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*The Differences between Generations in Consumer Behavior
in the Service Sales Channel*

Różnice międzypokoleniowe w zachowaniu konsumentów w kanale sprzedaży usług

Key words: customer generation; customer journey; multichanneling; channel distribution; service distribution

Slowa kluczowe: pokolenie konsumentów; proces zakupowy; multikanalowość; kanał dystrybucji; dystrybucja usług

JEL codes: M31; M21; L81

Introduction

Undoubtedly, multichannel customer service sales gives to consumers a wide range of opportunities to use available marketing channels in the service purchase process. However, to fully exploit the potential of multi-channel customer service strategy, the service provider's initiative is not enough. It is also necessary to engage the service recipient with his/her interest and actual use of various marketing channels. The author intends to identify and analyze possible differences in consumer behavior in the service market according to the three customers generations (Baby Boomers, Generation X, Generation Y). The purpose of this article is to find answers to the following research questions:

RQ1: Are there differences in the behavior of consumers (from different generations) in the choice of service sales channels?

RQ2: What distribution channels are preferred by consumers at the information search stage and what at the service purchase stage?

RQ3: What determines the use of marketing channels: offline, phone channel and online by representatives of the Baby Boomers, Generation X and Generation Y?

1. Theoretical background

The significance of the differences between the various Poles generations is provided by extensive scientific literature addressing this issue in the context of market behavior as well as labor market behavior [Smolbik-Jęczmień 2013a; Gwarek et al. 2014]. For the purposes of this article, the author focuses on differences in customers' behavior at the first and second stages of the service purchase process.

Information search phase is undoubtedly different across customers generations due to their preferences to available information sources. According to Aniszewska [2015, p. 3] it is because of the tendency to base on the values that a particular generation of consumers has been brought up on. As a result, consumers have certain habits, attitudes, expectations, behavior and susceptibility to various arguments and incentives. Undoubtedly, the youngest of the generations analyzed by the author is distinguished by an excellent knowledge of the Internet and ICT, which shapes the behavior of Generation Y throughout the service purchase process. Despite the perceived lack of homogeneity of this very important consumer group in the market, they share a common characteristic of high expectations in meeting the needs they feel [Gołąb-Andrzejak 2014, p. 14]. Such characteristics are of importance at the stage of information search about the available market offer – hence the intense searching for information in places and/or devices with access to the Internet. Widespread use, in various areas of life, with the capabilities of the mobile phone also features Generation Y [Gołąb-Andrzejak 2015, p. 114]. It should be noted that the functions of a mobile phone can be seen in two ways – as a device for use of the telephone channel (making conversations) and as a device for accessing the Internet (web browsing, social media activity, mobile applications). Due to their freedom of Internet activity they are called "digital natives" [Prensky 2001]. The possibilities offered by ICT shape the expectations of Generation Y with respect to the place and time of information access. In the context of multi-channel customer service, it is important to observe the difficulties of Generation Y in direct contact, which translates into a greater inclination to practice electronic communication [Baran and Kłos 2014, p. 925]. At the same time, the same consumers appreciate the quick and personalized contact of the service supplier by SMS/MMS. In order to ensure the effectiveness and efficiency of distribution, it is important to support the multi-channel customer service by information about the offer (an information store, fan page, mobile application, clerk, consultant) [Jaciow 2016, p. 189]. In her work, Gołąb-Andrzejak [2016, p. 146] underlines the significant role of modern

distribution channels in the purchase of Generation Y, which is mainly driven by lower perceived costs [cf. Lipowski 2016, p. 2013]. What is also crucial is that for the younger generation of consumers is the increasing importance of the empirical and experimental aspects of buying process [Valentine and Powers 2013], which also presents new challenges for service providers.

As the researchers point out, Generation Y is as large as the generations of their parents (Baby Boomers), but in all other respects there are significant differences [Valentine and Powers 2013].

Rosa [2013, p. 137] points to the differentiation of customers' segments in terms of attachment to other products, services, innovation and education in the purchase process and operation of new equipment. This is undoubtedly important for the use of various types of channels: for accessing financial services (computer, tablet, mobile phone with Internet access, ATM), transport (ticket machine, carrier's website, mobile applications). It is indicated that some of the representatives of Generation Y show some of the features of the earlier generation – Generation X. Hence, the suggestion of researchers to distinguish two sub-segments – people born between 1990 and 2000 (younger Millennials) and people born between 1977 and 1989 (older Millennials) [Kuczamer-Kłopotowska 2016, p. 2019]. The latter group shows more features of Generation X.

