PROBLEMS OF THE GENERATIONAL MARKETING

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Abstract

In marketing theory, it is considered that an undifferentiated "one-product-fits-all" marketing strategy is not very effective because people are different and need various products and services. Companies, especially small and medium-sized enterprises as well as those companies with limited financial resources, are better off segmenting the market into smaller homogeneous groups with the same or similar needs. Market segmentation can be done according to a variety of variables, such as geographic, demographic, psychological, and behavioral. However, these variables should only be taken as a guide to where companies should direct their efforts, their products and services, marketing strategies, communications to satisfy consumers and make a profit. Age, as a demographic variable, divides people into different generational groups according to the time of their birth. Several generations are distinguished, such as G.I generation, Silent generation, Baby boomers, generation X, millennials, generation Z, generation Alpha. This paper describes generational marketing, but also points out the dangers if it is exclusively used as a variable for market segmentation. The paper concludes that as part of demographic variables, generation should be used in combination with other variables for better and more accurate market segmentation and targeting.

Keywords: *undifferentiated marketing; segmentation; age; generation; demographic variables*

JEL Codes: *M30, M31, M39*

Introduction

Consumers have different needs and wants that they satisfy with diverse and various products and services. Their different needs arise from the fact that consumers live in different geographical areas, with different climates, belong to different generational groups, have different educational, cultural, political, religious points of view, have different interests, aspirations, activities, ambitions, as well as different buying attitudes

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and buying practices. Hence, companies can hardly satisfy all consumers with one product. They need to divide the large heterogeneous market into smaller homogenous target segments in order to be more efficient and effective on the market and make a profit. The market segmentation is a very complicated process and there is no recipe for ideal segmentation. In marketing theory, geographic, demographic, psychological and behavioral variables are used for market segmentation (Kotler, Armstrong, 2016). The content of the individual variables is presented in the following table:

Table no. 1 - Major segmentation variables

| Major Segmentation Variables	
Segmentation Variable	**Examples**
Geographic	Nations, regions, states, counties, cities, neighborhoods,population density (urban, suburban, rural), climate
Demographic	**Age**, life-cycle stage, gender, income, occupation,education, religion, ethnicity, **generation**
Psychographic	Social class, lifestyle, personality
Behavioral	Occasions, benefits, user status, usage rate, loyalty status

Source: Kotler Ph, Armstrong G (2016), "*Principles of Marketing*", Global 16th Edition, Pearson Education Limited, p. 224

Age, i.e. generation, are part of the demographic variables for market segmentation along with gender, income, life cycle stage, education, occupation, religion and ethnicity. Demographic variables are mostly used for segmentation because they are easily measurable compared to other variables. However, there is a difference between age and generation. According to American Marketing Association (AMA, 2022), generations are about "starting point". More precisely, "contrasting young and old today is an age comparison, not a generational or cohort comparison. Generations are about trajectories of belief and action that began at particular starting points. The relevant contrasts for generations are those comparing the opinions and behaviors of cohorts at comparable ages. A generational comparison of millennials versus boomers is not millennials today versus boomers today. Rather, it is millennials and boomers at comparable ages, which is boomers when they were 19 to 36 years old, or the ages of millennials today." Williams (2011) define the generation as "a group of people who travel through life together and experience similar events". Emile Littre, French philosopher, in 1863 defined the generation for the first time as "all men living more or less at the same time" (Chaney, Touzani, Slimane, 2017). Sociologist Manheim, in his theory of generations in 1923 defined the generation as "individuals who experience the same historical, social, cultural, political and economic

events during their coming of age years". So, generation is a group of persons that share common values and behaviors over the course of their lives (Chaney, Touzani, Slimane, 2017). AMA is defining generation as "all of the people born and living at about the same time, regarded collectively." Also, AMA describes the generation on a very interesting way, as "the average period, generally about 20-30 years, during which children are born and grow up, become adults and begin to have children." In social sciences, the term generation means "a delineated population who experience the same significant events within a given period of time."

