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Article

The Changing Demographic Environment and Its Relevance for International Financial Services Providers

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The changing demographic environment and its relevance for international financial services providers

Abstract

Demography in Germany is changing and companies have to adapt their marketing communication accordingly. Understanding the changing environment and especially its customers is becoming a main concern for firms. This market research study had two objectives. The first objective was to gain a thorough understanding about the financial service customers in the German market. Especially in terms of consumers' needs, information behaviour and motivation to invest, mapped on the triangle of investment. The second objective was to evaluate a life phase model, which was created to segment the German market.

Two empirical researches were conducted to cover the objectives. A qualitative study with focus groups, to gain information about consumer needs and their underlying motivation. Second, a quantitative approach, to gain insights on information behaviour and motives as well as the differences throughout the life span of customers. An online survey questioning 527 individuals was developed to receive a valid set of data.

The overall findings are consistent with prior literature, as there were no solid indications of differences found between the distinctive age groups, in terms of motivation and information behaviour. Further, there was no evidence for the validity of the life phase model. That is why a new segmentation, based on a cluster analysis over a broad variety of suitable variables, had been conducted. As a result, four independent customer segments were generated to create an advanced description for each segment.

1 Introduction

Referring to a ranking of the most popular investment, real estate or assurance options in 2016, the German population rather seems to spend money on assurances, with 65.7% of the German population entering a personal liability insurance contract – or invest in real estate options (one-family house 35.7%, building loan contract 29.0%), than investing into funds. Only 9.2% of the sample indicated being engaged in saving money through investing into funds (cf. IfD Allensbach n.d.: 1). Indeed, the German market seems to be rather afflictive to fund providers concerning private investments, with financial service providers seeing themselves in an ever increasing competition (cf. Thaidigsmann 2006: 7).

This study was designed to scrutinize investment behaviour in the German market, to identify motivations or impediments for individuals considering to invest in funds by using a mixed methods approach. Hereby different life stages play an eminent role in the type of investment a consumer might consider, which can be segmented by a life phase model of investment. The objective was to verify the theoretical life phase model of investment across various age groups for age-based differences on investment, usage information resources and the significance of the neutrality of content. A special focus was placed on *Generation Y* – individuals being born between 1982 and 2000 – as this segment is considered a profitable future customer, holding a high customer lifetime value (cf. Paulin et al 2014: 334). Another explicit field of interest was the role of retirement provision in the German market.

2 Theoretical Framework & State of Research

2.1 The German Financial Services Market and Cultural Peculiarities

The German market for financial services has been facing fundamental changes within the last years. Suppliers have been struggling with an augmenting competitive pressure due to an increase in the number of financial service providers. On the demand side, besides the observation of an increasing willingness to switch financial service providers, an ever-rising price sensitivity has been noted, which in part was influenced by the financial crisis .

Furthermore, financial service providers face a complex market in Germany. According to a study by Postbank, speaking about money still is a taboo topic for 64.0% of the German population (Papon 2015: 10), with only 4.0% considering themselves as being open about their financial situation. Obstacles for service providers seem to stack up. Though financial online services such as online banking seem to have earned the trust of around 38 million users in Germany within the

age of 18-49 (cf. Bitkom Research 2016: 1), especially long-term solutions, such as investing in retirement provisions or funds are mostly still approached with fear and uncertainty.

It is therefore crucial for the marketing efforts of financial service providers to scrutinize what kind of information can reduce insecurities and therefore encourage trust in financial services.

2.2 Saving Motivations and Choice of Service Provider

Entering the German market as a financial service provider is challenging. When trying to optimize marketing tactics as well as the service portfolio, questioning the underlying principles and processes for consumer decision-making when evaluating different financial solutions is fundamental. Studies about motives of saving are very country-specific, (cf. e.g. Hamadi et al 2011: 31; Kolas/Liberda 2015: 124) therefore one can assume that motivations and behaviour about savings might be culture-specific as well. The motivation for saving in most studies is:

“to provide resources for retirement and bequests; to finance expected large lifetime expenditures (including house purchase and education); to finance unexpected losses of income (precautionary saving); and to smooth the availability of financial resources over time to maintain a more stable consumption profile” (Callen/Thimann 1997: 5).

Further research considers that tax structure and social security system impact household savings cf. Callen/Thimann 1997: 5). The life cycle hypothesis is another theoretical concept stating that a person's current stage in life predicts the motivation and behaviour for saving (cf. Masson et al 1998: 485).

This hypothesis was also implied as a foundation through the life phase model in this study. The model characterizes customers according to their life cycle stages in six different age groups and contains assumptions concerning current life circumstances and financial capabilities, their need for information, solutions offered by our client and respective competitors for each cluster. Further, the model tries to highlight the crucial factors for customers' decision-making in individual life cycle stages concerning the use of financial services.

Another very popular concept used in the financial service industry is the magical triangle of investment. Its main function is to triangulate between the most common expectations of customers: a preferably high rate of return on investment, with a high security of maintaining the invested amount of money as well as a high flexibility, meaning the chance of a permanent possibility of taking hold of the money (cf. ING DiBa AG 2013: 1).

Once considering the problem of this research not only from a consumer behaviourist perspective, a sociological approach seems to be unavoidable. As mentioned above, consumers tend to

feel some uncertainty when choosing several financial services. But how do people actually gather information about varying options? In 1999 (cf. Wellman/Gulia 1999: 2), social network analysis was used to account for trends within (online) communities – meaning “structural aspects of social relations” (Julsrud/Bakke 2008: 185) – shaping opinions and behaviour of the individuals within this community. A logical conclusion is that close ties, e.g. friends and family, could be a driving factor in selecting specific financial service providers.

