



Millennials: Researching the Application of Demographics to Build Customer Relationships and an HR Strategy

by Philip Atkinson

Many organisations neglect to consider the importance of demographics in consumer 'buying behaviour' and in creating emotional bonding with their existing customers. Further, many organisations don't understand how they can use research to plan and map their customer relationship management in the future. The application of demographics is a powerful strategic tool that can really build demand for business. If a company can understand the values, the motivations and the attitudes of retained, new and potential prospects then they are in a stronger position to manage their segmented markets.

Too many companies rely on winning new consumers and customers without working through the statistics, and that's why we have focused on assessing values, customers and demographics.

Simple Demographics

Politicians have used demographics and psephology for decades to assess whether they will win or lose in any election. They will assess and predict likely voting intent and then take requisite action to marshal resources to ensure they get the best turnout and votes for their party. The statistical tools they and companies like MORI and Gallup, use are very sophisticated with reasonable accuracy depending on the robustness and the size of the sample undertaken.

For a company to have the same knowledge of the motives and intent of their customer base is a fine goal to aim for, but many neglect to do, thinking its all a gamble anyway. Insurance companies understand the importance of risk as do those who work in the arena of asset management. They can build sophisticated models predicting which consumers or

Every Day You Lose Customers

The reality is that the average business loses customers every day. If we take this eventuality as a given then it's probably a good idea to take action – hopefully to replace that old customer with new ones. But that often doesn't happen. The shocking truth is that many organisations don't know how many or how much it costs them to replace. Further, they may not have a detailed breakdown of the exit rate. Its not so bad if you lose a transient customer who makes few purchases – but you don't want to lose the loyal customer who adds plenty of profit to your bottom line. In reality, many companies don't know which segment of the market is collapsing and which parts are static, growing slowly or enjoying exponential growth.

CSI should be Predictive not just Historical

What also concerns us is that often a company will deploy a CSI (Customer Service Index) which tracks historical trends but that is no use for dealing with core issues, as it is what the customer experiences today which will affect his or her decision to continue as your customer tomorrow.

customers put their business at risk by not abiding by the contracts – but at the same time fail not just to track but also predict and shape consumer behaviour.

Grouping & Demographics

Most are aware of the aging population and the fact that indigenous British people have a falling birth-rate with fewer young people coming on the market each year as workers and consumers. We are also aware that children leave the family home much later than in the 70's and 80's and that the power of the grey and the pink pound are critical in creating profitability for companies in the retail sector.

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However, in recent months we have only just become aware that we have a large population of 60+ million in the UK with increasing migration mostly coming from Eastern Europe, the Middle East and many African countries. Are you aware that we now have an amazing 6.8 billion people on the planet with growth estimated to reach 8 billion by 2010. Are you aware that this will have a huge impact, not just on the demand and supply of goods and services but survival itself? What impact will this have on the world economy?

Tracking and Extrapolating Trends

It's critical to track trends like this to understand the dynamics of the world Economy in feeding and safeguarding these people, as well as safeguarding the planet from the excesses of climate change and Global warning. So if it makes sense to get a feel for the bigger picture I would think it makes sense also for any enterprise employing in the region of 100- 10,000 employees and dealing with many tens of thousands to literally millions of customers. Any assumptions we make should be based on sounding reasoning and a clear link between cause –effect relationships. This means we have to conduct some serious research to understand the impact trends and demographics will have on two vital components of any business – our people and our customers!

Larger businesses and Governmental organisations commit to this process. Rational Economists will have made assumptions based on trend data and



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regularly feedback their conclusions to National Governments and large multi-National businesses. If they do it - it might just make sense for the company with less than 10,000 employees to engage in this practise so as to understand the mix or cocktail of customer preferences, habits, trends and emotions they service as well as better understanding that the composition of their workforce is changing.

So what are the issues for Customer Relationships and CRM?

The issues are simply stated in these few questions.

- How important is the application of demographics to changes in buying buyer?
- What key trends in our major customer groupings or segments are likely to change adversely towards us?
- To what do we have to commit to appeal to the changing attitudes and behaviours of our core groupings?
- How can we predict and prevent customers leaving and shape loyalty towards our business?
- What are the triggers that will spark customer loyalty and win life time value and where in the sales cycle does this occur?
- What do we need to stop doing to lose customers and create an

unfavourable image in the marketplace?

