An Evaluation of Mature Consumer Needs in the Banking Sector

by

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An Evaluation of Mature Consumer Needs in the Banking Sector

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ABSTRACT

The mature market presents challenges to marketers because much of the information about the marketplace is based on younger consumers, differing from older consumers in many important ways. The research project was commissioned with two main objectives: to determine what is required to cater for customers falling into the age bracket of 60-75, enabling marketers to successfully target the mature consumer and retain these customers.

A qualitative methodology was selected to collect and analyse information to enhance understanding of the perceptions with regard to the functional, social and emotional needs of the mature market sector.

Abraham Maslow is known for postulating the 'Hierarchy of Needs Theory', stating that human beings are motivated by their unsatisfied needs. It is necessary to understand and investigate the relative importance of the functional, emotional and actualisation components of mature consumer needs.
Keywords:
Mature market
Consumer
Sector
Needs
Functional
Emotional
Self-actualisation
Hierarchy
Developmental stage
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CHAPTER 1: PROJECT BACKGROUND

1.1 Introduction

Mature consumers are being targeted by companies as a powerful and lucrative segment of the investment market (Mattila and Karjaluoto, 2003). Many of the mature consumers keep their money in banks, and make use of investment products offered by banks, but the banks have not really viewed them as a distinct market group. It is important to understand how mature consumers of today view their bank and what their specific needs are. There seems to be two reasons for the drive to focus on the mature consumer of today.

The first reason is that a trend of rapid aging has been detected in the South African population. Concern about the population in Africa has traditionally focused on relatively high rates of fertility and mortality, expansion of basic health programmes, and, more recently, on the devastation resulting from the HIV/AIDS pandemic. Overlooked in the face of these pressing issues is the fact that most African populations are aging, albeit at slower rates than in much of the developing world. While gerontology is still in its infancy throughout Africa, there is a growing recognition of population aging, especially in South Africa (Kinsella & Ferreira, 2001). This development is resulting in a rapidly increasing mature consumer market. Traditional interactive services marketing models must be reconsidered as the demographic profile of the population is changing rapidly.

The Southern African region has the highest percentage of older inhabitants on the continent. At present, 3.9%, or 1.6 million of South Africans are over 50 - and the number of mature households is on the increase. Currently about 22% of the South African population are older than 65 years, and this figure is expected to increase to
4.3% by the year 2010 (Kinsella & Ferreira, 2001). In more developed parts of the world, 65 is the age that defines the older person. However, because life expectancy is lower in Africa than in the developed world, the South African elderly population is defined as those people who are over 60 years of age (Kinsella & Ferreira, 2001). Currently, people in this category comprise 7% of the overall population, represented by a total of 2 825 200 people from all races. According to Statistics SA, the size of the older population in South Africa will double within the 17 years between 1997 and 2015, and will constitute 7.5% of the total population in 2010, and 9.1% in 2025. It is significant that the greatest increase in the numbers of older people in this country is in the 80+ age group (Kinsella & Ferreira, 2001). Since this is an expanding, financially active market which seems to be remaining financially active for a longer period, the market could be a viable opportunity for the banking sector.

If the banking sector wants to retain these people as customers, it is important for it to determine how South African banks can successfully provide a service to the mature consumer by taking a closer look at this sector. The mature market presents challenges to marketers because much of the information about the marketplace is based on younger consumers, who tend to differ from older consumers in many important ways. For example, the U.S. Department of Labor surveys show a great variation in spending on various types of products and services by age of householders. Of greater significance to marketers, however, is the heterogeneity of the mature market. Research shows that the older a person gets, the more he or she differs from others (Hummert & Garstka, 1995). This finding poses a problem to marketers who are developing strategies for mass markets, and also offers an opportunity for those appealing to groups of older consumers sharing similar characteristics.
This leads directly to a second reason why an increased focus on the mature consumer has come to be of importance to the banking sector, namely the fact that this market sector has not been treated as a distinct group before. Thus this market segment has been treated as and marketed to as if part of the general banking customer, not focusing on its more specific needs. However, the retail banking sector has become aware of the importance in making the most of existing clients, which is essential for long-term profitability. Keeping clients, by developing relationships with them, is crucial to establishing and maintaining a competitive advantage in the market (Abratt and Russell, 2007). Much of the teaching and research in marketing has tended to focus on acquiring new customers by developing new products to satisfy specific needs. However, the higher relative cost of customer acquisition has shifted the emphasis to building and maintaining long-term customer relationships with existing customers to improve profitability (Abratt and Russell, 2007).

Since today’s mature consumers tend to retire earlier and live longer, they often find it necessary to finance a longer post-retirement and thus, while they have money, they show a different spending pattern. Where individuals with employment can spend their capital and recoup their losses by salary income, saving is of more importance among retired people (Kennett, Moschis & Bellenger, 1995). Mature consumers often need to carefully manage their assets over the remainder of their lifespan, which makes this market extremely rewarding for the financial services provider. The mature market therefore warrants special consideration. In order to provide a satisfactory service to these consumers, their special needs and expectations need to be addressed.

Against this background, a leading South African bank launched a research project with two main objectives: to determine what is required to cater for customers
falling into the age bracket of 60-75 (which can be referred to as the ‘mature market’), and to formulate strategies to improve the products and services offered to this age bracket. It is this specific research project which will be reported on in this dissertation. The justification for using this specific age cut off will be explained in section 2.1.3.

1.2 Setting up the research questions

The purpose of this study is to understand how mature consumers of today view their bank and what their specific needs are. The research is therefore aimed at determining how South African banks can successfully target the mature consumer and retain these customers.

General objectives of the study are:

- understanding the role of the bank in the mature consumer’s life;

- understanding participants’ banking behaviour (i.e. When do they bank? What happens before they go to the bank? What happens after they have gone to the bank? How do they get to the bank?);

- understanding the lifestyle of the members of this market. Certain inferences can be made by looking at their lifestyle. However, these inferences would not necessarily translate as needs.
Insights gained from this research will shed light on participants’ perceptions of what they need from their financial institution. If these needs are addressed, this could in turn lead to loyal customers.

Certain questions will be addressed relating to the needs of those banking customers who are members of the mature market. General questions that relate to the overall needs of the mature consumers will be asked, e.g. the role that banking might play in fulfilling social, personal or health needs, as well as more specific questions relating to banking behaviour, such as which types of services are preferred, the distribution of their expenses, and questions related to the general lifestyle of these customers.

More specific questions related to the needs of the mature banking customers will be posed in Chapter 3 (3.2.1 Research Objectives).

1.3 Research design

1.3.1 Methodology

A qualitative methodology was selected to collect and analyse information to enhance understanding of the perceptions with regard to the functional, social and emotional needs of the mature market sector. Its entire orientation is organised around theorising, collecting and analysing qualitative data. They involve documenting real events, recording what people say (with words, gestures, and tones), where concepts are in the form of themes (Neuman, 2000). This comprises collecting textual information and interpreting the text; i.e. finding the meanings, inter alia by considering descriptions, metaphors, symbols and descriptions of specific cases (Neuman, 2000).
Data in this particular study was collected by using focus groups, and the collected data will be interpreted to gain an in-depth understanding. Focus groups are a qualitative technique (Neuman, 2000) used in this research to give an in-depth understanding of the existing needs in mature consumers’ lives. Focus groups normally consist of between 8 and 12 respondents per group.

Mature consumers within the banking sector from the age of 60 and older took part in group discussions. Group discussions took place on a regional level (e.g. Cape Town, Durban, Pretoria and Johannesburg).

1.3.2 Data collection

A focus group is a technique allowing for ‘the explicit use of group interaction to produce data and insights that would be less accessible without the interaction found in a group.’ (Morgan, 1993). Focus groups are exploratory in nature, and enable an in-depth understanding of underlying belief systems, issues or predispositions.