The research is reinforced by the two-step flow model of communication (cf. Katz/Lazarsfeld 1955: 32) where suggestions by opinion leaders or trusted individuals were seven times more effective than traditional advertising. The research has implications for the financial industry, as the classical word of mouth from trusted personas influences the decision-making process.

3 Methodical Background

Using only a qualitative or quantitative method would have fallen short in drawing a complete picture of the complex issues (cf. Creswell 2003: 4) this study is aiming to generate insights about.

The qualitative method gathered data with focus groups to obtain information about the attitudes of Generation Y to different financial solutions. The quantitative method examined the general trends about information behaviour, decision making and preferred financial service providers. By combining the results, the objective was to validate the life phase model and offer actionable recommendations.

3.1 Qualitative Research

3.1.1 Focus Group Design

Two focus groups with eight and six participants were formed and interviewed on May 10th and 11th, 2016.

Group one, consisting of six male participants and two female participants, focused on students aged 20-24 whereas group two, including four male and two female participants aged from 25 to 30, focused on young professionals. Building focus groups segmented by age and current status of occupation not only guaranteed homogeneous groups but also allowed a detailed review of the life phase model.

Sociographic data was collected anonymously before the interview. To allow for comparisons with the quantitative survey, the same categories such as gender, age, relationship status, highest

level of education, current profession, annual disposal income and main residence were collected.

3.1.2 Interview objective

During the focus group interviews, it was essential to find out which qualities a financial service institution should provide. By investigating this issue, it was crucial for financial institutions to comprehend how certain customer approaches and different products were perceived by Millennials. Finding hypotheses for the motives as well as the processes behind an investment decision was the primary objective.

According to several studies (Bakewell/Mitchell 2003: 98) Generation Y focuses on consuming rather than on saving money. The goal was to validate this for participants in the focus groups. A further target was to understand, at what point in life, investments of any kind become relevant, in order to distribute the right information via the right channel to approach potential new customers. Additionally, it was analysed, which characteristics in financial products are important to younger customers. Will they focus on flexibility rather than on safety or is the return rate more important (cf. magic triangle ING DI-BA AG 2013)?

The level of knowledge as well as the habits of information gathering about different investment options like funds, bonds, real estate and traditional banking solutions was also relevant. By focusing on these issues in the two focus group discussions, it was possible to generate hypotheses on either focusing on neutral but informational content or if young adults know the advantages and disadvantages of investment solutions and are therefore in need of further information.

Many studies highlight the intensive social media usage of people born between 1982 and 2000 (Sago 2010: 9), e.g. Germans spending 1.8 hours on average per day on Facebook, Instagram (GlobalWebIndex 2015: 1) and YouTube, which was of major interest as a target was to learn if the participants liked to be informed via social media or preferred classic communication channels like Mail or E-Mail.

3.1.3 Questionnaire Design

As the group interviews were designed to get participants talking naturally, the research required a broad and less restrictive concept (Maxwell 2003: 215). This is why a questionnaire with four parts was developed, each including several optional questions that were asked by the moderator, if in line with the natural flow of the conversation. Each part included pre-defined sub-questions, formulated with the laddering technique (cf. Neimeyer et al 2010: 50).

Sociodemographic data, coherent with the quantitative study, was collected before the interview started. In order to get participants to speak freely, an ice-breaker was integrated at the beginning of the interview in the form of a small activity.

First, participant's focused on the current saving habits and knowledge for different investment options. Second, data about what type of media channels are preferred were discussed with an exercise. A YouTube video ended the topic by analysing reactions towards it. The focus group ended with a discussion concerning capital management firms and why people choose one or the other.

3.2 Quantitative Research

In the quantitative study of the research project, the goal was to get insights on information behaviour and motives for financial investment. The second goal was to validate the given customer lifecycle model. To get more in-depth information about financial investment consumers, a survey was designed for the quantitative study.

3.2.1 Formulation of Hypotheses

It is important to accurately understand consumers' information behaviour for financial investments. Since financial investments are not only risky and therefore a high involvement consumer situation, but also a very sensitive issue, a well-designed questionnaire is essential for valid results. The following section gives an overview of the hypotheses.

Knowledge & Information

Hypothesis 1: Frequency of Information Retrieval

H1: The older the participants, the higher the frequency of information search.

Hypothesis 2: Level of knowledge

H2: The higher the frequency of information, the better informed participants feel concerning complex investment opportunities like funds or stocks.

Hypothesis 3: Preferred types of information channels

H3a: The better informed participants feel, the more they prefer passive information sources like newsletters, mobile apps, or websites.

H3b: The less informed participants feel, the more they prefer personal information sources like friends, or advice via telephone or in person.

Motives for financial investments

Hypothesis 4: Investment Triangle

H4: The motives for financial investments can be mapped to the investment triangle.

Hypothesis 5: Importance of Motives

H5: The younger a participant, the more important the motive of liquidity.

Hypothesis 6: Importance of Motives

H6: The older a participant, the more important the motive of security.

Hypothesis 7: Importance of Retirement Arrangements

H7: The older a participant, the less important are retirement arrangements.

Hypothesis 8:

H8: The perceived affiliation to a stage in the life phase model depends on age.

The underlying rationale for the analysis is, that the perceived affiliation to a lifecycle stage can be considered as the actual lifecycle stage. Therefore, the chosen lifecycle stage was mapped with the age of the participants.

3.2.2 Elicitation of Data

General Information

The survey for the quantitative research consisted of 27 questions, taking participants around five to ten minutes to complete. Question types such as single or multiple selection fields or rating questions were applied. When measuring tendencies of respondents using rating questions, a 5-point Likert scale was used with 1 “strongly disagree/very low” and 5 “strongly agree/very high”.

