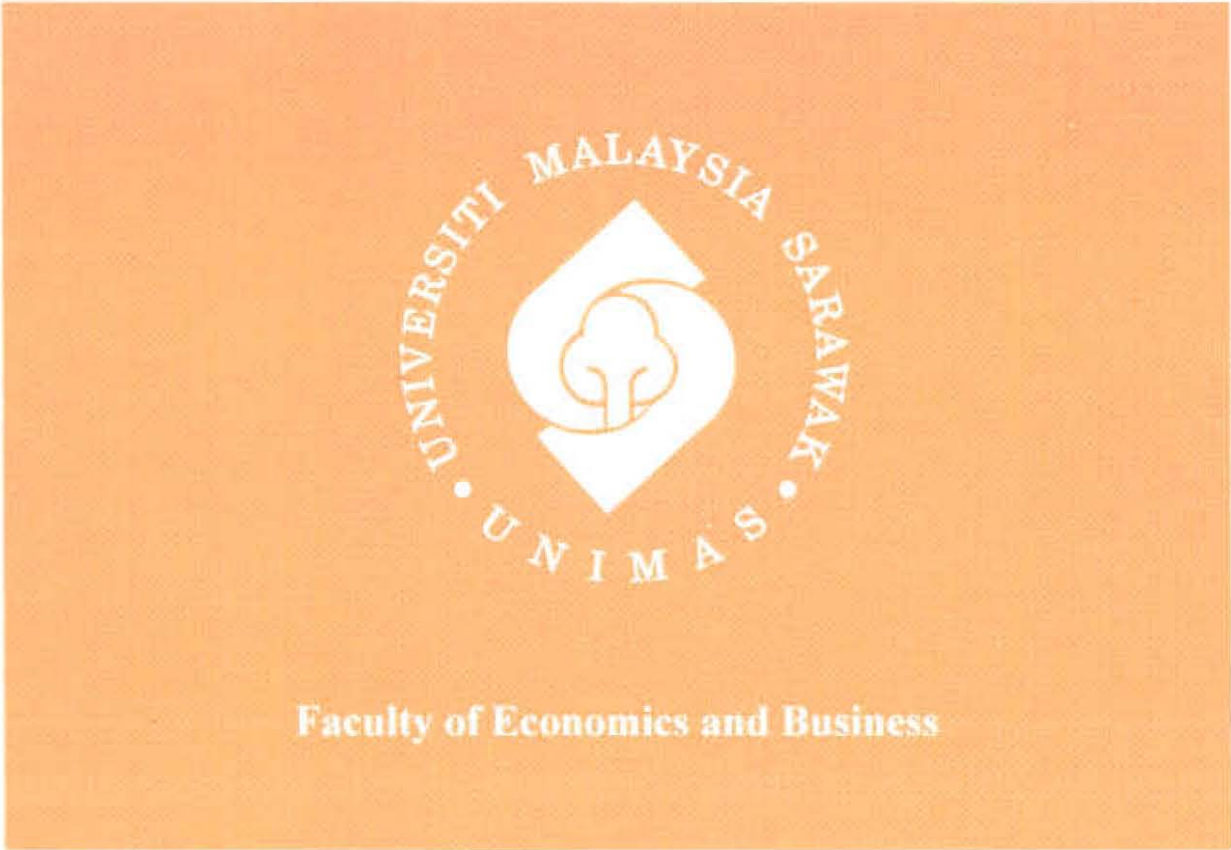# An Exploratory Study of Generational Cohorts in Central Region of Peninsular Malaysia

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An Exploratory Study of Generational Cohorts in Central Region of Peninsular
Malaysia

Koh Ing Ing

A thesis submitted

In fulfilment of the requirements for the degree of Master of Science (Marketing)

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Masters ☑
PhD ☐

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ABSTRACT

Generational cohort segmentation has grown in popularity in marketing; however, there is limited research being carried out in Malaysia. As a result, researchers conveniently adopted the well-known U.S. cohorts to classify the Malaysian consumers without theoretical basis. Hence, this thesis aims to contribute to the current body of knowledge by identifying the generational cohorts in the Central Region of Peninsular Malaysia with supported generation theories. A qualitative approach via in-depth interviews was carried out and a sample of 34 respondents from different races and age-groups were interviewed in this study. All the interviews were recorded and transcribed verbatim for further analysis. Content analysis was used to analyse the collected data. The findings show that there are four distinctive generational cohorts in Central Region. They are shaped and formed based on their personal attachment to the major events during formative years. They are also found to be different from the U.S cohort labels. This study not merely discover generation cohorts in Central Region, it can also be applied for future research in various disciplines such as marketing, management or education, where generation cohorts are relevant. It is believed that such endeavour would provide researchers, marketers and practitioners a whole new perspective about the people they are dealing with.