This research method allows for participant focus over researcher emphasis. The group interaction creates the perspective of multiple realities within the group, while at the same time, collaboratively focusing on themes and commonalities in the chosen topic. Focus groups can capture the meaningful experiences and ideas of the participants on given topics relative to the research study.

In this research there will be 8 focus group sessions. The eight focus groups are to be conducted in Cape Town, Durban, Pretoria and Johannesburg. Each group will consist of between 8 and 12 respondents. Certain activities (discussions, collages and projection techniques) will be used to elaborate on topics formulated from the research questions. Each group session is facilitated by a moderator.
The researcher gains insight through a process consisting of analysis and a meaningful integration of views that are expressed by respondents. In addition, the close involvement of the moderator in all phases provides intuitive reflection in guiding the research process.

1.3.3 Data interpretation

The data obtained from the focus groups was analysed by means of thematic content analysis. The data collected from the focus groups has been documented as text, in the form of direct quotations from these discussions. The text is read to identify dominant recurring and supporting themes to obtain insights relative to the research objectives. Once a pattern is identified, it is interpreted in terms of the objectives set out for the research project. This process will include thematic categorisation, to build a conceptual understanding of the participants’ perceptions, needs and insights (Neuman, 2000). The text will reflect a group opinion (although each participant has the freedom to express their view within the group), dominant and recurring themes. These will be identified in order to obtain insights into the needs and requirements for value-added service offerings to banking clients.

According to Marshall & Rossman (1995), content analysis includes:

- an intuitive and holistic understanding of the data that is collected
- organising the data
- the generation of categories, themes and patterns
- reflection and synthesis of data and themes
- a search for alternative explanations
- final classification and categorisation of themes
- the writing of the research report and market penetration and positioning strategy

Content analysis can thus be described as ‘a systematic research technique which makes replicable and valid references from the data to its context’ (Wimmer & Dominick, 2000: 118). All analyses are grounded in a foundation of validity and reliability in all processes of the analysis.
CHAPTER 2: THE NEEDS OF THE MATURE BANKING CLIENT

"Banks need to offer more than just attractive financial benefits to maintain the loyalty of their mature customers. The quality of interaction between buyer and supplier and the degree of customer participation in the relationship have been identified as possible antecedents of customer satisfaction." (Ennew and Binks, 1996)

2.1 Introduction

This chapter will aim to elicit the fact that people are motivated by, or interact with, things in the world in terms of their structure of needs. The research ultimately aims to see what the needs of the members of the mature market are, and how this affects their banking activities; more specifically how their banking activities can be interpreted as the expression of certain needs, which are a consequence of their age or developmental stage.

2.2 Defining needs

"Human needs are a powerful source of explanation of human behavior and social interaction. All individuals have needs that they strive to satisfy, either by using the system, 'acting on the fringes,' or acting as a reformist or revolutionary. Given this condition, social systems must be responsive to individual needs." (Coate and Rosati, 1988)

Humans need a number of essentials to survive. According to the renowned psychologist Abraham Maslow and the conflict scholar John Burton, these essentials
go beyond just food, water, and shelter. They include both physical and non-physical elements needed for human growth and development, as well as all those things humans are innately driven to attain (Burton, 1990).

2.2.1 Maslow

Abraham Maslow is known for postulating the ‘Hierarchy of Needs Theory’. This theory advocates that human beings are motivated by their unsatisfied needs. Needs vary among individuals, depending on the development phase in which they find themselves (Meyer, Moore & Viljoen, 1990). The model’s intuitive logic and ease of understanding have made it a popular theory for over 40 years (Stum, 2001). According to Stum (2001), as each of these needs is met, or substantially satisfied, the individual focuses on attaining the needs at the next level, thus striving to move up the hierarchy. The theory states that, although no need is ever fully gratified, a substantially satisfied need no longer motivates. Maslow hypothesized that within every human being there exists a hierarchy of needs. These needs are:

- **Physiological**: First are the survival needs, such as food, water or shelter.
- **Safety**: At this level, the individual strives to find or create an environment safe from external dangers.
- **Social**: The need for affection and relationships becomes the primary motivator after the lower needs are met.
- **Esteem**: The drive for feelings of self-worth and individual importance takes place at this level.
- **Self-actualization**: At the top of the hierarchy, the motivator is a sense of fulfillment that allows the individual to maximize their own growth and make a contribution to that of others (Stum, 2001).
As each of these needs is met, or substantially satisfied, the individual focuses on attaining the needs at the next level, thus striving to move up the hierarchy. The theory states that, although no need is ever fully gratified, a substantially satisfied need no longer motivates. The model’s intuitive logic and ease of understanding have made it a popular theory for over 40 years.

2.2.2 Affect of aging

Lambert (1979) and Moschis (1993) indicate that the buying behaviour, desires, and needs of the elderly tend to be unique. The physical, social, and psychological changes people experience in later life shape their needs and wants. When people experience major life events, they often change their outlook on life as they re-evaluate their wants, goals, and roles on both personal and consumer levels. As they go through these changes, older consumers' needs for products obviously change, but so do their perceptions of and responses to advertisements and promotions. Factors that make older consumers more or less receptive to marketing offerings are directly related to their needs and lifestyles, which are in turn influenced by changing life conditions (Moschis, 1996).

According to Erikson, old age is a time of reflection. The events of a lifetime need to be seen with acceptance and satisfaction. Integrity comes from having lived richly and responsibly. This allows a person to face aging and death with dignity. Despair comes if previous life events are viewed with regret. There is a sense that life has been a series of missed opportunities and that one has failed and it is too late to reverse what has been done. Aging and the threat of death then become a source of fear and depression.
Behaviour in later life is believed to be the outcome of the physical and cognitive aging process and accumulated life experiences. It is widely accepted that people “age” as biological beings, psychological beings and social beings (Moody, 1988). While many needs of older adults are very similar to those of their younger counterparts, most older adults are likely to exhibit needs that differ from those they experienced at earlier stages in life. This is because aging is associated with changes within the person as well as in the person’s environment. To better understand how needs develop as a result of these changes one must examine specific processes of aging and the effect of those processes on need development (Moschis, 1994).

Before we can begin discussing the mature consumer market, a definition of this market is needed. Generally speaking, when we think of the mature market we think of an older group of people. However, there is considerable debate over the minimum age cut-off that defines this market and differentiates it from the younger population. Recent reviews of studies in academia and industry (Moschis, 1992) show that the average age for this market ranges between 55 and 75 or older. However because life expectancy is lower in Africa than in the developed world, the South African elderly population is defined as those people who are over 60 years of age (Kinsella & Ferreira, 2001).

Aging is a complex and multidimensional process. Changes in the older person’s biophysical and psychological states tend to be manifested in behavioural and cognitive changes. Such changes can be by the form of needs, attitudes, values, abilities or skills, and behaviours (Moschis, 1994). By understanding the dynamics characterising the aging process, one might be able to understand these types of changes in the attitudes and behaviours of older adults, as well as their needs implied by this. From the point of view of the commercial sector, these needs can be
used as a focal point for developing new products and marketing strategies. In order to address the needs of the mature market, the aging process must be understood, as this forms the context of this market’s functional and emotional needs.

A person ages in two ways, both of which bring different kinds of change: biophysical and psychosocial (Kennett, Moschis & Bellenger, 1995). These will be referred to briefly.

A. Biophysical aging and financial service providers
Biophysical aging includes “changes in sensory and intellectual functioning of the organism, diminished mobility and physical strength...” (Moschis, 1992a, p. 115).
Many biophysical needs are associated with the ability to process information. Aging does not necessarily imply cognitive decline. Changes however, do occur in the manner and speed with which information is processed and handled (Kennett, Moschis & Bellenger, 1995). Biophysical aging is also related to hearing impairments and reduced eyesight. It is for these reasons that the special needs associated with biophysical aging need to be taken into account when providing services to the mature market, in order to align the offering to the inherent needs of this market.