Generational marketing means adapting goods and services and other components of the marketing mix to a specific generation (Chaney, Touzani, Slimane, 2017). In generational marketing, customers are segmented and targeted by generation, determined by the year they were born. The generation types are more illustratively shown in the following graph:

Graph no. 1 Types of Generations (1883-2020)
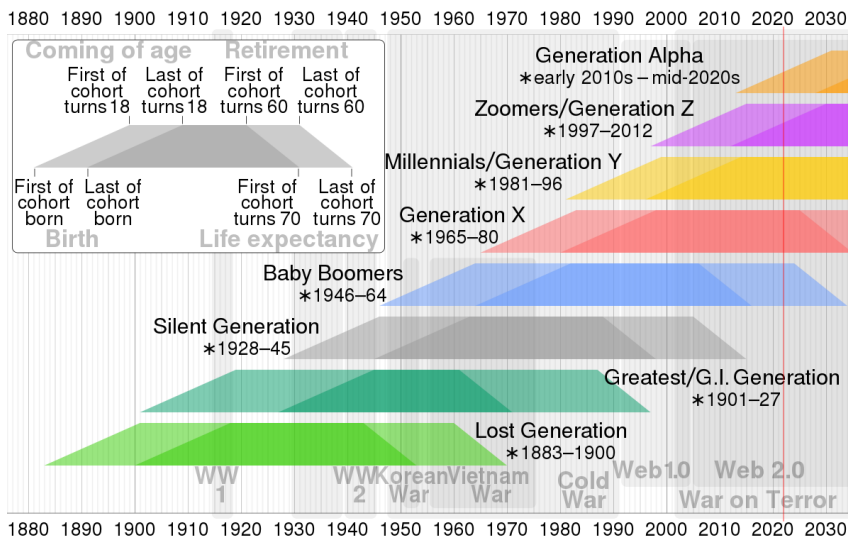
Source: Glaid Tim (2021), "Leading Across the Generations", Salem University, West Virginia, USA

Marketers need to be very careful when they use generational segmentation to guard against stereotypes. So, for example, some 70-year-old women are stereotypical and fit the description of baby boomers, but some are active, travel, play sports, follow fashion and eat healthy.

Literature Review

The application of the undifferentiated marketing strategy, "one size fits all", is considered neither practical nor efficient. A single product isn't likely to appeal to everyone. The product that is interesting for a 22-year-old student is not a challenge for a 50-year-old lawyer with a family. In order companies to serve the market more efficiently and effectively, it is best for them to divide the large, wide and heterogeneous market into smaller groups-segments. The segments should be as homogeneous as possible inside, and as heterogeneous as possible in relation to the rest of the market. Dividing the market into smaller homogeneous segments, each with a common variable, allows companies to use their time and resources more efficiently. However, segmentation is a very complex process for companies. Marketing theory offers so-called variables for easier segmentation of the market, such as geographic, demographic, psychographic and behavioral variables. Age, and generation as well, are part of the demographic variables along with income, education, life cycle stage, gender, occupation, religion and ethnicity (Kotler, Armstrong, 2016). Demographic segmentation is the most commonly used method. According to age, people can be divided into segments, such as babies, children, adolescents, adults, middle-age, and seniors. Generation based segmentation relates to the segments such as baby boomers, Generation X, Generation Y, Alpha, etc. Members within each generation were born around the same time and grew up with similar experiences, so they often share similar characteristics and thought processes. They share common political, social, historical, economic, cultural environment. Hence, generational marketing is defined as "a strategy for understanding how a certain age group behaves as consumers by considering their upbringing shaped by trends, developments and events" (Buesnel, 2022). A generation is a group of people who fall in the same age group, and their lives are shaped by the same kinds of trends and experiences. It is useful to see what different researchers think about the labels and boundaries of generations (Table 2).

