

Customer Profiling of Alpha: The Next Generation Marketing

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Abstract

Alpha generation plays a significant role in today's market as firms are supposed to accumulate and store enormous data for better selling. Alpha is the customer next who needs to be targeted by the producers as they tend to influence their parent's decision making. Literature suggests that Alpha Generation will influence the buying patterns, technology, education, markets, and other factors of the economy, but this fact is still at its infancy stage and under-researched. Adapting the framework of social learning theory, the current paper attempts to capture and compile the traits posed by Alpha Generation predominantly in the field of marketing.

Keywords: Alpha Generation, Customer Profiling, Technology and Marketing

1. Introduction

Targeting the audience is a herculean task for marketers. The basis for targeting has to be identified by dissecting the consumer profile. This paper aims at profiling the upcoming 'Alpha Generation' which is setting foot into this competent world. The methodology adopted is a review from various sources of grey literature as the concept is relatively new and many research perspectives are

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currently being explored. Sterbenz (2015) classifies children of millennials who are born after the 21st century as Alpha Generation. The word “Generation Alpha” was coined by Mc Crindle and his team. The team of McCrindle started speculating what emerges after Gen Z and via a national survey conducted in Australia, coined the ongoing generation as Alpha. In this generation, the development of technology is important and intrinsic to children’s lives. Every week nearly 2.5 million individuals are born as the Alpha Generation. As per the United Nations’ recent data, within ten years, India would be the world’s largest populated country of Alpha kids. Alpha kids have had a significant impact on the expenditure profile of parents and companies where it has become an utmost prerogative to understand the basis of their taste and preference. Bengtoon (2002) had predicted that Alpha Generation children are purely different and they would have distinctive thought and preferences. Arrondel (2013) emphasises on the transmission of values of different generations, otherwise known as generation transfer which helps in the diffusion of taste and changes in preference.

2. Overview of Generations Baby Boomers, X, Y and Z

Baby boomers emerged at the end of world war two in the year 1945. These are people born during the year 1946 to 1964. The baby boomers were wealthy, physically fit and active in their era that they arrived. They grew up expecting the world to change. This generation was blessed with peak incomes, abundant food and good retirement schemes. Baby boomers carried out their traditional values. They are considered to be a different generation than the preceding generation because they managed a peaceful life, invented products, developed infrastructure, followed their traditional practices and led a positive lifestyle. Followed by Generation X, this was the generation succeeding the baby boomers. They were born during the 1965s to 1980s. This generation had reduced adult supervision as compared to baby boomers. They are the bridge between millennials and baby boomers. This generation has no experience in online shopping, so they enjoy a trip to stores (Chaney et al., 2017). They are dedicated to shopping lists rather than unplanned shopping. The marketing

strategies mainly used for generation X are email marketing, lifestyle nurture programs and questionnaires.

The next group of people who needs consideration here were born during the 1980s and the early 1990s belong to generation Y. (Williams et al., 2010). They are also known as “Echo Boomers”. This was the generation succeeding the baby boomers. Children during this generation have easy access to growing technology. They fall in between Generation X and Generation Z who have experienced both the nature of Gen X and Gen Z. At present they are the parents of Alpha Kids. Gen Y has more workforce than Baby Boomers and Gen X. These generations consist of more entrepreneurs. They tend to spend more on shopping, and they have reshaped marketing by being unresponsive to traditional marketing, increased focus on innovation, conducting reviews and advertisements. This generation is followed by Generation Z who are defined as a tech-savvy generation and have understood technology far better from the previous generations. It was also found in their work that proactivity, sovereignty and recognition are the most sought elements for generation Z when it comes to engaging them in a workplace. The group prefers technology integration and products for this generation can sell better when it comes to the online platform (Thomas & Mathew, 2018). Nagy and Kolcsey (2016) point out that there is no scientific evidence for coining the term ‘Generation Alpha’, but it is vital from the generational segmentation purpose. This cohort is also said to be less connected to society personally, but they are connected socially.