It has been found by Bloemer (2001) that members of the mature market place a huge emphasis on helpful staff who understand and are sensitive to their needs. Staff who help mature men and women understand various product offerings, and provide assistance in filling out forms, are major determinants of service support. To link with the possibility of the reduced eyesight of the mature consumer, service organisations could, for instance, increase the print size on relevant forms as well as have better lighting and décor in their branches. Overall sensitivity towards this market’s needs could be enhanced (Kennett, Moschis & Bellenger, 1995).
B. Psychosocial aging and financial service providers

Psychosocial aging refers to the process by which "individuals undergo a gradual transformation mentally as well as in the eyes of others and in their own" (Moschis, 1992a, p. 116). Mature individuals are seen as "old" and have to deal with the emotional changes that come with this new phase of life. Psychological changes can be defined mainly as cognitive changes and include changes in attitudes, personality and needs. Social changes involve changes in an individual’s position in society. Again these psychosocial needs have to form the basis of rendering financial services to the mature market.

It has been found by Moschis (1992) that mature consumers often think of themselves as 15 years younger than their actual chronological age. However, the mature consumer is often, when marketed to, presented with an image contrary to his/her self-image (an elderly person). This has implications for the banking industry, for instance, when recruiting staff who might deal with mature customers. This means that when staff members are recruited to deal with the elderly, age should not be the main consideration, but rather "perceived similarity....on factors such as attitudes, personality and lifestyle..." (Moschis, 1992a).

Social aging is about the changing nature of social relationships that define social status within a society, power relationships within social groups and the roles people are expected to play at various lifestages (Moschis, 1994). Social aging also has an impact on a wide range of consumer behaviours, such as the role structures that are evident when people buy. It also defines how the aging consumer behaves as they assume new roles in life, such as grandparents, heads of empty nest households and leaders of community groups and consumer rights groups (Patterson, 2007).
Social exchange theory is relevant as it attempts to explain the shrinking networks of people as they age in a realignment of their personal relationships. According to this theory, life is a series of social exchanges that provide a degree of satisfaction, power and prestige (Dowd, 1975; Moschis, 1994). The theory seems particularly useful in explaining realignment in role relationships as a result of changes in the number and nature of social relationships associated with retirement. In this realignment, older consumers have a tendency to have fewer, but deeper, meaningful social relationships (Moschis, 1994).

The concept of "social support" (Adelman et al., 1994) is highly relevant here. Social support has been heavily researched in social psychology, sociology and communications and has been shown to impact peoples' physical and mental well-being (Gottlieb, 1981). Broadly speaking, customers receive social support when service providers’ verbal or non-verbal communications achieve at least one of three things: reduces customer’s uncertainty; enhances self-esteem; or creates a sense of social connection to others (Patterson, 2007). The integration of social support into services marketing provides a customer-centered perspective on service quality by looking to meet customer needs through increased social engagement with service providers (Adelman et al., 1994).

Many medium and high contact services (e.g. family doctor, masseur, hairdresser, accountant, personal fitness trainer, dentistry) lend themselves to the development, over time, of social bonds between provider and client. Upon reaching the empty nest stage of the family lifecycle and coupled with career retirement, older people often find they no longer have the wider social network they enjoyed in earlier years, and consequently may develop a sense of loneliness and lack of mental stimulation and thus a need for social contact (Patterson, 2007). Hence it is not surprising that
customers are known to value the recognition, familiarity and even social gossip that flow from being a regular (loyal) service customer. Such social encounters have been shown to satisfy emotional and psychological needs of older consumers (Adelman et al., 1994).

The lifestage needs of the mature market therefore play an integral part in delighting these customers with respect to service offerings. The specific needs and expectations that form part of the mature market’s aging process can thus be used to formulate value-added service offerings for these individuals. The following strategies by Kennett, Moschis & Bellenger (1995) are proposed to delight mature consumers in the financial sector:

- Offering assistance in filling out forms
- Developing products which appeal to older adults
- Offering senior discount programs
- Making information easier to read/understand
- Training staff to be more responsive and sensitive to the mature market’s needs
- Offering special assistance service
- Opening facilities convenient for older people
- Reaching the younger relatives of the elderly
- Changing layout, décor and lighting

To understand this market a thorough understanding is needed of the consumers’ lifestyle, as this could influence their banking behaviour and preferences. Given the place the mature market occupies in the development process, it makes sense that, in comparison to younger people, people belonging to the mature market tend to (Moschis, 2003):
• Save/invest more
• Spend more on luxury products and services
• Do their business trips during morning hours
• Prefer “one-stop” service
• Consider business trips such as banking to be a social event
• Are very convenience-orientated
• Support reputable/traditional outlets such as branches
• Seek personal attention and special services such as valet parking and gift wrapping
• Choose products based on quality and brand name
• Are less price conscious and deal prone
• Use credit often

Moschis highlighted some of the abovementioned behaviours and unpacked them in more detail as the following are valued by the mature consumers in the services that they receive (Moschis, 2003):

• **Convenience:** Members of the mature market are convenience-orientated. Convenience can mean location (in relation to a person’s work, home etc.), ease of doing business and ease of using services. The reason mature consumers seek convenience is related to the biophysical aging process, in that they experience change in the manner and speed with which information is processed, as well as a decline in physical energy, and therefore they place value on helpful and friendly staff who understand their needs.

• **Functionality:** The mature market is interested in the service’s intrinsic benefits - its objective characteristics, rather than subjective benefits such as what the service stands for in the eyes of others. This attribute is tied to the
need for control. These consumers have a need to trust, and therefore it is important to them to know the objective characteristics of products and services.

- **Quality:** The mature market is very quality conscious, they are willing to pay a higher price in order to get better service quality. It has been found that price becomes important to the mature market only when the quality of various service offerings is the same. The value that is placed on quality is linked to the need for control. A quality service is generally perceived as involving fewer hassles.

- **Dependability:** With age, people become risk-averse and prefer trouble-free services. This is strongly linked to the need of the mature market to feel in control, it is for this reason that risk and trouble-free services are valued.

- **Personalised service:** Personal attention is important to those belonging to the mature market who prefer to do their business face-to-face. These consumers value a personalised relationship with someone at the bank. Personalised service ties up with the psychosocial aging of the mature market. As these consumers experience change with respect to attitudes, personality and needs, they value staff who are similar to themselves in attitude, personality and lifestyle - people who can zoom into their needs.

Having identified the elements that must be present (as a minimum prerequisite for rendering the financial service), the elements that meet customers’ requirements (the attributes that merely satisfy) and those factors that are perceived as attractive requirements (that delight), a financial service provider could improve its services to mature customers. This could in turn create more loyal customers.
Ramsay and Smith (1999) refer to the different options the bank provides to consumers and how they prefer to interact with the bank as channel preference. For example, customers can receive service via face-to-face transactions at branches, telephone banking or internet banking, amongst others. In their research, Ramsay and Smith found some interesting trends in channel preference relative to age. The most obvious trend was that, as age increased, the liking toward the branch for a transaction channel increased. For the two oldest age groupings (55-64 and 65+), the branch channel received the most votes.

Since the members of the mature market are at such a unique stage in their lives, it is essential to regard their needs within the aging process. It is critical to hear “the voice of the mature consumer” and to hear from them what they consider to be a good service offering.

Essentially the project will aim to understand the specific needs and requirements of the mature market members, and to assess which qualities they value and regard as key differentiating factors that would make them trust their bank enough to be loyal customers.