Survey Structure

The order of questions followed a hypothetical decision-making process when choosing a financial service provider. Starting point was an ice-breaker question which also tried to measure the participant’s level of risk taking (5-point Likert scale). The first set of questions covered participants’ current state of knowledge, encompassing information retrieval frequency (single selection field), self-evaluation of knowledge concerning core characteristics of certain financial service options (5-point Likert scale) as well as the experience in years in financial investments (single selection field).

The subsequent step of the survey aimed at the participant's information retrieval behaviour. This section covered the participants' tendency to compare financial service providers intensively before choosing an investment option (5-point Likert scale), the attractiveness of information sources such as personal consulting, website, mobile app etc. (5-point Likert scale), as well as how their current financial service provider has come to the participants' attention (multiple selection field). Additionally, an attempt to scrutinize between the customer's preferred service characteristics (personal contact, online services, customer events etc.) in the field of investment services was made (5-point Likert scale).

Derived from various models and research presented in the theoretical background, saving motives were identified and analysed. The theme block "Saving Motives" covered questions about the life cycle stage participants' classify themselves in (5-point Likert scale), the tendency for saving or spending money (5-point Likert scale), the amount of monthly savings (input field) and general reasons for participants to save money (multiple selection field). The life cycle stage classification was identified with the 5-point Likert scale concept instead of selection fields. By giving participants the opportunity to rate their affiliation for each provided category (e.g. career, family formation phase), it was attempted to later validate or devalue the life phase model. Further, this section covered key factors such as flexible saving rates or a high return on invest, the attractiveness of the different investment options such as funds, life insurance, real estate etc. (5-point Likert scale) as well as factors inhibiting investment (multiple selection field).

Additionally, demographic information including sex, age, nationality, marital status, number and age of children, education, employment situation, media usage as well as income level was gathered.

Pre-Testing and Conduct

Prior to the survey going live, a pre-test was conducted with around 12 respondents using "Think aloud"-Testing as well as statistical analysis tests to augment understanding and guarantee discriminatory power of the survey items.

4 Research Findings:

4.1 Qualitative Content Analysis

4.1.1 Content Analysis according to Mayring

Having collected qualitative data from two focus groups and transcribed each recorded session, findings were evaluated. The main goal was to discover underlying motives and to establish preliminary hypotheses, rather than developing answers.

During a qualitative analysis, a transcript is composed and categories are established (Mayring 2000: 40) in order to build a clear and manageable carcass via abstraction that still mirrors the primary sources (Mayring 2007: 115). This approach benefits an assessment of the different evaluation's degree of correspondence (Grouven et al. 2007: 64) concerning the established criteria. The aim was to detect motives, attitudes and level of knowledge for investment decisions as well as learning more about the participant's preferred way of being approached and thus coherent associations.

It was essential to understand, if there was a significant difference between the two groups, students and young professionals, and their level of knowledge and inclinations towards financial products. After the main categories, motive for investment decisions, current level of knowledge, informational behaviour and criteria for decision had been identified, subcategories such as media usage, communication and process the transcripts were examined. A third level of criteria covered time of decision making, pre-sales and after-sales communication as well as distinctions between product and firm. Rescanning the categorized system and analysing cascades as well as structuring them, lead to interpreting the findings according to the research question. However, according to Lienert (Lienert/Raatz 1998: 7) quality criteria such as reliability, objectivity and validity had to be taken into account.

4.1.2 Deduction of Hypotheses

By the summarizing content analysis technique, abstract and simplified abridged versions of relevant content were derived, which lead to the three following hypotheses in respect to general saving habits of pupils and students. Firstly, they seem focused on consumption whereas saving appears unprofitable. Secondly, 10.000€ are not considered enough to start saving and thirdly: capital gains are more relevant than retirement savings.

Concerning the level of information, students associate funds with spreading risk but see themselves more informed about bonds, real estate, assets and classical savings than about funds.

When choosing a financial service provider, most students valued honesty, in terms of a clear display of chances and risks, the most. Also certificates and the presentation of customer satisfaction are appealing. This is further supported with the display of facts, figures, graphics and a clear communication of the unique selling proposition.

In regards to customer relationship management and after sales, focus group participants preferred a combination of flexible online offers and direct personal contact with their financial service provider. Students stated investments only become relevant after entering the job market. Concerning the preferred way of information, they stated to favour friends and family as well as printed brochures over social media, which is considered as untrustworthy. Personal consulting is essential for this group. According to the focus group, product traits like high security as well as high flexibility and high return rates with maintaining value are important to young students. Expectations concerning the online appearance show that an easy usability and personalisation are important for app usage. Websites should feature a high user friendliness in terms of a clear visual concept and appealing headlines. Similar statements were given with regards to videos on YouTube. Here the focus group mentioned the importance of uniqueness and an appealing layout.

Compared to students, young professionals tend to have a stronger emphasis on savings and financial issues tend to be more important to them, therefore they study financial topics more carefully. But like students, 10.000€ are not considered to be enough to start saving. Concerning the level of knowledge, funds are mostly associated with the possibility to spread risk but bonds, real estate, investments in start-ups and shares seem to be considered more relevant than funds. When choosing a financial service provider, professional appearance, credibility and integrity are considered to be important qualities. Young professionals value classical communication as well as trustworthy and personal consulting in their financial service provider. Similar to students, young professionals stated that investments only become relevant one or two years after entering the job market.

In terms of information seeking, young professionals prefer search engines over social media, as the latter is not considered trustworthy. The statement that apps are not trusted when it comes to financial products further reinforces this idea. That is why young professionals prefer personal contact with experts to obtain information and advice on financial products. Enhancement and risk spread, flexibility and fast liquidity, steady interest rates with high security and a steady increase in value are highly appreciated features of such products. Concerning the online appearance, apps are expected to offer lots of information with a high level of personalisation. For websites, young professionals are looking for a modern, clear arranged and appealing appearance

with a lot of pictures. Videos are valued as a source of information but should therefore be high quality.