3. Review of Literature

3.1 Alpha and Market

The term Alpha Generation was coined by McCrindle and his research team in Australia. Also, cited in the article of Tootell, Freeman, & Freeman (2014), these cohort groups were asked to come up with names themselves and then it was decided that the word ‘Alpha’ was the best fit. Other titles like Gen tech, digital natives and Net gen had also been suggested. In the research, Alpha Generation is considered to be the transformative generation

in the world's population as they are expected to use artificial intelligence and be active in the digital world. Sterbenz (2015) asserts that anyone born after 2010 comes under the category of the Alpha Generation. According to his study, nearly 2.5 million are born every week. Alpha Generation kids cannot live without mobile phones, tabs and all other gadgets as they are part of their immediate environment. In this generation, there is a considerable change in technology. They are not just dependent on technology but can adapt and learn faster. These kids are more advanced, exposed to growing technology; their media consumption habits are different from the previous generation; they prefer fresh products to get a new experience.

It is forecasted that they would be the most sought out target consumers by marketers in the current era. They are expected to develop technology and to invent innovative products. They prefer to have a luxurious life and have spending power. They are predicted to use artificial intelligence in all the purchase plans. They have a better lifestyle, standard of living, education, and facilities. Wiedmer (2015) observed that market is increasing its technological base to receive these groups. Technology has become part of their lives, without which life is meaningless. According to Williams (2015), many business firms have targeted this generation as significant customers. They are expecting industrial growth and technology, and it is the only thing that comes to Williams' mind when he thinks about the Alpha Generation. iPods and smartphones define their teenage years. Even parents of Generation Alpha play an equally powerful role. It is the most career-focused generation and also considered to be the richest.

Berkowitz (2016) explained that people who are born in this Alpha Generation are expected to lead in this world within a few years. The purpose of this study was to trace and understand the Alpha Generation. Alpha Generation has independent choices. Marketers must show creativity in their work if they wish to engage them. In this generation, people hate economy sharing; this has become an advantage for business firms by ownership. In this generation, everything is based on technology. According to Carter (2016), Alpha kids have an increased influence on their parent's spending. Companies are facing the issue to understand the taste and

preference of the Alpha Generation. Few companies have not changed their environment from traditional to modern technology. Big companies like Google, Snapchat, Amazon have developed their products and services, mainly focusing on Alpha Generation. Nowadays, Alpha Generation kids have started using social media; they have their accounts on Instagram and Facebook at a very young age.

Reis (2018) studied the Alpha kid's family, the environment of the school and their behaviour in the society. Generation Alpha is considered to be creative, enthusiastic, digital native and professional in the cooperative world and personal life. According to Theko (2018), Alpha Generation is a growing and targeted consumer in the present market. Children in this generation are expected to have a luxurious life. They tend to use more technology for education, entertainment and thus their spending power is enormous. Children of this generation have social networks at a very young age. Researchers concluded that Alpha kids are immersed in technology at present.

Wood (2018) argued that the Alpha Generation is TV's youngest viewers. Therefore, they create demand, and they expect every content to be readily available on their phone and gadgets. These Generation kids will grow up smart and develop the technology. They will use artificial intelligence to create their content. Their attention span is reduced and they have increasing focus on artificial intelligence and gadgets. As per Bennett, Gallagher, Harman, Warren and Xi (2016), Alpha kids as consumers have been targeted by producers. Nowadays, parents can give their feedback on the products and services purchased by them. This improves their techniques in marketing. Over the years, baby products have evolved to be more complicated. Improved sensors, diversified data inputs, and providing comprehensive digital platforms are some of the key areas of improvement and evolution. Reis (2018) studied Alpha parents and found that the parents and teachers lack knowledge about this generation and emphasised on the focus of understanding the group.

