores such as Coles, Target, and K Mart as well as linked businesses such as NAB, Budget Rental Cars, Telstra AGL and selected web searches a card is produced and the points are calculated. As well as this the customer data base is adjusted to show the type of purchase and the items purchased. The value of points and the participation associated businesses have changed through individual and household level. This is not completely new; many businesses have traditionally practised relationship marketing.
Customer data collected from loyalty programs is used in targeted marketing activities. The data is valuable as:

- Customers receive regular marketing messages and this would encourage sales.
- Businesses can aggregate data on individual and group shopper demographics and tendencies and this enables marketing to be more effective.
- Rewards help consolidate loyalty and therefore repeat business.

**Microtargeting and narrowcasting**

Ellen Martin writing for Forbes suggests that every time you click a website, post on social media, use a mobile app. and comment via email, your data is collected for future use. A “like” on Facebook or a post on Twitter also adds to an individual’s data profile.

This data mining was originally used to segment voters in election campaigns. Acxiom in the 2008 U.S. presidential election collected over 5000 separate pieces of data on over 200 million voters. Axiom could, for example, provide a list of Spanish speakers with two pets, caller I.D., drove a SUV, read particular magazines, subscribed to certain cable channels, and fitted into particular income and education categories. Such data helped tailor direct voter contacts relating to particular issues that would be of most concern to the targeted voter.

The same type of data collection, aggregated from a variety of electronic activities, can and is sold to businesses to help them target individual customers. The targeted customers who would be the ones most likely to purchase the products and services offered.

**Issues arising from data collection**

Technological changes often have a big impact on business activity. The ability to collect and analyse personal data relating to consumer buying patterns and anticipated future purchases has brought about changes to marketing practices. These changes have advantages for sellers as it allows for more effective target marketing and indeed there are advantages for consumers as it may save them time and money with their purchase decisions. Such changes to marketing practices do raise a number of legal and ethical issues and often time is required for businesses, consumers, the legal system and governments to satisfactorily adjust and deal with the issues.

Some examples of the issues that have arisen include:

**Privacy:**

Consumers have concerns about the security of their personal data that is collected and analysed. There is indeed a lot. In the U.S.A. alone in 2020 44 trillion gigabytes of personal consumer data will be collected and analysed. The privacy laws of 2014 state that permission is required if the data collected is going to be used for other purposes than what it was originally collected. Problems however do occur. The St. Vincent De Paul Society conducted a survey of its donors (carried out by Acxiom) but then sold this data to other charities and businesses. Showpo, an online fashion store, had its customer data stolen by a former employee who was setting up a new business. New laws covering privacy and the security of data need to be tight and enforceable. Evidence show that businesses self regulate in this area as evidence of a lack of security of data would have a negative customer reaction.

**Excessive consumerism:**

By analysing demographic data and prior shopping patterns businesses make predictions about future customer purchases. This is called needs anticipation. A teenage girl shopping at Target purchased a particular range of products that caused Target (U.S.) to believe that she was pregnant, and as a consequence directed particular on line advertisements to her home. This came as a great surprise to her family and an embarrassment to her. Targeting customers with advertisements relating to anticipated needs may encourage excessive consumerism. Customers who belong to the loyalty program of a chemist chain buy 40% more chemist products than other customers. This may be due to excessive target marketing or it may be that people who buy a lot of chemist products believe that it is in their interest to belong to the loyalty program.

**Consumer inconvenience:**

Caitlin Fitzsimmons, the editor of Money (SMH) stated that “targeted online advertising messages are useful to consumers ... the problem is I’ve let too many brands into the tent and now my email box is a hot mess of advertising emails.” Certainly there is a great deal of directed advertising and this can be inconvenient and a distraction when searching and using sites and social media. Members of loyalty programs do receive rewards for this inconvenience. These however are relatively small and shouldn’t unduly influence buying decisions as the points gained may not compensate for the alternative bargains on offer. Kevin Claveria, reporting on research by the University of Pennsylvania outlines that most understand the trade-off with having their data collected...
and most develop strategies and habits to minimise the inconvenience.

A recent survey conducted by the SMH indicated that 89% of people had some degree of apprehension about the collection and storage of personal data. In the last census an increasing number of people opted to have their person data destroyed after the given time period. (This will be a great disadvantage to their future descendants carrying out family research.) This apprehension about personal data being insecure and available for unscrupulous use is natural. However focussed targeted marketing using the collection and analysis of demographic and consumer purchasing pattern data is an established business practice, but a practice that does require business self regulation and tight privacy laws and their effective enforcement.

11. Select two trends highlighted by the recent census. Outline the impact of these trends upon selected businesses.

12. Why do you think so many people are apprehensive about the collection and storage of personal data?

13. What do you understand by the term “self regulation”? Do you think that it will work in the new marketing situation?

14. Australian privacy and data laws are stricter than those in the U.S.A. Argue a case for making them even stricter.

15. Describe two examples of “needs anticipation”.

16. Make a prediction about what marketing strategies and activities may be like in 20 years time. Do you consider this to be progress?

17. Explain what you understand by the term “relationship marketing”.

18. What are the benefits of the flybuys program to Coles and to their customers?

19. Read the article Information Overload by Stephanie Wood (Good Weekend S.M.H. 22nd July 2016), will this have an impact on your online activities?

20. What is the role of businesses such as Acxiom and Cambridge Analytica?

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