4.2 Quantitative Research

4.2.1 Sample Description

In this chapter, the sample used for the quantitative research is depicted. The sample of respondents consisting of 527 participants, comprises 49.0% male and 51.0% female participants aged between 16 and 98. The sample was filtered according to their residency in Germany. 324 participants were aged between 16 and 35, 94 people aged between 36 and 55 participated, the next group of people aged between 56 and 65 contained 67 participants, while 42 people were aged 65 or above.

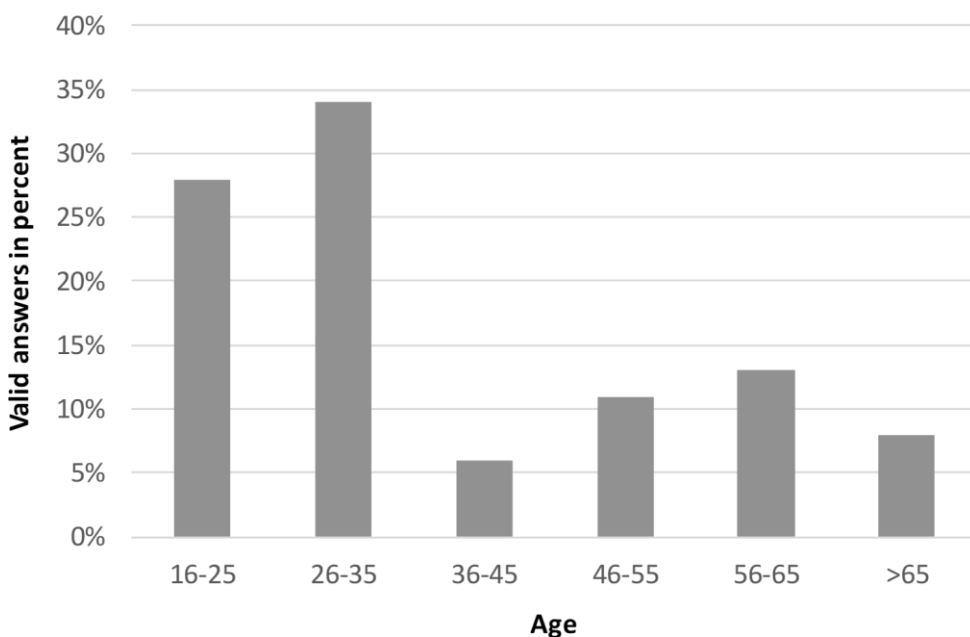


Figure 1: Valid answers by age

Furthermore, participants were asked to state information about their gross annual income before taxes in five categories: Smaller than 10.000€, 10.000-30.000€, 30.000-50.000€, 50.000-100.000€ and more than 100.000€. The most frequent categories were smaller than 10.000€ and 50.000-100.000€ with 26.5% and 22.6%.

In order to examine connections between the level of education with investment behaviour participants were asked to state their highest level of education, with Undergraduate (26.7%) and Graduate Degree or Diploma (26.3%) being ranked highest. Referring to the level of education, participants' current employment status was of major interest. Participants were asked to choose one out of the following answers: I work between 1 and 39 hours per week (20.2%), I work more than 40 hours per week – which was the most likely answer (35.7%), seeking for work (1.9%), retired (9.6%), inability to work (0.4%), pupil (1.0%), and student (27.6%). These answers enabled to verify the life phase model and find new patterns.

Concerning the marital status participants were asked to choose one of three options: married, in a relationship or single. 36.6% stated that they are in a relationship whereas 32.4% are married. The participants also provided information about the number of children and their age (listed in three categories: under 18, 18-29 years old or 30 and older). 63.6% stated to have one child which was mostly aged between 18 and 29 years old. It was necessary to examine the kind of electrical devices used such as PC, laptop, tablet and smartphones, in order to assess the information-seeking behaviour of participants.

These results have to be set into context with the participants' age since the largest group of participants was aged 22-26, which is not a correct depiction of the German society. However, the sample sizes did not affect statistic significances and since this study especially focuses on the Generation Y, this sample of participants helped to get to know their motives in terms of investment behaviour.

4.2.2 Quantitative Results

Information Behaviour

Results suggest that a growing number of people informing themselves on financial issues at least once a month correlates with increasing age. Whereas the largest two groups of people informing themselves on financial products every day are aged 36 to 45 and 56 to 65. Concerning the perceived level of knowledge, participants aged 16 to 35 feel well informed towards all kinds of financial products, but especially in terms of funds and bonds. The group aged 36 to 45, who stated to study financial information most frequently (37.0% study financial information daily) on the other hand, perceives their level of knowledge the lowest of all groups.