Table no. 2 - Generation labels and periods in different sources

Source	Labels					
Howe and Strauss,2000	Silent Generation (1925-1943)	Boom Generation (1944-1960)	Generation 13 (1961-1981)	Millennial Generation (1982-2000)		
Lancaster and Stillman, 2002	Traditionalists (1900-1945)	Baby Boomers (1946-1964)	Generation Xers (1965-198)	Millennial Generation, Echo Boomers, Generation Y, Baby Busters, Generation Next (1981-1999)		
Martin and Tulgan, 2002	Silent Generation (1925-1942)	Baby Boomers (1946-1960)	Generation X (1965-1977)	Millennials (1978-2000)		
Oblinger and Oblinger, 2005	The Mature (<1946)	Baby Boomers (1947-1964)	Gen-Xers (1965-1980)	Gen-Y; NetGen, Millennials (1981-1995)	Post-Millennials (1995-2005)	
Tapscott, 1998	-	Baby Boom Generation (1946-1964)	Generation X (1965-1975)	Digital Generation (1976-2000)		
Zemke et al., 2000	Veterans (1922–1943)	Baby Boomers (1943-1960)	Gen-Xers (1965-1980)	Nexters (1980–1999)		
Reeves and Oh (2008)	Mature Generation (1924–1945)	Boom Generation (1946-1964)	Generation X (1965–1980)	Millennial Generation (1982-2000)	Generation Z (2001-present)	
Perano (2019)	Silent Generation (1928-1945)	Baby Boomers (1946-1964)	Generation X (1965-1980)	Generation Y, Millennials (1981-1996)	Generation Z, Zoomers (1997-2012)	Generation Alpha (2012-2022)

Source: Torocsik, Szucs, Kehl, (2014), p.27

Of interest to the market today, there are 6 groups of generations, namely: Silent Generation (1928-1945), Baby Boomers (1946-1964), Generation X (1965-1980), Generation Y (Millennials) (1981-1996), Generation Z (1997-2012) and Generation Alpha (2012-2022). Before these generations, there were the so-called Lost Generation (1883-1900) and G.I. or The Greatest Generation (1901-1927). These last two generations are from the period of the First World War, the Roaring Twenties, the Great Depression, radical social changes and veterans from the Second World War. So, their characteristics are that they are conservative, altruistic, patriotic, but considering that the youngest are 95 years old as of 2022, they are not the subject of great interest of companies. These generations are important because they brought up the next generations to whom they passed on traditions, histories, stories, ways of behaving, buying and spending habits. Below generations are shown separately, by periods, common characteristics, interests and activities.

1) **Silent Generation** (Traditionalists, Depression generation, Swing generation, Lucky-few generation)

Period: 1928-1945 (at the age between 77-94 as of 2022)

Features: frank, moral, altruistic, strong, practical, believe in authority and rules, dedicated to family, distrust change

Marketing approach: traditional media (TV, radio, magazines, direct mail)

Appropriate goods/ services: oldest generation on the market in a need of healthy products such as low fat/sugar/salt/cholesterol food, recreational events, travels. Famous as "customers for life"!

2) **Baby Boomers** (Me generation, Baboo, Love generation, Woodstock generation, Sandwich generation)
Period: 1946-1964 (at the age between 58-76 as of 2022)
Features: technophobes (they lived without technology), optimists, self-centric, self-expressive, prosperous, wealthy, with highest purchasing power and buying capacity, loyal to brands
Marketing approach: traditional media (TV, radio, print), but they embraced mobile phones and social media, also word-of-mouth
Appropriate goods/ services: ageing generation in a need of healthy products, spas, cosmetics for males and females, hair-coloring, botox, plastic surgery, baldness treatments, adventurous vacations, expensive meals, clothes, famous like "entitled to a good life"!
Note: only 5-10% of marketing is targeted to baby boomers despite their highest purchasing power which is a huge mistake for companies (Wong, 2021).

3) **Generation X** (Slackers, Why Me Generation, Baby Bust, Gen X, Xers)
Period: 1965-1980 (at the age between 42-57 as of 2022)
Features: skeptical, critical outlook to life, highly educated, free agents (no team players), distrust change and innovations, smallest age group, due to recessions cautions with money, nostalgic, need reassurance for their choice, good purchasing power, loyal to brands
Marketing approach: word-of-mouth, loyalty programs, rewards and discounts for loyalty, coupons, informal communication, multimedia, direct mail
Appropriate goods/ services: for this generation that is in saturation phase appropriate goods are books, home appliances, children's products, games, magazines. Famous as "nostalgic generation"!

4) **Generation Y** (Millennials, Echo Boomers, Net Gen, Gen Wired, We generation, Dot Net, Nexters, Ne(x)t Generation, First Globals, iPod Generation)
Period: 1981-1996 (at the age between 26-41 as of 2022)
Features: lazy, detached, the largest generation in the phase of growth, first generation exposed to technology, crave changes, need of peer acceptance
Marketing approach: multichannel communication, Internet, word of mouth, social platforms, video games (advergaming), online and offline media, influencers, digital marketing

Appropriate goods/ services: largest generation on the market now, all marketers focus on this generation, all products and services: apparel, accessories, furniture, entertainment, prestigious goods, cars, vacation. Famous for "live today and spend big"!