- How can we harness demographics to better aid our mission and our survival?

So what are the issues for Retaining quality Staff and winning the best People to our Business?

The issues are simply stated in these few questions.

- What are the implications of demographics to attracting high achievers, retaining our quality staff and dealing with poor performance?
- What key trends in our major staff groupings are likely to change adversely towards us?
- To what do we have to commit to appeal to the changing attitudes and behaviours of our people?
- How can we predict and retain 'high flyers' from moving on to our competitors, and shape their loyalty towards our business?
- What are the triggers that will spark loyalty, retention and going the extra mile and when does this happen in the employment cycle?
- What do we need to stop doing to lose our best people and create an unfavourable image in the labour market?
- How can we harness demographics to better aid our mission and our survival?

Millennials: Core Issues

With some experience of specialist recruitment, coaching and development of staff, and working with the generation born after 1980 – I am told constantly by middle managers that "They have no work ethic" "They are selfish." "They express an entitlement attitude." "They are loyal only to themselves and their profession rather than any business." They don't have the commitment to invest their personal time in a business". They expect the fruits of success to flow to them immediately." "They don't stay." I wonder if the perception of Millennials is so negative – why is it so. Is it because their values are shaped by the injustices and critical incidents which have preceded them as they have grown up.

I am interested in looking behind these words at behaviours and what has shaped what I call Millennials, born after 1980 but before the end of the 20thC.

Behaviours & Attitudes of Millennials

I see a lot of these behaviours and attitudes in my own children and their friends who also fall in the category of being born between 1980 and 2000. We sometimes refer to this generation as the 'Net Generation; or 'Generation Y' (Why) - questioning and evaluating everything which does not fit within their values. The behaviour and attitudes of the 'Y' Generation is wildly opposed to the previous rebellious Generation X, who fought against the inherent values of capitalism of the highly loyal and over-achieving Baby Boomers born between the end of the 2nd World War and the mid 60's.

Core Issues for Millennials as Consumers and Staff

Whether we are focusing on them as consumers or employees, the key issues that need to be understood in order to appeal to this group of self focused, very efficient, technically orientated, task oriented, multitasking, technical wizardry can be quite complex. You see, we have to look at the life and times of these people when they were at their most formative in the development of their personal and social values. What was going on in the world, and how they responded to what was happening will be etched on their consciousness and matched in the formation and content of their personal values.

You Do What You Value

To help others understand the relationship between values, behaviour and actions I quote the phrase – "You do what you value and you value what you do". This is how to understand the drivers behind the Millennial generation.

Millennial Values

I believe Millennials are very different to other generations and even more difficult to motivate and retain as customers and staff. In order for you to successfully appeal to or attract, recruit and retain you need to find out what motivates them and where their pain and pleasures reside.

What are they and their personal motivations all about?

You may at first associate with Millennials the rebelliousness of Generation X. Gen X'ers, have probably experienced more instability and uncertainty than earlier generations as they were growing up. They will have witnessed and perhaps even been part of family break-ups, divorce, mothers who work full-time and or do not or cannot commit to the traditional maternal role. They are the latch key kids who turned up after school, opened the front door and fell in front of the TV. No previous generation ever absorbed as much TV and MTV as this group.

These were the post punks – and their post Goth behaviour enraged Heads of School and parents alike. They will have also publicly witnessed some pretty large corporate disasters, huge layoffs, massive change in some industries and possibly suffered some personal employment loss through changes in the marketplace.

Perhaps even their parents were the recipients of such disasters. This was the start of company pension funds going south (all started with the Robert Maxwell fiasco) and the response to Margaret Thatcher and her confrontations with various unions. This was when the class war was won and lost – both at the same time. This was not a time for trusting big Corporates or Government.

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Now these X'ers occupy many middle and senior management positions in business and have high disposable incomes. We see the start of the distrust in this generation which has permeated through to today with Millennial attitudes and their quest for authenticity. We can see how what they experienced as they grew up through their teenage years has shaped their personal values and



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behaviour which may now permeate the corporate culture of all sectors and influence their buying behaviour.