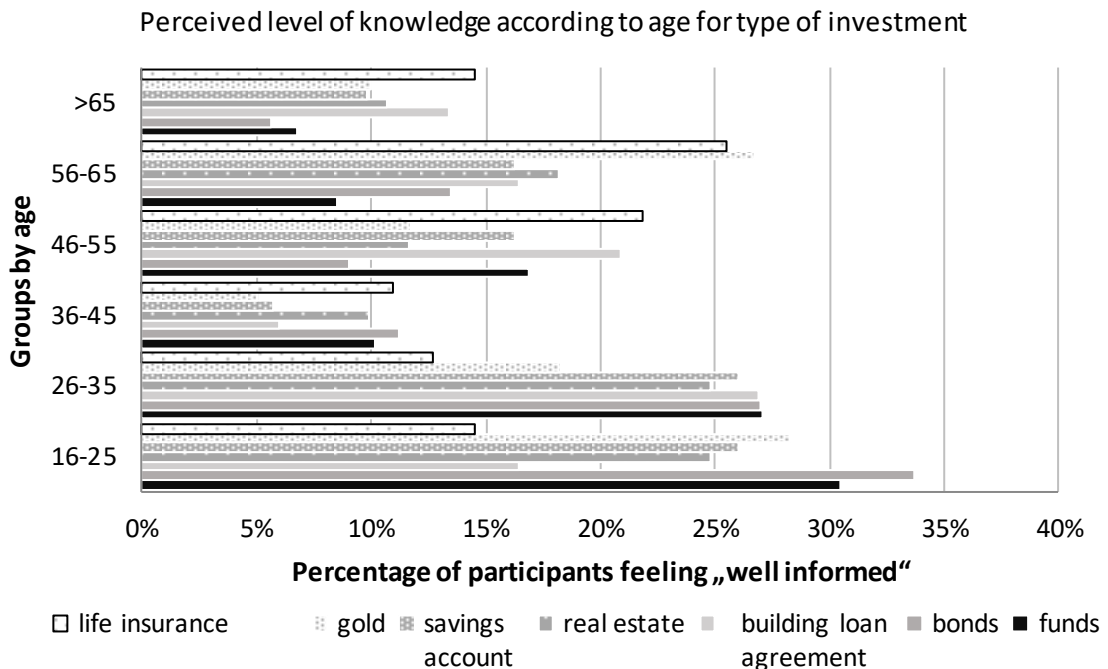


Figure 2: Perceived level of knowledge by age

Correlations showed the more people inform themselves on financial topics, the lower the perceived level of knowledge. On the other handside, the more experienced on investing participants are, the better informed people tend to feel.

In regard to a preference of information options, a personal meeting with a financial expert dominated all age categories. Participants aged between 16 and 25 also favoured friends and family, customer magazines and mobile apps. Whereas newsletters ranked from 38.1% and 47.6% with participants aged between 36 and 65. The groups showed different preferences for after-sales media. A personal consultant on site is of major importance to all groups (33.3% to 70.4%). However, participants aged between 36 and 45 valued online appearances (62.9%) most and not a person on site. Scrutinizing answers for gender differences results showed that female respondents valued personal information sources such as financial advisors ($M=4.43$) or friends and family ($M=3.93$) compared to men ($M=3.74$ and $M=3.59$). Men indicated to prefer online services, trading platforms and apps. Considering that men stated to be more experienced with financial decision making (female: $M=3.17$; male: $M=3.48$) hence they feel well informed, these findings are in line with previous research conducted by Black et al. (2002) stating the higher the (perceived) complexity and risk of a product purchase appears, the less likely users are to rely solely on online channels.

The perceived level of knowledge influenced the information gathering behaviour in several ways. Correlations showed the higher the level of knowledge the less popular are dialogue-oriented information sources. Findings indicated furthermore that with elevated levels of knowledge for sophisticated investments such as funds, bonds, real estate and gold, the importance of personal contacts or via telephone decreases. Moreover it was deducted that people with elevated knowledge levels on building loan agreement, life insurance and savings accounts tended to value mobile apps and trading platforms less.

Motives

A common concept in the investment industry is the magic triangle of investment (cf. ING DI-BA AG 2013) that is characterized by three principles describing the conflict and interplay between security, liquidity and profitability of different investment options. The seven options tested allowed an easy allocation of the magic triangle's content of investment. The factors to consider read as follows: *No or small deposit fees, Stable yield development, flexible savings rate e.g. stop for a certain amount of time, dynamic savings rate e.g. start low and increase later, combination possibilities of different investment options, long term value preservation and fast growth of assets.*

The overall outcome suggested that security is the most important motive for investment decisions. Long term value preservation was rated the highest with 62.2%, followed by 58.7% of stable yield development. Dynamic saving rates (29.2%) are least important. Correlating these three motives according to the age categories in intervals of ten years, a declining motive of flexibility with decreasing age has been observed. Participants aged between 16 and 25 and 26 to 35 have no specific preference according to the three main characteristics.

In line with this argumentation is another finding investigated by different investment options being correlated with the participant's age. They were asked to rank eight investment options (funds, bonds, investments on trading portal, life assurance, building loan agreement, investment in real estate, savings account and gold on a 5-point Likert scale. Results show that with increasing age, risky investments are considered less attractive. Investment in real estate on the other hand, are perceived more attractive than all other investments by all participants.