Keywords: Cohort segmentation, generational cohort, Central Region

Kajian Eksploratori Kohort Generasi di Zon Tengah Semenanjung Malaysia

ABSTRAK

Segmentasi kohort generasi semakin popular di pemasaran; namun begitu, penyelidikan yang dijalankan di Malaysia masih terhad. Atas sebab ini, untuk kemudahan, para penyelidik menggunakan kohort Amerika Syarikat (A.S.) yang terkenal untuk mengklasifikasikan pengguna Malaysia tanpa berasaskan teori. Oleh itu, tesis ini bertujuan memberi sumbangan ilmu pengetahuan dengan mengenal pasti kohort generasi di Zon Tengah Semenanjung Malaysia dengan sokongan teori-teori generasi. Satu pendekatan kualitatif melalui temuduga mendalam telah dijalankan dan satu sampel yang terdiri daripada 34 responden, daripada kaum dan kumpulan umur yang berlainan, telah ditemuduga dalam kajian ini. Kesemua temuduga telah direkod dan ditranskripsikan kata demi kata untuk analisis lanjutan. Analisis isi telah digunakan untuk menganalisis data yang dikumpul. Penemuan menunjukkan bahawa terdapat empat kohort generasi tersendiri di Zon Tengah. Mereka dibentuk berdasarkan ikatan peribadi dengan kejadian-kejadian utama pada tahun-tahun formatif. Mereka juga didapati berlainan daripada label-label kohort A.S. Kajian ini bukan sahaja menentukan kohort generasi di Zon Tengah, tetapi juga dapat diaplikasikan dalam penyelidikan lanjutan yang berkaitan dengan kohort generasi dalam pelbagai disiplin seperti pemasaran, pengurusan atau pendidikan. Usaha sebegini akan menyediakan satu perspektif yang serba baharu untuk para penyelidik, pemasar dan pengamal mengenai orang yang mereka berhubung.

Kata kunci: *Segmentasi kohort, kohort generasi, Zon Tengah*

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CHAPTER 1

INTRODUCTION

1.1   Background of Study

For many years marketers have a propensity to use the combinations of demographic and psychographic variables to classify and segment markets in order to appease various customers' demands (Kotler & Armstrong, 2014; Scardino, 2004). Many kinds of products are produced by several companies for the same market. The companies might produce even more products under line extensions to meet the various demands of consumers (Armstrong, Harker, Kotler, & Brennan, 2009). Subsequently, marketers today face a challenging task in servicing a target segment distinctively. This is because today's consumers are more diverse and savvy than ever before (Schewe & Meredith, 2004). They demand products that fit their lifestyle. They desire not to be targeted with misguided or deluded products (Meredith & Schewe, 2002).

Despite the complexity of the market, an intriguing, innovative and highly successful approach of generational cohort marketing is emerging, attempting to explain the values acting as drivers of marriage relationships, parent-child relationships (Motta & Schewe, 2008), career path (Horvath, 2011), consumption behaviour (Noble & Schewe, 2003; Williams, Page, Petrosky, & Hernandez, 2010), purchasing behaviour (Parment, 2013), and many aspects of personal behaviour and attitudes (Moore & Carpenter, 2008). It has been suggested that generational cohorts are superior to demographic variables such as age and gender (Schewe, Meredith, & Noble, 2000) as it reveals more than what a general population trend does; it discloses what they favour and wish for, and why they do what they do. With

regard to this, generation labels such as Baby Boomers, Generation X, Y and Z of the American cohorts are found frequently employed in the marketing literature and market segmentation throughout the world (Meredith & Schewe, 2002; Noble & Schewe, 2003; Yu & Miller, 2003). The labels are used by marketers to make a distinction between groups of individuals based on their generational characteristics in the marketplaces. It also provides marketers a firm foundation to understand the consumers and to develop effective marketing strategies as well as executions.