5) **Generation Z** (Generation 9/11, Zoomers, baby Bloomers, Gen XD, Gen Z)
Period: 1997-2012 (at the age between 10-25 as of 2022)
Features: oversensitive, demanding, new traditionalists, responsible spenders due to the experience with Covid-19, economic recession, Russian-Ukraine conflict, never lived without Internet and technology, most diverse and most tech-savvy generation
Marketing approach: Internet, TikTok, Snapchat, Instagram, YouTube, influencers, mobile interactions, video ads
Appropriate goods/ services: online goods and services, music, fashion, cosmetics, tattoos, haircuts. Even young, they have a good spending power. Famous as "spenders of tomorrow"!

6) **Generation Alpha** (Newest generation)
Period: 2012- present (at the age 10 and more as of 2022)
Features: first to be born entirely in the 21 century!
Marketing approach: still very young to be targeted by marketers.

Methodology

This paper uses secondary data, that was collected from different sources, such as reports, books, opinions, studies, papers, published online and offline. Also, authors use descriptive, historical and comparative methods.

Analysis and discussion

The question that arises is what are the disadvantages, the problems that generational marketing is faced with. The problems mostly relate to the framing of this marketing and how marketers use its data. All these problems can be categorized into 3 groups:

1) Lack of consistent definition of generational marketing: questions that here are asked are about the beginning and ending of each generation and its duration. Majority of authors have indicated a different starting and different ending time for a same generation. For some authors Millennials lasts from 1977-1995, for others 1981-1996. What are the criteria that determine how long a generation lasts? Why do some generations last 10 and some 26 years? Which criterion determines that a generation lasts 10,15,17,18 or 26 years? What is the logic behind the duration of a generation? There is also the question of choosing the name of the generation. Some names are illogical, misleading, confusing, like Silent

Generation, the Greatest Generation, Alpha Generation, etc. Those names that group millions of people into one single generational profile are really unclear and incomprehensible.

2) Generational marketing entirely is based on stereotypes: how are the values cherished by a generation determined? How is the set of qualities possessed by a generation determined? Why are Millennials considered lazy and Generation X cynics? Why is the Silent Generation considered technologically illiterate in the 21st century? In the 21 century, generations have new information habits. The Internet is part of the daily life of people who actively search, communicate, and share in an online environment regularly. (Zlateva, 2020) The values do not come from the time of birth, but from a number of other factors such as parents, geography, nationality, peers, the aging process, traditions, religion, education, rewards, punishments, economy, etc. It is unfair to target an entire generation with a single marketing program.

3) The ultimate problem is that people change: A person who belongs to a generation when he is 20 years old has different values than when he is 60 years old. Over time, personality changes. You cannot expect the same results from the same people year after year. Likewise, today's data for a generation tomorrow is invalid. Each generation has its own life cycle, with its own birth, rise, growth, saturation, decline, death. And almost every generation behaves similarly in these particular stages of the life cycle. With the aging process, people are increasingly concerned about health and a stress-free life.

Conclusion

Generational marketing has positive and negative sides. On the one hand, generational marketing helps companies to more easily segment the market, more efficiently to satisfy consumers, thus making higher profits. It helps companies to find consumers more easily, communicate with them, offer them the most suitable products and services and make them loyal customers. However, generational marketing should only be a starting position, a guide for determining consumer preferences and a way for their engagement with products and services. In market segmentation, generational marketing must be combined with other segmentation variables. Otherwise, companies will face ineffective marketing results. The biggest mistake that companies make is that when using generational marketing, they greatly generalize, oversimplify, and stereotype consumer behavior. It is not exactly true that the older generations save more than spend, and the younger generations do only online shopping. The challenge of every marketer, when segmenting the market, is to determine the values that are common for generations. And the values are not coming from the time of birth, but from a number of other factors such

as parents, geography, nationality, peers, the aging process, traditions, religion, education, rewards, punishments, economy, etc.

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