The name of this Generation (X) indicates the characteristic of consumers, i.e. unknown – lack of visible distinguishing features from other generations. Features vital for the analysis of market behavior are high media competencies manifested by the critical and ironic reception of content [Kuczamer-Kłopotowska 2016, p. 218]. In the context of the stage of information search, it is relevant to value the feedback (positive and negative) from the market [Smolbik-Jęczmień 2013b, p. 230].

Under the so-called silver marketing (marketing activities targeted at the oldest consumer group issues), researchers point to move away from the stereotypical treatment of this consumers group [Frąckiewicz 2016, p. 57]. However, it still points to the difficulty of adapting older consumers to the capabilities of new technologies. The main source of information is still the radio, press, television, whereas a personal computer with Internet connection, a multifunctional mobile phone or mobile media are used sporadically, mainly by the people conscious of the facilities offered by new media [Tomczyk 2010]. In her work, Frąckiewicz [2014] pays attention to lower tendency of using e-services by seniors when compared with younger generations, e-health was an exception. As part of the purchase of multi-channel services issues there are considerable differences in relation to the younger generations, but also the group of seniors have some representatives who are familiar with modern solutions – which proves the heterogeneity of the senior segment [Szmigierska et al. 2012, p. 144; Badowska 2016, p. 73; Bondos 2013, p. 30]. Byłok [2013, p. 131] points to the convergence of consumer behavior between new senior consumers and younger generations. According to this author, it is due to the seniors' perception of themselves as younger than they really are – in

effect, part of the senior tries to imitate the behavior of the younger generation of consumer market [cf. Olejniczuk-Merta 2012]. Sobków [2011] draws attention to the fact that with age, certain changes take place in customer decision-making process – senior decision takes more time, also expects fewer alternatives. Such applications undoubtedly have an impact on the service purchase process – a visit to an offline service provider (stationary store) offers the opportunity to talk to the seller in a more comprehensive manner, as well as provides a much smaller number of offers than a price comparison service.

Undoubtedly, a thorough analysis of purchasers' behavior at the first stage of service purchase is important for predicting behavior at further stages. The phenomenon of narrowing the number of available channels at each stage of service purchase is not without significance here [Lipowski and Bondos 2016]. Because of the sales effectiveness criterion, service supplier reduces the number of channels available to customers. According to researchers, the consumer experience in using offline channels is also relevant.

2. Methodology and study results

The quantitative studies were conducted by computer-assisted personal interview (CAPI). Sample of 1,103 Polish respondents were surveyed in 2015. A group of 357 from Baby Boomers were conducted, 390 – from Generation X and 356 – from Generation Y. The number of interviews for each province was proportional to the number of inhabitants of a given voivodeship. The sampling was selected by drawing starting points. The analyses presented in the publication are based on the results of the survey research supported by an NSC grant no. UMO-2014/13/B/HS4/01612 *Modelowanie dystrybucji w gospodarce sieciowej (Distribution modelling in network economy)*.

Respondents were asked about the frequency of service use in the purchase process across the various distribution channels. As a result of previous research, it was estimated that the most commonly used channels in contact with service providers are fixed, telephone and on-line channels [Lipowski 2015, p. 1307]. The surveyed persons were asked to indicate the frequency (within a year) of contacts with the providers during information seeking and purchasing services. The research concerned the frequency of contact with providers of the most commonly used services by households – telecommunication services (telephone, television, Internet), financial services (banking, insurance, investment) and transport services (taxi, bus, train, airline). This research approach was aimed at identifying the most commonly used forms of contact. Results for the analyzed generations are presented in Figure 1.