Generation studies have also shown that not every generation is the same (Fishman, 2016; Williams & Page, 2011); individuals from each generation uniquely possess different perspectives and values. However, generation is different from cohort. A generation is generally 20 to 25 years in length whilst a cohort may differ in length depending on the external events that define it (Schewe et al., 2000). A generational cohort is a concept that explains how a group of people who was born during the same period of time is homogenous within. They share similar external events in their coming of age (15-24 years old), which is also known as formative years (Meredith & Schewe, 1994; Ryder, 1965). Their historical or social life experiences create cohesiveness in value, attitudes and beliefs which distinguish one generation from another (Ryder, 1965). The effects of which they have experienced remain relatively stable throughout their lives (Inglehart, 1997; Strauss & Howe, 1991b). Hence, they should not be treated in the same manner (Williams & Page, 2011). This then allows for the identification of a group that is homogeneous within and heterogeneous without, allowing marketers to target specific groups accurately (Schewe et al., 2000).

1.2   Problem Statement

There are numerous studies conducted on the United States (U.S.) generational cohorts. Labels such as Baby Boomers, Generation X, and Generation Y of the U.S. cohorts have been widely used and have gradually become universal identifiable cohort groups (Ting & de Run, 2015). With no exception, researchers in Malaysia picked up the cohort labels to elucidate the Malaysian market (Eze, Tan, & Yeo, 2012; Lim, Yap, & Lee, 2011; Munasamy, Arumugam, & Rahim, 2010) due to the lack of research in explicating the actual generational cohorts. However, such candid adoption is without theoretical basis (de Run & Ting, 2013).

Purportedly, the idea of generational cohorts is that individuals are shaped and formed by their exposure to the historical and societal events that came their way in their formative years (Holbrook & Schindler, 1989, 1994). Therefore, their experiences of different historical and societal events may bear dissimilar cohort structures (Schewe & Meredith, 2004). Thus, applying U.S. generational cohorts to a Malaysian context will not depict a genuine and intrinsic representation of the cohorts in the country, as Malaysians do not share the similar defining moments as well as the values, attitudes and preferences as the Americans did and currently do.

To date, there is limited research on the generational cohorts in Malaysia, which addresses a gap in the literature. The first study was pioneered by de Run and Ting in recent years, (2013, 2015), but it is limited to Sarawak, a state in Malaysia. As such, the present study is considered as the first attempt to discover the subject matter that was previously unnoticed.

1.3 Research Objectives

General and specific objectives are discussed in further details in the following sections.

1.3.1 General Objective

The objective of the research is to identify the generational cohorts in the Central Region of Malaysia by using the theories of generations as the underlying basis. This is achieved through an exploration of the major historical and societal events that Central Region's populace are personally attached to during their coming of age.

1.3.2 Specific Objectives

The general research objective were further expanded into specific objectives. This research intends to:

(1) Identify the major historical and societal events which impacted Malaysians in Central Region.

(2) Explore the major historical and societal events which Malaysians in Central Region are personally attached to when they came of age.

(3) Outline the formation, segregation and brief characteristics of generational cohorts in the context of Central Region.

1.4 Significance of the Study

This study aims to identify the actual generational cohorts of Central Region in Peninsular Malaysia. By employing the generational cohort theory, this study will be able to outline the generational cohorts of Central Region. As a result, researchers may no longer want to adopt cohorts such as Baby Boomers, Generation X and Generation Y in the absence of theoretical

consideration. Such identification fills the gap in the literature and exemplifies the existence of generational cohorts in Central Region. Significantly, the problem discussed earlier is solved.

Besides, this study also reveals the brief characteristics of each cohort in Central Region. Through this study, marketers or business practitioners may have a better understanding of the collective individuals in Central Region and thus a better segmentation of the marketplace. This study will also benefit organisational leaders in managing different generation of employees in the workplace. Therefore, this study is noteworthy in terms of actualizing the generational cohorts in the Central Region context and revealing the brief characteristics of each cohort.