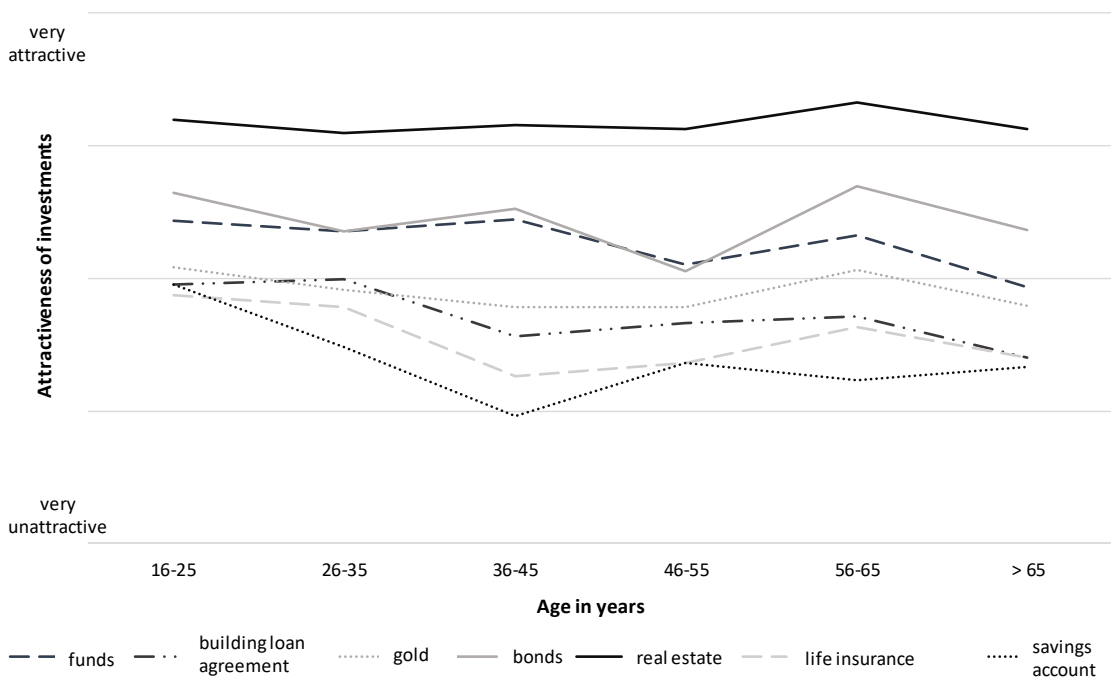


Figure 3: Attractiveness of investments over year of age

Moreover participants indicating to have high levels of knowledge regarding sophisticated investments such as bonds, funds, real estate and gold tend to perceive conservative investments as less attractive. These findings suggested two cluster segments. Cluster one comprising customers with lower level of knowledge preferring conservative investments and cluster two representing experienced and investors with higher level of knowledge preferring funds, bonds or real estate and gold.

Following discussions on the news, private pension schemes become more important (Bundesministerium für Arbeit und Soziales 2007: 1), therefore it was to pay close attention to this topic. Findings suggest that pension schemes are a big investment motive for younger participants aged between 16 and 35 (13,1%). Participants aged 36 to 45 find pension investment schemes with 7.0% to be the least considered investment motive.

Alongside positive motives for investments, obstacles were also evaluated. Participants were asked to choose one or multiple barriers out of four, stating why they would hesitate to choose an investment provider. 55.2% stated the lack of trust is a hindrance to decide on an investment firm. High risk was an obstacle for 42.6% and loss of value accounted for 32.50%. Complicated processes or concepts ranked last with 23.6% as a reason hesitating to invest money.

Life phase model

As mentioned in the beginning, one of the main goals of this study was to either verify or falsify the life phase model, which was purely theoretical and mapped different life cycle stages to certain age groups.

In order to examine the model, participants were asked to rank how many of the six established life stages matched their current living situation on a 5-point Likert scale. Correlating these findings with the participant's age lead to the assumption that the life phase model could not be verified.

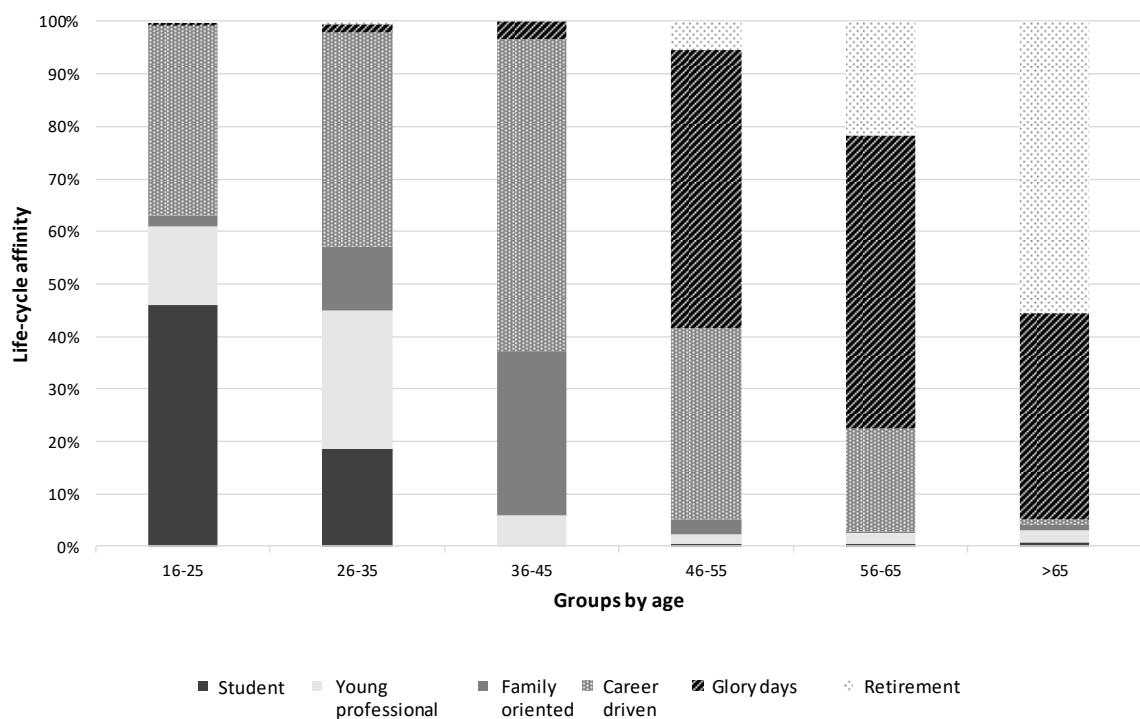


Figure 4: Life-cycle affinity by age

So this survey demonstrated a lack of clear lines between life cycles dependent on the age of individuals.

These findings, along with statements concerning informational behaviour and investment motives, let to the conclusion to establish four clusters, in which investors were segmented according to their investment knowledge -motives and -choices, rather than life cycle stages chosen in respect to age.