### 2.2.3 How needs of the aging affect their consumer behaviour

It is necessary to understand the needs of the mature consumers within their banking relationships in order to address these needs, and this implies investigating the relative importance of the functional, emotional and actualization components of these needs. The importance of addressing the specific needs of the mature consumer will serve as the basis for this report.
The levels of the Needs Hierarchy as identified by Maslow are given in Diagram 2.1. The different levels of this hierarchy are likely to play a role in the needs of mature banking customers.

- **Functional needs:**

  Functional needs are the more basic needs of customers that have to be addressed before emotional needs can be satisfied. The lifestages of the mature market could influence their expectations towards their bank. These are expectations that members have about the physiological needs that the bank can fulfill, such as whether or not the mature market feels safe when going to the bank and withdrawing money or when using the ATM facilities. Do the banks provide sufficient and safe parking to their customers? This remains another question the banking sector could ask itself when attempting to fulfill the mature consumers’ needs. The type of advice received on their financial status, along with what product would be best for each individual, become very important aspects in this life stage as investments and product choices could influence the financial capability to take care of their wellbeing and health in general.
These are the more basic needs of clients that have to be addressed before emotional needs can be satisfied. Thus functional needs do not only refer to the best financial resources in order to have a good quality life when reaching the age of the mature market, but to the safety and effective layout of the banking environment as well. The mature market needs a sense of safety when banking, specifically in the South African environment.

- **Emotional needs:**
  The individual recognition and personalised attention provided by a financial institution could contribute to satisfying customers’ emotional needs. Addressing the social needs of this market is also of importance here. Connectedness is largely a social issue, although at times it may also have a spiritual overtone. It has to do with informality, neighbourliness and customer friendly companies, but it also has to do with meeting new people and, most importantly, intergeneration connectedness, providing them with a sense of self-sufficiency and worth. It is important to realise that older adults seek out pursuits that enable them to revitalise themselves through active participation. According to Leventhal (1997), members of the mature market like to interact on a daily basis. Especially since interaction with the bank may be one of the few such interactions that someone has had that particular day or week.

- **Self actualisation needs within the banking relationship:**
  The mature market can be seen as a consumer group that values control (Moschis, 1994) and this makes sense if one thinks of the lifestage in which these consumers find themselves. Trust is closely linked to this need for control, since trust forms the basis of any relationship. The mature market’s need for control should be addressed in order for them to get to a point where the idea of
individual self-actualisation is evident. Clients that are considered self-actualised, are the true 'happy-homers' who could be more loyal to their bank. According to Bert and Brain (2004), financial institutions could try to satisfy higher order needs similar to self-actualisation needs, by making clients feel in control of their financial situation. Autonomy has to do with control and the need to feel one is in control is an important characteristic of older people. Addressing this need could therefore result in greater loyalty to their bank among mature consumers (Leventhal, 1997). The mature market often has to manage assets carefully over the remainder of their lives. Owing to this, members of the mature market warrant special consideration, more specifically focusing on these consumers’ needs and expectations regarding the lifestage they are in.

The mature market may be cynical or questioning at times given that it is experienced, but starts out by wanting to trust you and your company. However, needs must be taken care of as they take precedence over others before one could be considered trustworthy. Leventhal (1997) points out that one of the strongest things that you can do with the aging consumer is to create a positive relationship with him/her. However, if other needs such as functional and emotional needs are not in place, these consumers will experience difficulty in reaching the point similar to the idea of self actualisation within their banking relationship. This will occur because there exists a lack of trust and feeling of no control over their financial needs due to the unfulfillment of needs on the functional and emotional levels.
2.3 Summary

This chapter thus aimed to elicit the fact that people are motivated by, or interact with things in the world in terms of their structure of needs. The research is ultimately aiming to see what the needs of the members of the mature market are, and how this affects their banking activities, more specifically how their banking activities can be interpreted as the expression of certain needs, which are a consequence of their age or developmental stage. The different levels of this hierarchy are likely to play a role in the needs of mature banking customers, and will be unpacked in more detail in the results chapter.
CHAPTER 3: METHODOLOGY

3.1 Introduction

The purpose of this study is to understand how mature consumers of the twenty-first century view their bank and what their specific banking needs are. This chapter will aim to explain in more detail how this research was conducted from a methodological perspective.

3.2 Research design

3.2.1 Research Objectives

As the goal of the research is to gain understanding of the functional, social and emotional needs of mature banking clients in relation to their experiences of interacting with a bank, a qualitative research procedure was chosen for collecting and analysing data. The data will be collected by use of focus groups and analysed using content analysis. In this way, it is hoped that an in-depth understanding of the existing needs in the mature consumers’ lives, and how these have an impact on their banking behaviour, may be gained.

To explore the banking behaviour and the motivations for making use of a bank amongst those users of banking services that fall under the definition of mature users (i.e. age group 60+), certain research questions have been formulated to serve as guidelines.

- Could financial benefits of using the bank’s services alone be adequate to fulfill the needs of the mature consumers?
- What kinds of needs does the experience of using the bank fulfill? What, for example, is its relevance to the fulfillment of social, personal or health needs?
Given the fact that people use banks for reasons related to managing financial resources (a purely functional aspect), the following needs will be explored:

- The extent of the need for financial advice, convenience and independence;
- The extent of the need for quality services/products.

It may be that other needs, beyond the purely functional, are also fulfilled. Possible needs that may be catered for in interaction with banks are:

- The relevance of a need for personal attention;
- Whether a need for a relationship with one’s bank plays a role.

Additional research questions to determine a general profile description of this group of mature banking customers include:

- Do mature consumers that make use of outlet banking facilities prefer this experience above other banking methods such as the internet, and if so, why?
- How does this consumer group distribute its expenses? That is to say, what is the relative subjective priority of various items in their expenses?
- What are the lifestyles of the mature banking customers?

### 3.2.2 The focus group technique

The focus group has been defined as a “carefully planned series of discussions designed to obtain perceptions on a defined area of interest in a permissive, non-threatening environment” (Krueger and Casey, 2000, p. 5). The focus group was developed originally as a marketing research tool, designed to collect reliable and valid information in a manner that takes stakeholders’ values and needs into consideration (House and Howe, 1999). It has the potential to reduce conflicts and provide guidance to decision-makers in organisations and communities (House and Howe, 1999). The focus group is an effective information gathering tool and is
recognised and is used in different context by researchers, educators, as well as organisation and community leaders.

Focus groups are a gathering of 8 to 12 people who share some characteristics relevant to the evaluation. Originally used as a market research tool to investigate the appeal of various products, the focus group technique has been adopted by social scientists, as a general research tool for data gathering on a given topic. Focus groups conducted by experts predominantly take place in a focus group facility that includes recording apparatus (audio and/or visual) and an attached room with a one-way mirror for observation. There is an official recorder who may or may not be in the room. Typically participants are paid for attendance and provided with refreshments. As the focus group technique has been adopted by fields outside of marketing, some of these features, such as payment or refreshment, have been eliminated (Debus, 1995).

Focus groups combine elements of both interviewing and participant observation. The focus group session is, indeed, an interview (Patton, 1990) not a discussion group, problem-solving session, or decision-making group. At the same time, focus groups capitalise on group dynamics. The hallmark of focus groups is the explicit use of the group interaction to generate data and insights that would be unlikely to emerge without the interaction found in a group. The technique inherently allows observation of group dynamics, discussion, and firsthand insights into the respondents’ behaviors, attitudes, language, etc. (Patton, 1990).

Benefits of focus groups as a data collection method are that:

- rapport between the researcher and respondents can be established. Group dynamics are enhanced by respondents being able to listen to other individuals’ responses and being able to provide their own opinion in this regard.
• researchers can answer respondents’ questions, and guide a debate between respondents if this occurs.

• researchers can ask follow-up questions, and probe on relevant issues that need more unpacking.

