Generational opportunities

Businesses need to understand what makes the different age groups tick. Getting into the heads of these key generations, says IESE's José Luis Nueno, can help you deliver the best possible customer experience.



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X marks the spot: a reflection by José Luis Nueno

Low-profile Gen Xers, seen and heard by big data

Nowadays all the talk seems to be about millennials and Generation Z. They are the current

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and next wave of shoppers, and they have different values, skills, preferences and resources that inform different consumption patterns. These differences tend to be compared with baby boomers, for whom traditional marketing strategies were conceived. The generation in between — Generation X — seems to pass unnoticed.

It's true that Gen Xers are fewer in number than the previous and subsequent generations: They are the so-called "baby bust" relative to the boomers. Yet Gen Xers are set to outnumber boomers by 2028.

Born between 1965 and 1980, depending on how each location calculates it, the first and second waves of Gen X came of age in the relatively stable and abundant Reagan and Clinton eras, respectively. All were children when society tended toward two-income families and rising divorce rates. More women entering the workforce, combined with societal mores that rebelled against norms and feared overpopulation, produced a scant generation of latchkey kids.

Perhaps less attention and fewer rules imposed by their parents made Gen Xers distinguishably independent, individualistic, pragmatic and flexible. They grew up with computers and without strict structures. They became better educated and more technologically adept. They entered the workforce with a service economy mindset that differed from the manufacturing economy mindset of their elders. They would be less wed to a single employer, more willing to change jobs or cities, and more open to flexible or gig arrangements that could provide better work-family balance and leave them less dependent on a caretaking authority.

The cream of the Gen X crop would found Silicon Valley tech companies and other startups that would change the game for the younger, larger and now digitally native generations that businesses are preparing to cater to today.

However, as Gen Xers matured, macroeconomic circumstances had their way with them. They suffered the bursting of the dot-com and housing bubbles. Between 2007 and 2010, this cohort's median household net worth saw a drop that was much more exaggerated than that of other age brackets. They had gotten into the housing market at the wrong time and in the wrong areas, and were among the hardest hit by the crisis. Already stretched thin by student loans they were still paying off, Gen Xers now found themselves saddled with mortgages that exceeded the value of their properties, along with higher interest rates. Generally less well off than their parents, many Gen Xers must rely on their parents for extended family subsidies to stay afloat while also supporting their millennial or Gen Z offspring who are

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either unable or unwilling to move out and fend for themselves.

As they prepare for retirement with lower real median household net worth than the preceding generation, Gen Xers are notorious for their frugality. Still, they are in their highest-earning years of employment, and so should not be written off as consumers. It may well be that their consumption of high-ticket items will be less impressive than the boomers', constrained by their need to save for retirement, their own healthcare and their children's education. But it's worth remembering that Gen Xers are largely the employers and parents of the groups who get more marketing attention: the millennials and Gen Z.

Fortunately, to break down preferences, willingness and capacity to spend by demographics and geolocation, we now have access to large databases and more resources than ever. Instrumental in such endeavors is IESE's new Chair on Changing Consumer Behavior, set up with the support of Intent HQ. This U.K. firm uses AI and big data to "see and hear" consumers in order to anticipate what they want before they know it themselves, thus delivering the best possible customer experience.

In addition, a wealth of public data is freely available: here are two useful references to bookmark.

Eurostat, the statistical office of the EU. A mine of statistical information covering all areas of European society, "created for all those who require high-quality statistical information as an aid to decision-making."

U.S. Census Bureau. Includes data visualizations, interactive web and mobile apps, and "Stories Behind the Numbers" on various topics such as families, housing, employment, business, education, the economy and population.

> *The world is inhabited by people who came of age in vastly different times, each with distinct educational, cultural and socioeconomic realities. Older generations largely grew up in an analog world, while the youngest were born into a digital society. Unsurprisingly, these formative experiences affect everything from what people buy to how, and hold implications for capturing and keeping attention, brand loyalty and service requirements. Businesses need to understand what makes the different age groups tick.*
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> *The resources highlighted here can help you get into the heads of four key generations, thus delivering the best possible customer experience.*
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> ***1. Boom time***

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Although the older baby boomers have already retired, they're still consumers, and they want to see themselves represented in the media they consume.

The Intern

"Experience never gets old" is the tagline to this 2015 movie starring Robert De Niro as a 70-year-old intern who proves he still has plenty to contribute. It makes a great case for reverse mentoring in any organization.

Grace and Frankie

This popular Netflix series has been credited with challenging stereotypes about older women, as Jane Fonda and Lily Tomlin reinvent themselves as 80-something entrepreneurs, proving, "At my age I only have one speed: breakneck. Of course I don't call it that. Because it is a very real fear."

2. The in-betweeners

Angst is the name of the game for this group defined by the nondescript X.

Generation X

Douglas Coupland's 1991 novel popularized the term (see also: McJob). In many ways, it's the anti-marketing novel of the ages. In the protagonist's own words: "What one moment for you defines what it's like to be alive on this planet. Fake yuppie experiences that you had to spend money on, like white water rafting or elephant rides in Thailand, don't count. I want to hear some small moment from your life that proves you're really alive." A tough crowd.

Zero Hour for Gen X

Subtitled "How the Last Adult Generation Can Save America From Millennials," Matthew Hennessey's 2018 book is a celebration of the generation that grew up before the internet and a battle cry against the digital revolution.

3. The new consumers

Marketers are obsessed with capturing the attention of millennials and Generation Z, the

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digital natives who are driving a massive shift in the way products are promoted and experienced. These generations obsess and exasperate older analysts in equal measures.

Millennials Rising: The Next Great Generation

Neil Howe and William Strauss present the case for the defense, painting a picture of millennials who are hard-working, positive and high-achieving.

The Coddling of the American Mind

Not everyone is convinced by the younger generations. This book dissects millennial and Gen Z's fragility and moralizing, and criticizes the culture of helicopter parenting that has led to this.

Leaders and Millennials

IESE's Guido Stein has compiled several years of research into this book, which is divided into three sections: the first addresses generational traits; the second sets out case studies highlighting the opportunities of generations coming together; and the final part stresses the importance of teaching intelligence and character — applicable to any generation but particularly to millennials who are highly skilled when it comes to technology but sometimes criticized for not tolerating things they don't like. Stein's book offers solutions for organizations wishing to make the most of the millennial workforce.

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