The first cluster could best be described as a *traditionalist graduate student*, that likes to be informed regularly via online media, whereas cluster number two represents the *service-oriented baby boomer*, who can be described as risk averse and likes to be informed in a personal way. Next to cluster number three, a *yield-oriented professional* focuses on return rates and stable investments. They like to inform themselves via online media and also like online trading platforms. The fourth cluster could best be described as an *indifferent first-year student*, with no clear preferences towards return on investment, safety or flexibility. Those customers tend to want everything.

Each cluster tends to have different motives for investments. The *traditionalist graduate student* focuses mostly on flexibility ($M=4.11$) whereas the *service-oriented baby boomer* emphasises mostly on security ($M=4.34$). The *yield-oriented professional* with focus on interest rates ($M=4.04$) also has a high preference for security ($M=4.30$). Cluster number four, the *indifferent first-year student* emphasises the most on security ($M=4.21$) but also likes interest rates ($M=4.13$) as well as flexibility ($M=3.62$). Though this is statistically not significant, the values of cluster number four are on average the highest ($\bar{M}=3,98$), which indicates a strong 'desire for everything'. Respectively the average difference to the medium 2,5 is the highest ($\bar{\Delta}=1,48$). Furthermore the differences between the highest and the lowest value are the smallest in cluster number four, which means some kind of indifference seems visible.

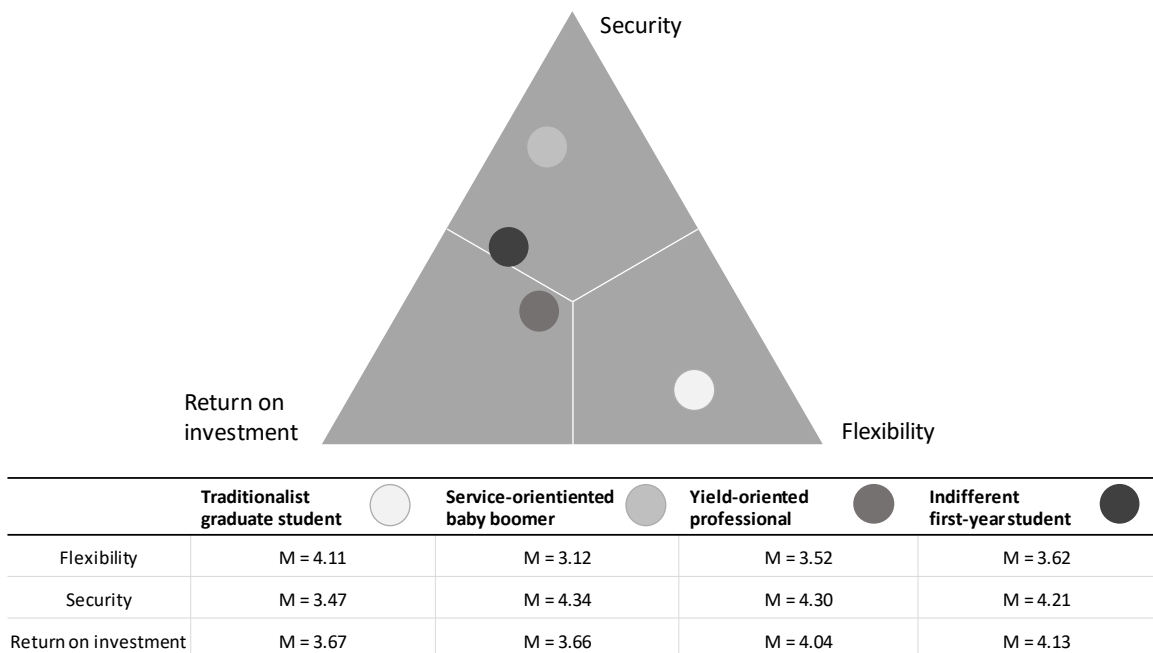


Figure 5: Clusters of investments

The clusters also present unique preferences for reasons of investment. To collect this data, participants were asked to state why they invest money. They could select one or more out of eight options. These options were: short term investment, financing a degree, real estate, capital investment, children's education, security in emergency cases, investment of future inheritance and retirement plans. Retirement plans, real estate and investment for emergency cases were important to all four clusters.

Factors considered when deciding for an investment firm also varied from cluster to cluster. First, both clusters including students, tended to have no investment consultant. For the other clusters, recommendations from their bank were very important (53.0% and 39.0%) as well as from their investment advisor (22.0% and 20.0%).

5 Discussion of Results and Remarks

5.1 Contradictory findings

Presented qualitative and quantitative results of the study, vary in part in their meaning and implications. This abstract depicts the most significant inconsistencies, which give the opportunity for further investigation.

Inconsistencies concerning the use of media or favourite channels for information retrieval behaviour occurred for the use of apps, social media and YouTube. While quantitative findings suggest that 55.4% of the participants aged between 16 and 25 see an app as a useful medium to receive information and 28.4% aged between 26 and 35 value an app as a relevant tool, qualitative findings suggest otherwise. Here, especially young professionals state they would not use an app for information retrieval on financial topics due to a lack of trust.

The discussion about videos as a source of information retrieval points in a similar direction. While 45.7% participants of the quantitative research aged between 16 and 25 and 27.9% of the participants aged between 26 and 35 stated they would use videos as a source of information for financial products, participants of the qualitative research found the shown YouTube videos not appealing since they were regarded as interchangeable and not unique. Further, explicit research in this field might be necessary to evaluate how videos should be produced and which type of content these should contain to attract a younger audience, because findings show that there is a general interest in videos by potential clients between 16 and 35.

Contradictions also occurred in findings concerning retirement plans. Focus group participants stated that capital gains are more important than lasting retirement schemes. The quantitative

study on the other hand supported a different point of view. Here 30.4% of the youngest group and 28.8% of the participants aged between 26 and 35 find retirement plans as a strong investment motive.