The group moderator increases the success of the focus groups by:

• creating an atmosphere that allows conversations to flow naturally

• guiding the discussion and promoting interaction between the members of the focus group to cover the topics previously delineated

• restraining from expressing personal views and commenting on responses provided by participants of the focus groups in a way that may bias the responses

• fulfilling a regulatory role should some members of the focus group dominate the discussion

When conducting evaluations, focus groups are useful in answering the same type of questions as in-depth interviews, except that here it occurs in a social context. Specific applications of the focus group method in evaluations include:

• identifying and defining problems in project implementation;

• identifying project strengths, weaknesses, and recommendations;

• assisting with the interpretation of quantitative findings;

• obtaining perceptions of project outcomes and impacts; and

• generating new ideas

(Debus, 1995).
An important aspect of conducting focus groups is the topic guide. The topic guide, a list of topics or question areas, serves as a summary statement of the issues and objectives to be covered by the focus group. The topic guide also serves as a road map and as a memory aid for the focus group leader, called a "moderator." The topic guide also provides the initial outline for the report of findings (Patton, 1990).

Focus group participants are typically asked to reflect on the questions asked by the moderator. Participants are permitted to hear each other’s responses and to make additional comments beyond their own original responses as they hear what other people have to say. It is not necessary for the group to reach any kind of consensus, nor is it necessary for people to disagree. The moderator must keep the discussion flowing and make sure that one or two persons do not dominate the discussion. As a rule, the focus group session should not last longer than 1 1/2 to 2 hours. When very specific information is required, the session may be as short as 40 minutes. The objective is to get high-quality data in a social context where people can consider their own views in the context of the views of others, and where new ideas and perspectives can be introduced (Patton, 1990).

The participants should usually a relatively homogeneous group of people. Answering the question, "Which respondent variables represent relevant similarities among the target population?" requires some thoughtful consideration when planning the evaluation. Respondents’ social class, level of expertise, age, cultural background, and sex should always be considered. There is a sharp division among focus group moderators regarding the effectiveness of mixing sexes within a group, although most moderators agree that it is acceptable to mix the sexes when the discussion topic is not related to or affected by sex stereotypes. Groups can be separated on demographic variables that are relevant to the specific investigation.
To make provision for capturing important exchanges and information that emerges from the group, sound recordings should be taken. These recordings then form the raw material for analysis of the outcomes (Wendy Gordon, 1999).

The procedures for recording a focus group session are basically the same as those used for in-depth interviews. However, the focus group approach lends itself to more creative and efficient procedures. If the evaluation team uses a focus group room with a one-way mirror, a colleague can take notes and record observations. An advantage of such an approach is that the extra individual is not in the view of participants and, therefore, not interfering with the group process. If a one-way mirror is not a possibility, the moderator may have a colleague present in the room to take notes and to record observations. A major advantage of these approaches is that the recorder focuses on observing and taking notes, while the moderator concentrates on asking questions, facilitating the group interaction, following up on ideas, and making smooth transitions from issue to issue. Furthermore, like observations, focus groups can be videotaped. Making recordings (audio and/or video) allows for confirmation of what was seen and heard. Whatever the approach to gathering detailed data, informed consent is necessary and confidentiality should be assured (Patton, 1990).

3.2.3 Factors to be considered when using focus groups

Other factors to be considered when making use of focus groups as a data collection method:

**Group interaction**: interaction of respondents may stimulate a richer response or new and valuable thought.
**Group/peer pressure:** group/peer pressure will be valuable in challenging the thinking of respondents and illuminating conflicting opinions. However researchers should be wary of group pressure which could possibly inhibit certain responses. Focus group facilitators need to be able to control and manage groups.

**Sensitivity of subject matter:** subject matter should not be so sensitive that respondents will temper responses or withhold information. Focus group facilitators need to be aware of possibilities that discussions around sensitive issues could inhibit group discussion where social desirability pressure may motivate participants to lie. The latter could be controlled by making use of a semi structure questionnaire that each individual fill in and is not share in the group context.

**Depth of individual responses:** the range of issues to cover should not be extensive.

**Data collector fatigue:** it is desirable to have one individual conduct the data collection. A few groups will not create fatigue or boredom for one person.

**Extent of issues to be covered:** a single subject area is to be examined in depth and strings of behaviours are less relevant. One of the key issues in qualitative research is the amount of data generated. It is thus important that the researcher makes use of intuition in order to identify themes that have an impact on respondents.

**Continuity of information:** there should be some information available to form the basis of original questions in topic guide to establish a meaningful topic guide. It may be necessary to develop the interview guide by altering it after each of the initial focus groups (Debus, 1995).
3.2.4 Motivating the research design

Qualitative research recognises the world as a complex and dynamic structure, and strives for an in-depth comprehensive insight into people’s thoughts and perceptions. A qualitative enquiry involves excursion into the real world that includes observing, listening, talking and being aware of the broader cultural context. The process is theory-generating, inductive, aiming to gain valid knowledge and understanding, and it must be representative of the quality and nature of people’s experiences.

The qualitative methodology was chosen as the most appropriate for this research due to it enabling the participants to share their thoughts and feelings with the researcher, which cannot really be achieved with the use of a formally structured questionnaire. The process of indirect questioning techniques allows the interviewer to get more detailed information. The role of the researcher is to encourage respondents to respond to various relevant stimuli, in order to extract as much information as possible out of the decision-making process. (Bannister p. 13).

According to Neuman (2000), the focus of qualitative research is directed on the subjective meaning, definitions, symbols and descriptions of specific phenomena as they unfold in the research process. In qualitative research the structure and research design are not predetermined, but develop as the research progresses.

3.2.5 Reliability

Appropriate use of focus groups can lead to high quality information for high quality decision making (Morgan, 1993). Triangulation is used to confirm the reliability of research, “checking if your findings relating to a person’s perception coincide with your findings about their feelings” (Terre Blanche & Durrheim, 2002, p. 430). According to Bannister (1994) an important factor is that “we must recognise that
all research is constructed, that no knowledge is certain, whatever claims, but is rather a particular understanding in process, and that different understandings, different ways of knowing exist” (p. 157).

3.2.6 Validity
The research results obtained in this study are direct statements which can by and large be taken at face value and are based on a real-life context. The researcher gained insight into the meanings that mature consumers attach to their banking experiences and which are reflected in the data. Validity can be grounded in an accurate description of the research process. “When the research is replicated, verified and extended, validity becomes robustness and generalisability.” (Gordon, 1999).

3.2.7 Sampling
This research was done for one of the top banking brands in the South African market, exploring how this bank can successfully target mature consumers and retain these customers.

The bank provided a customer database of elderly consumers of the age 60 and older from which a random sample was drawn. Within branches the participants were chosen on a random basis. Mature consumers were then invited to a focus group discussion (forum) at certain branches of the bank. Branches was selected on a convenience basis, however, four major urban areas was covered on a national level.

Determining how many groups are needed requires a balance of cost and information needs. A focus group can be fairly expensive, with costs depending on the type of
physical facilities needed, the effort it takes to recruit participants and the complexity of the reports required. A good rule of thumb is to conduct at least one group for every variable considered to be relevant to the outcome (age, region, etc.).

The data was collected by utilising two focus groups within each branch (4 branches in total) of a large commercial bank. Focus groups were conducted in Johannesburg (2), Pretoria (2), Durban (2) and Cape Town (2) as stipulated in Table 3.1. Mature consumers of age 60 and older, currently actively banking, and making use of different services and products the bank provides, were invited for a discussion (forum) at the bank. The discussion was conducted in a casual and relaxed manner.