Maverick & Authentic Millennials

Some have described the Millennial Generation as focused on 'self' rather than 'other'. They can be perceived as difficult to gauge and assess as customers. As staff they may be difficult to manage, even described as highly independent, displaying some maverick behaviours, lack trust in traditional corporates and focus on their careers and their employability as their key priority.

Millennials are very different to X'ers. The economic, social and political factors that created the sceptical, entitlement issues and self-centeredness of Gen X'ers changed significantly to produce a radically different type of person as potential employee and actual consumer.

Millennials Growing

If we look at social change – we find that as these Millennial children grew up they experienced a very social and child-focused upbringing with constant attention from parents and carers. They grew up in the time of self empowerment and belief..... "You can be anybody you want to be" but at the same time "Smell the roses and have an easy life".

Nurturing Parents

These parents provided an environment of stimulation and learning in which Millennials could develop and mature at their pace. They were demanding, and some would say parents gave in too soon and too easily – wanting to give them the

childhood and teenage development that they would have chosen for themselves.

Parents organised sports from an early age, and provided their offspring with constant stimulation. Sleepovers and taking children's friends on holiday became popular in some circles. Everything was geared to the little Emperors and little Princesses.

The standard of living had never been better and technological toys were in easy reach even of those on the average income. The purchase of the latest technology such as video games, laptops and mobile phones and exposure to the early Net all helped shape the Millennials.

Multi-Tasking

Because of both this organised structure in which Millennials grew and developed, and the options and choice that they had to develop their own unique skills and apply new technologies, Millennials have the ability to multitask and work well with others, at the same time having a high degree of technical wizardry. Their short attention span and constant craving for new innovations and 'I want it all and I want it now' culture has all contributed to the social demographics of today's business world.

Millennials have short attention spans; get bored easily with simple projects and demand to stretch their intellects. They like challenge and get bored by the proven way and the orthodox.

They expect equality and a direct and speedy relationship between effort, performance and reward. Diversity is expected as the norm in how they 'transact' business, and equality of opportunity is something that is important to them and will be a key driver in their choosing to judge for whom they will work and from whom they will purchase their services. They may not openly make demands but they evaluate the quality of management style and culture of prospective employers before they decide to accept a post. They can destroy a service provider if the values run counter to Millennials. Word and rumours spread quickly and what was once 'cool' can not be defunct all because of changes in trends and habits.

Employment: End or Means

They view a job as a means to earn the money they need to have fun in their free time. Time is currency, not to be wasted, and they demand a work-life balance and paid time-off with an environment for learning and development.

Earning their stripes for future promotions is not a critical trait that this generation uses to get ahead. They have grown up in

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a world where nothing is guaranteed. They have seen news reports of 9/11, street murder, muggings, school shootings, terrorist attacks, war, and corporate ethical violations such as Enron. It is critical to understand the important events which shaped their world as they grew up. The TV footage of all these horrendous events only reinforces the fact that there people were going to inherit and have to live in a growing uncertain world – where you could take nothing for granted. You have to understand the values, traits and behaviour of these people if you want to be successful in growing your next generation of leaders, and be appealing to the next generation of consumers.

How to Appeal to Millennials?

Generation X created the big issues and outcomes that Millennials will continue to pursue. The working environment and a humanistic corporate culture are central to them. They want to ensure that their personal values gel with the mission, vision and strategy of the businesses they purchase from and decide to work within. Their 'head' is equally important as the 'heart' in making the decisions where to work and from whom to buy. Previously, with Baby Boomers and X'ers logic and thinking had determined their choices rather than values and emotions.

Millennials want to be treated as authentic as consumers and employees. They are special. They have been treated as

special by their parents. They are different. They distrust the typical structure of capitalism portrayed in the traditional big business of yesteryear. They value empathy, feelings, authenticity, honesty, equity and candour. They hate bullshit and can smell it a mile off.

Wining their Hearts

You have to lead with corporate culture whether you attract them as staff or consumers. Those in HR functions who attract Millennials to the business as employees must ensure they really capture the ethos of the business in recruitment strategy and literature.

Those in Marketing or PR need to take a note out of the ideas of Investor Relations to design and deliver re the company's contribution and profile to customers and the general public profile.