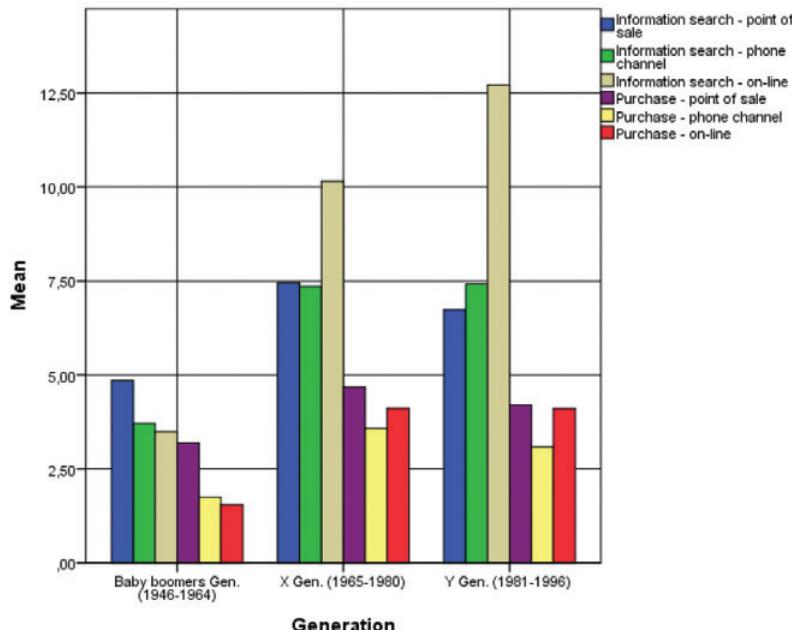


Figure 1. Frequency of using selected channels in the service purchase process (number of contacts per year)

Source: Author's own calculations.

Figure 1 shows some significant facts as to the usage of representatives of different generations in service distribution channels:

1. Baby Boomers use marketing channels several times less often than the representatives of Generations X and Y;
2. At the prospecting stage, contacts with distribution channels are more like the purchase stage;
3. In order to find information, representatives of different generations most often used Internet channel;
4. In order to buy, they most often used the point of sale, the least – the telephone channel;
5. Representatives of different generations differ in their preferences for the use of different marketing channels at different stages of the service purchase process.

The results show a much less frequent contact with marketing channels by Baby Boomers. This may be due to lower demand for older consumer services, or due to the limited use of other channels such as direct contact at the point of sale. Probably both explanations may be partly true. By using point-of-sale services, Baby Boomers can meet their limited needs directly. Lesser needs may result from restrictions on the use of certain services (e.g. credit, mobile Internet) due to household life cycles

or the inclusion of new technology opportunities. The results confirm older consumers' habits of direct sales at the point of sale. However, it is clearly evident from the data that, due to the greater use of services channel, the main group of clients in the stationary point are the representatives of Generation X rather than Generation Y.

In the search for service information, the biggest differences can be seen between the representatives of Baby Boomers and the rest of the generations. The oldest consumers are least likely to use the brick-and-mortar channel for this purpose but even less of remote channels from representatives of the younger generations. Generation Y uses the brick-and-mortar channel less when compared to Generation X, similarly often the phone channel but clearly more often Internet channel (Figure 2).

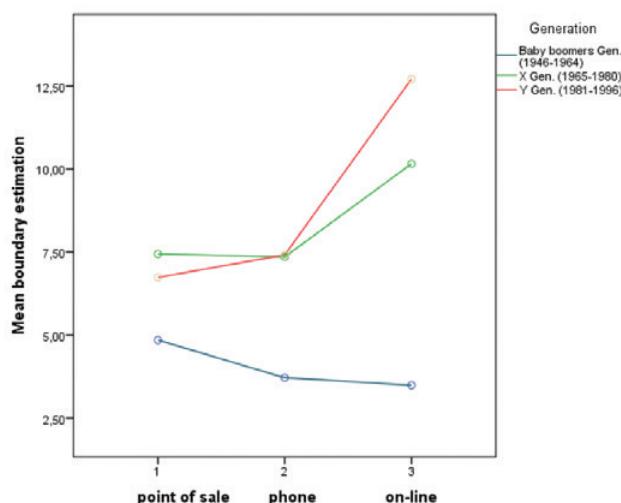


Figure 2. Frequency of using selected channels in the service pre-purchase phase (number of contacts per year)

Source: Author's own calculations.

The number of contacts with service provider at the pre-purchase stage of the average consumer from Generation Y is up to three times as frequent as that of Baby Boomers. The same generation is the least likely to look for information using stationary channels. They prefer to use the telephone channel at the pre-purchase stage.

The use of marketing channels in the purchase phase is somewhat different. Each of the analyzed Generations most often use a stationary channel to purchase a service. The differences, however, relate to further preferences in relation to marketing channels where Generations X and Y prefer the Internet channel and Baby Boomers – the telephone channel. Generations X and Y at similar frequencies use Internet channels to purchase services. As regards the use of this channel, both Generations are very different from Baby Boomers' shopping behavior. In this case, unlike the youngest generation, Generation X is more likely to buy on the phone (Figure 3).