Liffreing (2018) argued that the Alpha Generation is one of the wealthiest generations. It has been substantiated in their study that parents believe technology matters more to their children than toys

and outdoor games. Technology has impacted the Alphas to a great extent. In the marketing context for an alpha, the researcher has made fewer attempts to study the Stimulus-Organism-Response model in the online context of retailing for this generation. Consumer's behaviour changes in social life when it comes to purchasing pattern in the digital world and is addressed as a research gap in the studies of the researchers (Thomas et al., 2018) for Alpha generation. Therefore, marketers have to identify what attracts alpha generation to increase sales.

In the study of Tootell, Freeman, and Freeman (2014), they have found that the education system is entirely based on gadget aided systems for the current generation. Jennifer (2017) stated that these individuals have exceptional expertise but are not connected to society personally; they more involved in indirect communication. Since they occupy an important position as consumers, even sellers are trying to change their market strategies according to this generation's interest to increase their sales and profitability. Swift (2017) observes that Generation Alpha is more critical for the rising and profitable consumer market. These children are highly educated and are influenced by modernised technology associated groups. Classrooms are redesigned for these alpha kids. Children use their laptops and tablets instead of textbooks. These groups are more communicative and collaborative. Studies of Vargason (2017) state that students studying in a diverse environment can build a more critical thinking approach in them. The Alphas were born at the same time as iPads were born. The screen media helps children learn. It plays a role in developing coordination and hones quick reaction skills.

A more comprehensive description in education can be found in Mirken (2018). Mirken asserts that for the Alpha Generation, education system is entirely is based on gadget aided system compared to our generation. Technology has improved in such a way that traditional methods and culture have vanished. Teaching has become more advanced, interactive, inclusive of real-life knowledge and their syllabus has included the requirements and expectations of the Alpha Generation. Gadgets and technology have replaced books and boards. Patel (2017) studied how generation Alpha is different from other generations; He argued

that they generally like to work alone when they are independent; they are more competitive, collaborative and team-oriented. This generation can be perfect for a workplace that requires multitasking. Alpha Generation has wholly integrated technology into every aspect of their lives from birth. Now children's toys are also integrated with new technology, education, sports, games, and so forth.

3.2 Research Gap

The observations drawn from the above review of literature by different research scholars have helped in identifying the research gap. In the present dynamic environment, competition has led to the development of innovative ideas based on the current lifestyle, especially in the marketing and education field. There are considerably very few academic resources that try to bridge the idea of how constructively this technology can be used to market and educate an alpha generation.

3.3 Research Objectives

- To understand the concept of alpha generation from a marketing perspective
- To integrate the concept of social learning theory in understanding the personality characteristics of alpha generation

3.4 Research Methodology

The research methodology comprised of research and review of the surveys done by different researchers. Sources such as Google Scholar, Emerald, ProQuest, JSTOR and Research Gate. Technical related terms concepts and ideas have been collected from archival sources. Out of 50 grey literature, only 30 on the core idea of understanding Alpha Generation in terms of education and markets was included.

3.5 Findings

In the present dynamic environment, competition has led to the development of innovative ideas based on the contemporary lifestyle. Thus it is found Alpha kids prefer to spend time with

gadgets rather than people in society, and it has led to a loss in the value of relationships. Communication plays a significant role in society; kids have started to maintain their privacy with their parents. They believe in being independent in the community.

Advertising and selling have become a difficult task for marketers because of the constant change in taste and preference as generation changes technology are adapted to develop new products. Alpha Generation is the targeted consumers whom marketers should produce goods in the coming future. Strategies like innovative advertisements, free samples, complimentary gifts, and trips were identified as some strategies in the prior literature. However, incorporation of technology integrated strategies is what the researchers must aim for the alpha kids. Alpha expects something new and innovative in the market as they prefer to try something new rather than using the same.

Alpha kids are expected to increase the influence on the decision of their parents. Alpha kids can be attracted through innovative advertisements related to kid's fantasy, Disney World trips, manufacturing products with a theme of a cartoon such as Spiderman, Disney world, and so forth. Providing Alpha kids free samples with the product and offering gifts for a certain amount of purchases could be used as a successful marketing strategy. Markets use technology to produce assembling toys to attract Alpha kids. These toys are used for both learning and playing, which improves their cognitive ability. It was also found all over the world that these children are born into the world of luxury as the successors of generation Y. If they need to be included as potential customers/consumers, then manufacturers need to look at customised and personalised products for these their children as they are willing to afford.