This is as relevant to those who undertake the 'milk round' at Universities, to those in a more thorough HR selection role. Some HR people can actually repel potential recruits by sending the message of assessment and evaluation rather than the message of connection, teamwork, learning and development. We also need to avoid patronising the consumer and treating them as 'account holders' rather than 'authentic customers' with the power to switch allegiance swiftly.

No – It's not Just a Nice Place to Work

Neglect Millennials' development and learning, and their feelings and commitment to social justice at your peril.

Focus on 'what's in it for them' and use Technology in as many ways as possible to convey the message of your business. Communicating to them as staff or consumers you cannot over-empathise the role of technology is the message. Ensure formats for communication are in formats that are natural for our MP3, DVD, PDA loving Millennials.

Make a Difference

Concentrate on what the business does for the community and the positive impact it has on the environment.

Green issues are paramount in the Millennial mind. Global warming, peace in the Middle East and accountability in public positions and Corporate responsibility are issues that need resolution and are at the forefront for this group. Generate a bad press and you will lose their loyalty. You'll need a raft of PR professionals to get your CSI floating above the norm and have difficulty recruiting for those difficult positions. Millennials are driven by an inner ethics and a sense of fairness.

Retaining the Millennial Generation as Customers & Staff?

This generation is centred on 'self' and the improvement of self, career progression and personal learning. They want to know that you care about their personal advancement and achievement, and value what they value. Remember the drive for ethical investment and the biggest march for Peace ever.

Millennials have enjoyed receiving huge amounts of attention and care and has experienced immediate gratification from their parents. They expect feedback and honest assessment and appraisal from their managers and their colleagues and not to be treated like Donkeys by Marketers.

Instant communication is what has fed this generation to grow. Accurate information is what they trust. They are authentic – they will not be fooled. They need accurate and precise information that will appeal to their uniqueness and their immediate needs and gratifications.

Expectations

They need to know what is expected of them and need to know for what you stand. They do not waste time – their short attention span distracts them if you are less than precise in terms of appealing to their values and expectations.



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The best and highest calibre individuals will not waste their time or disposable income with you if you are vague and foggy in providing direction and meeting their needs – they will be off to buy elsewhere or off to pastures new to work for an employer of choice. Forcing square pegs into round holes in the context of consumer or employee is not an option.

Professionalism: Lacking Business Etiquette

Millennials don't always display the best in terms of business etiquette – so don't expect politeness as customers. You have to grab their attention quickly. Because of their focus on 'social networking' 'U Tube' and growing up communicating with their peers using instant messaging, cell phones - their actual business etiquette as employees may be somewhat limited – preferring the casual to the formal. Here there can be a clash of cultures between the established order and the new elite of Millennials which still has to be managed.

What is the worst thing a 'Baby Boomer' can do to a Millennial?

It might be worth spending some time answering this question because this is where the conflict of generations will arise depending on the demographics impacting your precise business.

It's worth considering that while 'baby boomers' may value control and responsibility, Millennials value innovation, being true to self (authenticity) and uniqueness.

Corporate Facebook

This generation wants to feel both engaged and connected to the businesses they purchase and for whom they work. As employees, performance related rewards need to reflect sufficient personal achievement and both the process of working in and across different functional teams. Loyalty schemes for customers have to appeal to specific individuals values. So its no longer one size fits all – it's tailoring individually 121.

Relationships with Millennials has to be based on aiming for advocacy bonding based on networking, and developing meaningful and rewarding relationships.

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Summary

Teambuilding across boundaries and in social organisations that interact with the business are also important. Companies supporting charities, worthy causes, social entrepreneurs, philanthropy, community involvement and learning are all desirable traits that will switch the Millennial loyalty to you

Anything you can do to create an organisation that truly creates "good" for stakeholders in its immediate environment is one that appeals to Millennials.

This generation is so radically different from others. To retain the best, high calibre people as consumers and staff you have to adopt cutting edge learning strategies. You have to realise that the payoffs for the business are enormous as these people will take you to the next level.

To operate in a radically changing Global economy – to use the best that social relationships, networking, and technology has to offer requires a different strategy which is simple; understand the psychology of Millennials and their hopes and aspirations for the future and this cannot be done unless you master the changes and shifts in the Demographic up and downturns.



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