### Table 3.1: Regional breakdown of groups

<table>
<thead>
<tr>
<th>Quotas</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johannesburg (2 groups)</td>
<td>18 in total</td>
</tr>
<tr>
<td>Pretoria (2 groups)</td>
<td>21 in total</td>
</tr>
<tr>
<td>Durban (2 groups)</td>
<td>27 in total</td>
</tr>
<tr>
<td>Cape Town (2 groups)</td>
<td>11 in total</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>77</strong></td>
</tr>
</tbody>
</table>

#### 3.2.8 Recruitment Procedures

This can be defined as the process of selecting and finding participants to take part in a market research programme. Criteria for inclusion are carefully calculated and may be specified in terms of demographic features, such as age, product usage and socio-economic groups (Gordon, 1999).

Respondent contact details were obtained through a customer database supplied by the participating bank. Respondents had to qualify on specific social demographic
quotas, such as age (60 years and older) and being an active banking customer of this bank, thus participating on a regular basis in transaction and communication with the bank. No distinction was made on the basis of race and gender, which resulted in mixed groups participating in the research.

Telephone contact was made with potential participants to invite them to take part in the research. The reason for the focus group sessions was explained and their consent in participating in the research was requested. Some individuals refused, as they believed that it would be a time consuming activity. Participants who agreed to take part in the research were given the location, time and duration of the focus group meetings. Each participant received an incentive in the form of money to the value of R150, to thank them for their time and participation.

3.2.9 Ethical aspects

Emphasis was placed on the fact that older people have the same rights as all other adults to consent or to refuse to participate in research projects. Mature consumers who find themselves in a situation of dependency may feel under pressure to conform to the wishes of others. It is therefore essential that they are given adequate advice and information, in accessible language, to enable them to make a valid, independent decision. They should also be offered the choice to withdraw their consent at any time.

No information was collected without the knowledge and consent of the research respondent. All possible means of protecting the privacy of respondents was applied. Cooperation was respectfully requested and procedures carefully explained. Where potential participants refused to participate it was accepted and respected. Additional consent was requested for making recordings.
3.3 The Research Process

3.3.1 Data-collection: Focus groups

Two focus group discussions were held in each main metropolitan area (two per city), namely Johannesburg, Durban, Pretoria and Cape Town. The groups were conducted at various branches of the bank in the relevant areas. However, if one branch was used as a focus group venue, customers from more than one branch in the city were invited to participate. All participants are customers of the same bank, thus the research done was only for customers actively banking at a specific South African bank, but from multiple branches in the area. Between 8-12 respondents participated in each group.

Focus groups conducted by one moderator per group took place in a focus group facility within the branch where the interview for that area was held. The venue included recording apparatus (audio) and an adjacent room with a one-way mirror for observation. The sessions lasted approximately one and a half hours and were recorded on a tape recorder.

3.3.2 Discussion guide

One important aspect of conducting the focus groups is the topic guide e.g. (see section 3.2.2). The topic guide used was a list of question areas, serving as a summary statement of the issues and objectives to be covered by the focus groups. The following guide was used for this research study:
Introduction:

- Thank participants for agreeing to participate. Explain structure of session.
- Research is commissioned to find out about banking customers’ perceptions and expectations regarding the products and services offered by their current bank.
- Explain that research will be published, and that respondents’ identity will be kept anonymous and will adhere to the Market Research Society’s code of conduct. Ask permission to record discussion.
- There are no right or wrong answers, each respondent is welcome to freely express his/her opinion in an honest and open way.
- Ask respondents to speak one at a time for recording purposes.

Phase 1: Warm-up discussion: Lifestyle

- What role do social activities play in your life?
- What do you do to keep yourself busy?
- How often do you go to the shops? What do you buy? How do you normally pay at the shops (credit card/cash/cheque)?

Phase 2: Banking behaviour

I would like you to think of a typical situation in which you realise that you have a lot of banking tasks to do:

- When do you decide you have to go to the bank? The day before, the week before, or on the day - it just happens spontaneously? Discuss.
- On what day do you normally go to the bank? Probe on reasons why.
- You are now almost on your way to the bank. What do you do before you go to the bank?
- How do you get to the bank? Who takes you?
• When you get to the bank, what are your thoughts and feelings as you walk in?
• What do you normally do? Probe for specific actions.
• How much time do you normally spend at one of the bank’s branches?
• What are the highlights of going to the bank?
• What are your frustrations when going to the bank?
• Do you normally look forward to going to the bank? Or do you worry about it?
• Do you plan to do anything after you have gone to the bank?

**Phase 3: The role of the bank in the mature market’s life:**
• What do you associate with your bank? (Probe fully)
• What role does the bank play in your life? (Probe fully)

**Phase 4: Benefits**
• Currently your bank offers service benefits of both a financial and non-financial nature. We would like to determine how important the financial and non-financial benefits are to you.
• Please name any additional benefits, financial or non-financial, that would make banking more appealing to you.

**Phase 5: Priorities in terms of monthly expenditure:**
• If we gave you 30 tokens a month and these could be used to pay your monthly expenses, how would you structure the payments you have to make on the following monthly expenses? Remember you only have 30 tokens, so divide these between the following expenses that you might
have. Each respondent will be provided with a grid and can fill this in individually.

**Table 3.2: Expenditure Grid**

<table>
<thead>
<tr>
<th>Bond/House/Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
</tr>
<tr>
<td>Entertainment/Hobbies/Charity</td>
</tr>
<tr>
<td>Cellular phone</td>
</tr>
<tr>
<td>Telephone- Landline Costs</td>
</tr>
<tr>
<td>Other diverse expenditures such as gifts</td>
</tr>
<tr>
<td>Traveling/Holiday</td>
</tr>
<tr>
<td>Savings/Investment</td>
</tr>
<tr>
<td>Support for Children/Grandchildren</td>
</tr>
<tr>
<td>Health</td>
</tr>
</tbody>
</table>

- Are there any other expenses you would also like to spend the 30 tokens a month on?
- How much would you like to spend on these?

**Phase 6: Conclusion:**

- Do you have any other ideas/suggestions you wish the bank would take into consideration?
- Thank participants for their time and valuable input.
- Hand out incentives. Close discussion.
3.3.3 Data analysis

Wimmer & Dominick (2000) define content analysis as "a research technique for making replicable and valid references from data to their context" (p. 118).

After completion of the focus groups the information obtained was transcribed. Transcribing refers to the activity where the recorded discussion is written down word for word. This data consists of open responses and comments which constitute text. The text reflects a group opinion, since, although each participant had the freedom to express their views within the group and all responses were recorded, not every single question was answered by all respondents. The text obtained will be analysed by means of a thematic content analysis. This consists of first reading through the text to identify dominant and re-occurring themes as well as supporting themes, so that, on a second reading these themes can be used as a basis for classifying the themes into categories. Frequency counts can be made thereafter, which will reflect the frequency by which a particular theme was raised over eight focus groups. Therefore, they can serve as an indication of the relative importance of re-occurring themes. Responses are consolidated and related back to the research objectives and insight obtained. The results of this process are to be given in Chapter 4.

Miles and Huberman’s (1994) analysis is made up of three components and was used within this research. The components are as follows:

- Data reduction,
- Data displays,
- Conclusion drawing/verification.
Data reduction: The researcher’s decisions about which data chunks to code and which to pull out as well as which patterns best summarise a number of chunks, are all analytical choices. Data reduction is a form of analysis that sharpens, sorts, focuses, discards, and organises data in such a way that ‘final’ conclusions can be drawn and verified. As Tesch (1990) points out, it can also be seen as ‘data condensation’. It is however, important not to strip the data at hand from the context in which it occurs.

Data reduction occurs continuously throughout the life of any qualitatively-oriented project. In this phase the researcher reads through the text generated by the focus groups that were conducted with the mature consumers in all four branches. The relevant text principles are described in general. Data reduction refers to the process of selecting, focusing, simplifying, abstracting, and transforming the data that appears in transcriptions.
**Data displays:** The second major step of analysis activity is data display. Data display refers to the organising and compressing of information that permits conclusion drawing and action. Miles and Huberman (1994) regard displays as an essential part of research. As with data reduction, the creation and use of displays is not separate from analysis, it is part of analysis. Designing a display, deciding on the rows and columns of a matrix for qualitative data and deciding which data, in which form, should be entered in the cells are all analytical activities.