4. Theoretical Framework to Research Framework from Literature

The behavioural theory is ideal for emphasising the need for understanding such behavioural structures of Alpha generation. Psychology is one such interdisciplinary domain that interconnects marketers to connect and create better selling strategies. The

current research aims at integrating Albert Bandura’s famous social learning theory and identifying factors that can be empirically tested by further researchers. Alpha has gained a lot of importance, both positive and negative (Nagy & Kölcsey, 2016). This framework can be used for empirically validating and integrating better strategies.

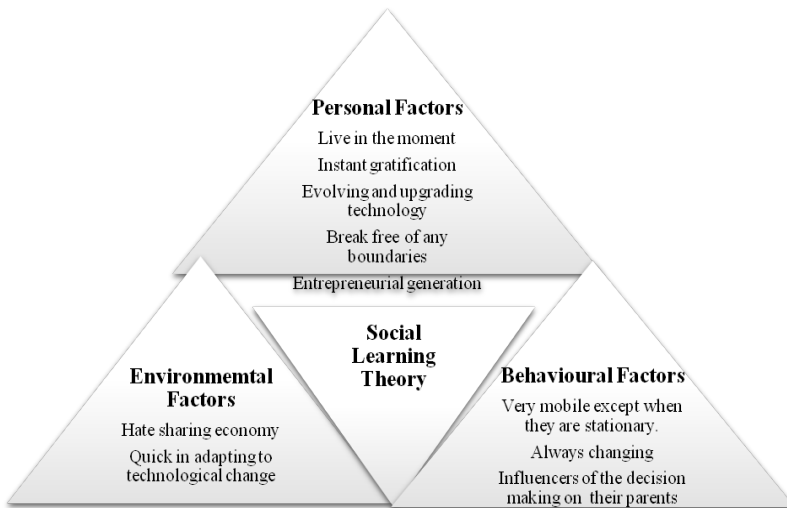


Fig 1: Framework of Social Learning Theory

5. Summary and Implications

It has been identified that almost 2.5 million members of the Alpha Generation are born all over the world in a week (Thornton, 2010). Alpha kids will grow up having artificial intelligence around them and will not be able to live without it. These kids are talented and are driven technology. These Alpha Generation can reflect one of the most dramatic demographic shifts ever. Alpha Generation, in the long run, will increase the competition in the various sectors of the market. The producers need to come up with exciting and unique products at regular intervals to hold onto the market that they are competing. The value transmission happens from one generation to the other and happens in each stage of life. Therefore, the preference for Alpha Generations must be given importance (Thomas, 2019). Trending the ideas of one generation and flagging down to another generation was a traditional system. Long back traditional jewellery was said to pass on to another generation or a

traditional inherited property for that matter. However, current era generation X cannot give the floppy disk to its next-generation Y, and Generation Y cannot give their personal computer to generation Z. Similarly, Generation Z cannot give their iPad to Alpha Generation. Therefore, there is a need to come up with innovations.

6. Conclusions and Further Scope of Research

In conclusion, one can assert that the Alpha generation is an innovative generation. Alphas use modern technology and gadgets and are digitally well equipped, both in terms of access and familiarity. However, while the impact of customized needs of this generation on the consumer market is slowly becoming clearer, there is not much clarity on how sectors like healthcare and service are going to be affected and what kind of arrangements will be made by the Alphas to adapt to the various changes that will take place around them. Alpha will be a dominant force in the use of technology and digital media. Prospective educators will be required to adjust the developments in terms of these new age learners, especially in the field of technology. McCrindle (2015) questions what comes after Z? In the current times, Generation Alpha is one of the most transformative generations and it is important to focus on understanding, acknowledging and working with the generation for both current and prognostic requirements.

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