1.5   Research Scope

Central Region of Peninsular Malaysia is where the largest and most developed cities are situated. It has the highest population density in the country (New Geography, 2017). It is a region where individuals would gather regardless of which state they are originally from (Lee, 2011). The region has a rich heritage and history, resulting in distinctive experiences of historical and societal events. The population characteristic is the first reason for choosing this region to conduct this study. The second reason is the economy of the region. Central Region is a prosperous region that impacts the national economy as major contributor of gross domestic product (Malay Mail Online, 2015). This indicates that the region has a certain purchasing power under a relatively healthy economy. Moreover, this indirectly encourages marketers to take a quick response to the supply and demand in the region. The third reason is the demographic structure of the population. Central Region is a multiracial region (Tourism

Malaysia, 2015). It consists of the Malays as the largest ethnic group with 54% of its population, Chinese follows as the second largest ethnic group with 32% and Indians 12%. Each race has its own unique characteristics, tradition, and behaviour. Marketing in such a complex society is not an easy task but a challenge for marketers or business practitioners (Rao, 2017). Based on the above reasons in addition to the exploratory nature of this study, Central Region is evidently a worthy and strategic area for this study.

The scope of this study is restricted to individuals who live in this particular area which covers the Federal Territories of Kuala Lumpur and Putrajaya and the state of Selangor. Participants involved in this study must comply with the following criteria that qualify for cohort formation: (a) they are either from the Federal Territories of Kuala Lumpur or Putrajaya, or the state of Selangor by birth; (b) they have spent most of their time in the Federal Territories and/or the state, including their late adolescence and early adulthood years; (c) they are media savvy, who have comparatively higher media exposure towards local, national or world events and are able to explicate historical events; (d) they are literate and have a propensity to understand the implications or impact of the major events which much likely influence their values; and (e) they are impacted with major events bearing societal consequences that could be cohort-defining events (Schewe & Meredith, 2004). Moreover, to reflect the whole population of Central Region, individuals included in the sample are from three different major racial groups, namely the Malays, Chinese and Indians.

1.6   Definition of Terms

A clear definition of each term is provided. They are used throughout the thesis.

1.6.1   Market Segmentation

Market segmentation is the process of classifying the heterogeneous consumers based on their characteristics and dividing them into different segment that are homogenous (Smith, 1956). These segmented consumers will respond similarly to a marketing action.

1.6.2   Generational Cohort

A generational cohort is a group of people that were born about the same time and shared similar external events during their late adolescent and early adulthood years (Becton, Walker & Jones-Farmer, 2014). They share similar characteristics and behaviours and are different from members of other age groups (Lyons, Schweitzer, Ng, & Kuron, 2012). Generational cohorts are different from "generations", which are generally 20 to 25 years in length. Cohorts may vary in length rested on the external events that define it (Schewe et al., 2000).

1.6.3   Formative Years

Formative years are the period of human development from late adolescence to young adulthood, which is also known as coming of age years (Meredith & Schewe, 1994; Ryder, 1965). In the past studies, the formative years are described as early as 15 or 16, and end at the age of 24 to 27 (Becton et al., 2014; Holbrook & Schindler, 1994; Noble & Schewe, 2003). It is the period that individuals begin to be attentive to the historical and societal events.

1.6.4   Historical and Societal Events

Historical and societal events are also known as defining moments or major external events (Meredith & Schewe, 2002; Rogler, 2002). These events can be national or international

events (Schewe & Meredith, 2004). They are categorized as political, economic, socio-cultural, technological and natural or environmental events (Noble & Schewe, 2003). The reactions to the historical events by each cohort of individuals during their formative years define generational cohort.

1.7   Organization of Thesis

This thesis contains five chapters. Chapter 1 outlines the background, problems and objectives of the research. The significance and scope of the study are also discussed to make clear the rationale of the study.

Chapter 2 presents a review of relevant literature regarding market segmentation and generational cohort to express its relevance and impact in marketing. Generational cohort theories and studies are outlined. A conceptual framework and three research propositions are developed accordingly.

Chapter 3 presents the methodology used in the study. First, an overview of the research design is provided. It details why qualitative approach is used. This follows by the procedures related to population and sampling, data collection, data processing and data analysis. Reliability and validity of the data are also discussed in this chapter.

Chapter 4 provides the analysis and findings of the study. Respondent demographic is first presented, followed by content analysis, the method used to examine the propositions. Subsequently, generational cohorts formation are shown.