**Conclusion drawing:** The third step of analysis activity is conclusion drawing and verification. The purpose of data reduction and display takes place to support the conclusion drawing. From the start of data collection, the qualitative analyst is involved in determining what things mean. The competent researcher holds these conclusions lightly, maintaining openness and scepticism, but the possible conclusions are already there, inchoate and vague at first, then increasingly explicit and grounded. Final conclusions may not appear until data collection is over, dependent on the field notes, transcripts, coding and the researcher. According to Miles and Huberman (1994), conclusion drawing is only half of a Gemini configuration. Conclusions are also verified as the analyst proceeds. Verification may be as brief as a fleeting second thought crossing the analyst’s mind during writing, with a short excursion back to the field notes, or it may be thorough and elaborate with lengthy argumentation and reviewing amongst colleagues to develop ‘intersubjective consensus’. The meanings emerging from the data have to be tested for their plausibility, their sturdiness, their ‘confirmability’ i.e. their validity.

In this research study the researcher will thoroughly work through the verbatim statements as expressed by the individuals participating in the focus groups.
Overlapping themes will be identified, after which underlying themes will be drawn from different group discussions. The aim of the latter is to understand what functional, emotional/social needs the mature consumer market expects to be filled by their financial institution.
CHAPTER 4: RESULTS

4.1 Focus Group Results

Within the results chapter, general circumstances of participants will initially be considered, before moving on to more specific issues of how and why they interact with the bank. The latter is discussed in the following paragraphs.

4.1.1 Description of participants

Some demographic information was requested in order to get a better understanding of the general nature of the participants as a group. Please note that these categories were not used to distinguish the responses. Certain characteristics were set by the research design such as group participants are 60 and older and make use of banking services, living in urban areas. The rest of the characteristics were based on observation of characteristics of the actual sample. Ages of participants ranged from 60-75 years of age, with a mean age of 65. More males (n=45) than females (n=32) participated in the groups. Regarding ethnicity, there were less Black (n=4), Asian (n=17) and Coloured (n=12) respondents than White (n=44) participants. Occupation was not recorded in a direct question but inferences can be made when looking at the lifestyle questions of individuals in that they are not working, as not one individual mentioned work as a daily activity.

Throughout this chapter frequency counts (n) are used, this refers to the number of times a theme was mentioned over all the groups of participants.
4.1.2 Understanding the lifestyle of the members of this market

Certain inferences about the issues that are of importance to the mature customer sector can be made by looking at the lifestyle of the members of the mature market. However, these inferences would not necessarily translate as needs. As mentioned in Chapter 1, the mature market presents challenges to marketers because much of the information about the marketplace is based on younger consumers, who tend to differ from older consumers in many important ways. For example, great variation in spending on various types of products and services exists. Thus obtaining an understanding of the variation related to age will shed additional light on this market’s perceptions of what they need from their financial institution. The following lifestyle information presented in Table 4.1 was obtained in the focus groups. Frequency counts are provided next to each identified theme. This indicates the number of times that the issue was mentioned (over all eight focus groups) and can be used as an indication of the relative importance of the particular activity:

**Table 4.1: Lifestyle findings**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reading newspapers/magazines/books</td>
<td>26</td>
</tr>
<tr>
<td>Visiting friends or family</td>
<td>23</td>
</tr>
<tr>
<td>Playing with pets</td>
<td>18</td>
</tr>
<tr>
<td>Travelling</td>
<td>12</td>
</tr>
<tr>
<td>Shopping</td>
<td>11</td>
</tr>
<tr>
<td>Gardening</td>
<td>8</td>
</tr>
<tr>
<td>Playing Golf</td>
<td>8</td>
</tr>
<tr>
<td>Doing house chores</td>
<td>7</td>
</tr>
</tbody>
</table>
Doing crossword puzzles  |  6
Belonging to the flower club | 2
Walking on the beach    | 1

The more intellectual activities such as reading newspapers, magazines and biographies are also seen as a big part of their day; it is evident that these activities are enjoyed more by this market with a frequency count of 26 (n=26). Staying up to date with what is going on in the world seems to be of great importance. "I have done a few courses...general photography" (Johannesburg), "The part of the day I enjoy the most......tea in bed in the morning and reading the newspaper in the afternoon" (Durban), "I listen to the radio a lot... and also classical radio...that I find very interesting" (Johannesburg).

They enjoy taking trips (n=12) as well as visiting family and friends (n=23). Social activities are valued, more specifically with family and friends as the frequency count of n=23 indicates that this is important to the mature market. "I enjoy preparing for holidays; my grandchildren are a big thing in my life" (Durban).

Gardening (n=9) is enjoyed by some elderly people as a form of relaxation, physical exercise and being creative, however, only a few respondents mentioned that they actively participate in gardening. Other physical activities include playing golf (n=8). "Golf, gardening...charity work and things like that" (Durban).

Respondents were asked how they would structure payments for their monthly expenses. Each individual had 30 tokens to distribute amongst the monthly expenses that they might have (see list below). Determining the mature consumers’ priorities
and expenditure for their monthly products and expenses, provided important insights for alternative value-added offerings, for example how their cellular spending could be related to their banking costs, as all of their expenses are distributed from one income pool.

Respondents were presented with the following expenditures:

- Bond/House/Rent
- Food
- Entertainment/Hobbies/Charity
- Cellular phone
- Telephone - Landline Costs
- Other diverse expenditures such as gifts
- Travelling/Holiday
- Savings/investment
- Support for Children/Grandchildren
- Health

Respondents were given the opportunity to add additional expenditures that were not on the list. Results were captured in Figure 4.1 - please note that the figures captured in this graph are percentages and not counts.

The mature market spends more money on basic needs and less on luxury items. Savings and investments are, however, also high on their list of priorities.
Health, food, investment and travelling were chosen by a majority of the mature respondents as the expenses that they spend the most on. Expenditure on cellular phones is lower on the list and is not regarded as the most important thing to spend money on. It is thus clear that the mature market spends more money on basic needs such as food, and less on luxury items. Health is one aspect valued highly by the elderly. As a result of declining physical strength, and mobility being affected by the natural aging process, most elderly people take extra precautions where their health is concerned. Investments are of great importance to the mature market because this will, to a large extent, determine their financial well-being and influence their retirement options. Travelling is important, as most respondents feel that they can enjoy life by travelling after years of hard work. They still want to have the freedom and financial capacity to travel to their children and grandchildren.
4.1.3 Banking behaviour of mature customers

When does the mature customer bank?
Deciding to go to the bank is not always a planned event in the mature market’s life. Respondents indicate that they go to the bank in the beginning of the month (n=21), or as the need arises (n=8). "I normally come in when I have things to do” (Cape Town); "Any time in the morning” (Durban); "By midday you are tired, because of the heat and the weather and so forth” (Cape Town). It seems that some respondents prefer morning visits rather than afternoon visits due to the weather conditions (n=12).

When asked if customers would consider internet banking the majority of respondents did not reply positively (n=34). "Some of us don’t have computers so internet banking would be difficult” (JHB); “It is a good outing. It makes me feel safer, than doing internet banking” (Cape Town); "I do hope banking stays personal, I like interacting with people and don’t want to do internet banking” (Cape Town).

How do they get to the bank?
Most respondents are accompanied by a spouse or friend when coming to the bank (n=16). "My husband sits in the car waiting while I do the banking” (Cape Town); "I bring my mother, usually around 12 o’clock” (Pretoria). In some instances there are the loners that do their banking on their own (n=8).