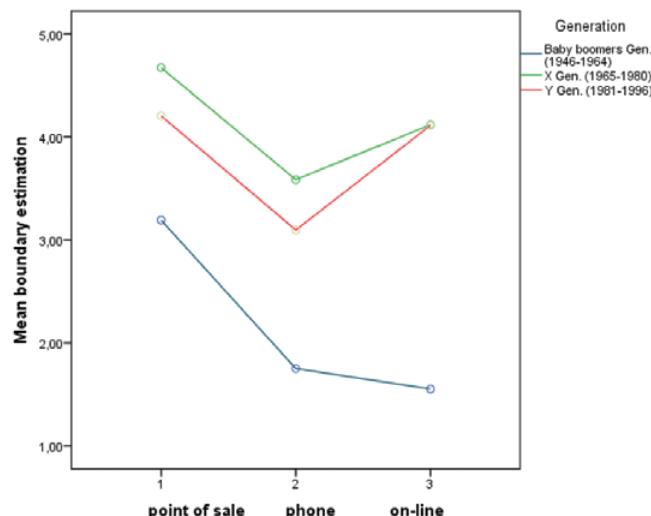


Figure 3. Frequency of using selected channels in the service purchase phase (number of contacts per year)

Source: Author's own calculations

Again at this stage, there are clear differences between the Generations as to the frequency of purchases. Baby Boomers are buying services 1.5 to 2 times less often than the rest of the Generations. Representatives of younger Generations (in particular Generation Y) show a similar frequency of purchase of services at a point of sale and Internet channel. In this case, the preference for stationary channel usage is much lower than for the Internet channel when compared to the preference for Internet channel with brick-and-mortar at the search phase.

It is visible when we compare the behavior of younger Generations in the search and purchase phase, it is clear that the preference for stationary channel usage is considerably smaller than for the Internet in the search stage. For Generation X and Y, the stationary channel does not have the advantage of making a purchase like the Internet during the search for information. Probably the ease of purchase many of services on the Internet will lead to the on-line advantage of this channel also in the purchase of services.

The standard deviation of the frequency of use of specific marketing channels is the highest in relation to the search for information on the online channel for Generations X and Y, and the lowest for the purchase phase of Baby Boomers, similar in each of the channels.

Analyzing the respondents' responses to the most frequently used channels at the information search stage, Baby Boomers indicate that they are accustomed to personal contact, a reliable form, and a clear, understandable message through personal contact. Generations X and Y prefer Internet channel to search for information because it is the cheapest, fastest channel and allows one, without any help, to get a lot of information,

it is available anytime and convenient. In the purchase phase, Baby Boomers indicate that personal contact at the point of sale is safe, understandable, convenient and fast. Similar arguments appear in the statements of representatives of Generations X and Y. In their opinion, there are additional indications of the need to personally sign documents at a stationary point and the security of this form of purchase.

Conclusions

Studies show significant differences in consumer behavior of different generations regarding the selection of channel marketing at the stage of seeking information and services purchase. The differences relate in particular to Baby Boomers and Generations X and Y. This has been confirmed by the observation of the traditional approach of older buyers and the increased use of ICT by younger buyers. Older consumers choose channels that allow for more communication – personal and phone channels, both by searching for information and by making a purchase. The younger Generation at the information seeking stage prefers the Internet channel. In this case, it is more often used by Generation Y than by Generation X.

At the purchasing stage, the representatives of the younger Generations as well as Baby Boomers prefer the stationary channel. However, in the case of Generation Y, the frequency of point-of-sale purchases is very close to the frequency of online purchases. Perhaps the youngest consumers quickly adopt new channels for new goals to use them. The degree of variation of behavior of buyers is the greatest in the case of frequency of use online channels by people from Generations X and Y. In this case, the differences indicated in the background apply not only to representatives of Generation X, but also to Generation Y.

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The Differences between Generations in Consumer Behavior in the Service Sales Channel

The article presents differences in behaviors of representatives of Baby Boomers, and Generations X and Y in the selection of service channel distribution at the search and purchase stages. The data were conducted by computer-assisted personal interview (CAPI). The study confirmed the oldest consumers' preferences for the traditional contact in point of sales and increased use of on-line technology as consumer age declines.

Różnice międzypokoleniowe w zachowaniu konsumentów w kanale sprzedaży usług

W artykule zaprezentowano różnice w zachowaniach przedstawicieli pokoleń Baby Boomers, X oraz Y w wyborze kanałów dystrybucji usług na etapie poszukiwania informacji oraz zakupu. Przeprowadzone badania potwierdziły preferencje najstarszych konsumentów wobec tradycyjnego kontaktu w punkcie sprzedaży oraz wzrost wykorzystania technologii online w miarę obniżania się wieku konsumenta.