Surprisingly, qualitative research suggests that 10.000€ are considered to be too small of an amount to start saving. Also surprising was the fact, that all members of our focus group sense social media not as an appropriate source of information for financial products of any kind. They stated missing trust as one reason as well as the missing neutrality of the source and thereby a feeling of manipulation.

Results show that members of Generation Y in regards to financial decisions tend to appreciate consultation from friends and family more. Hence the question, is there a general shift towards a more open discussion about finances in German society? Another explanation for this behaviour could be the change in attitude as soon as Generation Y turns a certain age and therefore gain more experience with finances.

5.2 Interpretation of the hypotheses

The findings from the hypotheses gave insights into the search behaviour and motives for investments for potential customers, however due to the research methodology not being statistically fully significant.

Hypothesis 1 could be verified, suggesting that with advanced age, information search becomes more intensive. This means that participants with an advanced age do information search on their own, suggesting a pull marketing approach. Younger generations, on the other hand, need to be reached by using a push marketing approach. Facilitating the right message at the right time becomes increasingly important for the younger segments.

Hypothesis 2 suggests that with more information sources from different channels, participants feel more comfortable with complex investment opportunities into products like funds or stocks. This hypothesis proved to be false because younger generations stated that they are very well informed which does not match their information behaviour.

Hypothesis 3a suggests that the better participants feel informed, the more they prefer non-personal information sources such as newsletters, mobile apps or websites. The hypothesis proved to be false, as the younger segments, who feel very-well informed, prefer information sources that speak to them on a personnel level.

Hypothesis 3b suggests that the less informed participants feel, the more they prefer personal information sources. This hypothesis proved to be false, as the group aged 36 to 45 prefers information sources such as newsletters but stated that they feel less informed.

Hypothesis 4 suggests that the financial investments can be mapped to the investment triangle. The hypothesis proved to be true. There were seven motives which the participants were asked about. The factor analysis showed that those seven motives could be reduced to only three dimensions including security, liquidity and yield, which can be mapped on the investment triangle.

Hypothesis 5 suggests that the younger a participant, the more important the motive of liquidity. This hypothesis proved to be false, as the motive of liquidity only decreases after participants are 55 or older.

Hypothesis 6 suggests that the older a participant, the more important security becomes. This proves to be partly true as participants who are 56 or older find security of great importance. Additionally, individuals within the age-group between 36 to 45, who are probably focusing on family also put emphasise on security.

Hypothesis 7 suggests that the older a participant, the less important retirement arrangements become. This hypothesis proved to be true, as the younger age-groups show great interest for the retirement arrangements, while older participants did not show as much interest.

Hypothesis 8 suggests that the life phase model can be segmented via age, which has proven to be false. The expected one-on-one mapping of the given age spans with the respective stages for the life phase model could not be confirmed. This hypothesis proved to be false as different life cycle stages that were mapped by age consisted of at least two main groups in different life situations.

5.3 Managerial Implications

Based on the key findings from the qualitative and quantitative research, a new potential customer journey was developed for the defined customer segments. The customer journey is based on a three-step process that was developed to satisfy each segment's consumption needs and habits (cf. Debruyne 2014: 103).

Creating brand awareness was the first step within the customer journey, including two distinct goals: 1) attract interest for the topic investments, especially for the younger segments, and generate brand awareness for our client and 2) position the financial service provider as a company that sells funds and create a personal connection with the company. By creating brand awareness,

customers should perceive the service provider as a potential company that offers investment options.

Creating brand awareness for the company is realized by setting the focus on a variety of different online and offline resources. Sponsoring different cultural or sporting events can help create attention. Online resources such as search engines are used heavily by various segments and can be used to create an initial touchpoint with customers searching for relevant search queries pertaining to the financial sector in which our client is active. Both paid as well as organic searches can be focused on to gain brand awareness.

Communicating the unique selling proposition by clearly differentiating the company from the competition and offering the products via different media types is the second step in the customer journey. The goal is to change the target group to paying customers. Communicating products and services for each defined segment correctly via the homepage is the first step to target segments using online resources. The focus lies on integrating landing pages for each target group, creating trust and using online marketing channels to build a connection with the target group. Events and public relations are another resource to communicate the company's unique offerings.

The last step in the customer journey is to build and increase trust and customer relationships with new and existing customers by positioning the financial service provider as a trustworthy, transparent and reliable partner. This improves the relationship with existing customers and creates the secondary effect of making existing customers enthusiasts for the brand, turning them into brand ambassadors. Measures to meet these goals are to support communication with the customers and to understand the individual wishes and problems customers currently experience. This includes offering personalized information directly to the customer and offering a reliable customer-oriented complaint management that takes the customer's issues seriously. The financial service provider has to be available through different communication channels that take all segments into consideration, for example phone and live chat, face-to-face and e-mail communication. Another way to improve customer relationship management is by offering extra services such as specific tools for the relevant segments or offering personalized support online and offline.

5.4 Limitations and Future Research

The main limitation consisted of limited resources being available during the market research period. The sample for the survey was non-representative. Additionally, the quantitative as well as the qualitative questionnaire could have been optimised based on the study's findings. The

available tools also played a part in the study's findings, as more available tools (e.g. tableau) could have provided additional insights from the data.

It is recommend to validate the segments with a representative study. Based on the data and the conclusions, a follow-up qualitative analysis based on the determined target groups seems sensible. This leads to further detailed insights from specific segments. The suggestion is to take advantage of professional trained focus-group leaders to lead the qualitative research and select participants based on the defined criteria within the found segments. Also, it seems recommendable to conduct additional research for existing customers, to compare their motives and needs with new potential customers. Lastly, it is important to review the proposed recommendations.

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