Technology marketers should take consumer life-cycle into account, study says

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If you want grandpa to start using the bank machine instead of standing in line for the teller, the best way to do it is to tell him to "Act now!" with a limited time offer for a banking card, shows new research.

A new study from the University of Toronto's Rotman School of Management suggests marketers should pay attention to where consumers are in their lifecycles when determining how to get them to adopt new technologies.

Marketers may have incorrectly assumed that older consumers avoid products such as debit or credit cards because they are technophobic or find them hard to learn. Instead, the paper suggests, these consumers may simply see limited future benefits to changing their current habits because of their shorter remaining lifespans.

The way to get around that, found the study, is to present a limited time sign-up bonus targeted to older adults. And, it found, not making the offer permanent means slightly younger adults won't put off their own adoption decisions until they're old enough to get the seniors' discount.

Taking the consumer life-cycle into account, "can really change the story," said Andrew Ching, an associate professor of marketing at Rotman. He co-wrote the paper with former PhD student Botao Yang, now an assistant professor of marketing at the University of Southern California.

"When you don't take the life-cycle effect into account we see that, just like what other people think, the older you get, the costs of adopting a new technology are going to increase," said Prof. Ching. "But when you take life-cycle into account, the costs become more or less the same with age."

Researchers used data about Italian banking customers' banking card adoption decisions and usage patterns. They applied that information to a theoretical model to assess the costs and benefits of those decisions for different age groups of consumers.

The model found that the total adoption costs to older consumers are actually lower than might be expected, because of their shorter remaining lifespans. Seniors did face more psychological hurdles but those challenges are not as significant as has previously been believed.

The study was recently published in *Management Science*.

Provided by University of Toronto

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