What do mature consumers do at the bank?
Mature consumers often come to the bank and engage in different activities, from the administrative banking activities to the more social activities. "Sitting in a chair, reading magazines, I come here and relax” (Durban); "I come to get my statement, or to enquire about something, and while I am here I have a chat and drink some
coffee” (Pretoria). It does not seem that consumers only come to the bank to do their banking activities but for some social interaction as well. If they do have the need to come to the bank they will do their administrative activities and enjoy a chat with the staff, along with having some coffee.

What do mature consumers do after their banking?

Respondents normally have other errands to run when coming to the bank. “Usually on a Saturday that we do come ... we’ve got our things to do maybe afterwards ... shopping” (Durban). It is thus evident that in most instances (n=28) the visit to the bank is combined with other activities, such as going to the library or chemist in the region of the bank.

4.2 Mature consumer needs identified

The needs expressed by the mature consumers were organised by making use of Maslow’s theory. Needs of the mature consumer were categorised into functional, emotional and actualisation needs. Within each broad classification, specific themes were then extracted from the text.

Frequency counts are provided next to each identified theme. This indicates the importance of each theme, in as far that it can be assumed that themes that are more important will be mentioned more frequently in the focus group interviews.

4.2.1 Functional needs verbatims

Consumers that form part of the mature market have certain functional needs which, according to Maslow’s theory, need to be met in order for them to come to a point
where the satisfaction of higher-order needs are of importance. The mature market additionally perceives the bank as a financial advisor and not merely as a bank (i.e. as a place to keep your money). A few main themes with respect to addressing the functional needs of customers have been identified as presented in Table 4.2:

Table 4.2: Themes related to functional needs

<table>
<thead>
<tr>
<th>Verbatim examples of the needs expressed by mature customers</th>
<th>Relevant themes and categories</th>
<th>Frequencies (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;It is not very safe...problem for somebody who can't see. You like to be independent. I think for people who are elderly I think it should be taken into consideration.&quot; (Cape Town)</td>
<td>Functional need: Security</td>
<td>n=18</td>
</tr>
<tr>
<td>&quot;Well, the ATM is outside of the bank...more comfortable if the ATM is inside the bank.&quot; (Durban)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Am I safe on leaving the premises?&quot; (Durban).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Hope I am not mugged outside on my way to my car.&quot; (Johannesburg)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;What happens now is petrol is becoming a very expensive commodity and you can't just go for a joyride every now and then to the bank and back...on that day we are going to go to the bank. close to the bank is this...getting our medicine...you must plan your route.&quot; (Pretoria)</td>
<td>Functional need: Transport</td>
<td>n=15</td>
</tr>
<tr>
<td>&quot;We never spend more than an hour because at that branch the first hour's parking is free...what our pensioners should do is...we get free passes to ride on the bus in Pretoria when you are over a certain age - get it.&quot; (Pretoria)</td>
<td>Functional need: Location</td>
<td>n=16</td>
</tr>
<tr>
<td>The distribution of branches tends to be limiting, making a trip to the bank effortful</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;It takes so long to get to this branch&quot; (Durban).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Because it is a mission to get here you don’t need to wait in a line.” (Durban)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If we can’t go to the bank that they come visit us.” (Cape Town)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Only branch for such a wide area...it is a long way...go to the old age home to collect. We can’t deposit anything...why can't we?” (Durban)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;It is important that there are places to sit down and rest&quot;, &quot;Building the bank too small&quot; (Johannesburg), &quot;The lovely aircon is highly appreciated.&quot; (Durban)</td>
<td>Functional need: Layout</td>
<td></td>
</tr>
</tbody>
</table>
"Coming to the security door and getting stuck inside." (Johannesburg)

"Resent paying for bank statements." (Johannesburg)

'I don’t want to be penalised for asking for a statement and then pay for it' (Pretoria)

"Want to understand what is happening, I am a person not a bank statement." (Cape Town)

"Don’t like lack in communication, don’t just do away with things without discussing it with clients." (Pretoria)

"Don’t give me one option." (Durban)

"Advice on investments one can consider, that relate to our age in life." (Cape Town)

"I want retirement advice." (Cape Town)

"I wish I had a passbook as a record of transaction." (Johannesburg)

"I get a statement for my monthly account. I get a statement for my cheque account every month. Why can’t I get a statement for my savings account?" (Johannesburg)

"Now you have to ask for a statement." (Pretoria)

"Will I be waiting to be attended to?" (Cape Town)

"My Broker never comes back to me, even if I leave my phone number." (Pretoria)

"Interest rates are the most important benefit I need. I am middle class and it affects me." (Cape Town)

So many different cards not clearly marked, and when statement comes I don’t know which card they talk about." (Cape Town)

<table>
<thead>
<tr>
<th>Task Description</th>
<th>Functional Need</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Coming to the security door and getting stuck inside.”</td>
<td>Security</td>
<td>14</td>
</tr>
<tr>
<td>&quot;Resent paying for bank statements.&quot;</td>
<td>Bank charges</td>
<td>45</td>
</tr>
<tr>
<td>'I don’t want to be penalised for asking for a statement and then pay for it'</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Want to understand what is happening, I am a person not a bank statement.&quot;</td>
<td>Information on products and services</td>
<td>42</td>
</tr>
<tr>
<td>&quot;Don’t like lack in communication, don’t just do away with things without discussing it with clients.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Don’t give me one option.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Advice on investments one can consider, that relate to our age in life.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;I want retirement advice.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;I wish I had a passbook as a record of transaction.&quot;</td>
<td>Clarity of statement</td>
<td>22</td>
</tr>
<tr>
<td>&quot;I get a statement for my monthly account. I get a statement for my cheque account every month. Why can’t I get a statement for my savings account?&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Now you have to ask for a statement.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Will I be waiting to be attended to?&quot;</td>
<td>Service efficiency</td>
<td>32</td>
</tr>
<tr>
<td>&quot;My Broker never comes back to me, even if I leave my phone number.&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Interest rates are the most important benefit I need. I am middle class and it affects me.&quot;</td>
<td>Interest rates</td>
<td>30</td>
</tr>
<tr>
<td>So many different cards not clearly marked, and when statement comes I don’t know which card they talk about.&quot;</td>
<td>Clear marked cards</td>
<td>17</td>
</tr>
</tbody>
</table>

i. **Security**: has become a major concern within the South African market, with nine out of ten older people experiencing problems linked to security (Kinsella & Ferreira, 2001). However, a frequency count of only (n=18) was observed implying that only 18 individuals perceive the current security as sufficient. Thus the security inside banks and at the ATMs requires focus to enhance
customer loyalty. Currently the fear of safety after leaving the bank as well as withdrawing money from an ATM are of great concern to the mature market. Some respondents mentioned that they would feel safer if the ATM were inside the bank. The members of the mature market have a need to be independent, so banks should not undermine this by allowing a sense of insecurity. Therefore it is advised that customer services need to focus upon the physical safety of older people. “I dont carry a handbag because I am afraid of being mugged.” (Durban)

ii. **Transport:** a high-speed, youth orientated society is particularly problematic for older people. Not only are they frequently required to board public transport at a pace which doesn’t suit them, but the collapse of public transport systems in the country means they have to pay far more to reach banks, hospitals and clinics. Many of the participants raised their concern with travelling to the bank (n=15). Continuing petrol price increases exacerbates the problem. Consumers tend to plan their trips so that they can do more than one chore in order to limit travelling and thus expenses.

iii. **Location:** the distribution of branches tends to be limiting, making a trip to the bank effortful due to great distances they have to travel (n=16). Although most of the customers drive on their own, they tend to fear peak traffic times as well as safety of cars. Some individuals tend to make their visit at the bank as quick as possible to stay within the one hour free parking that is available in some places.

iv. **Layout:** it is very important that financial institutions consider the layout of their facilities with regard to the mature consumers’ needs as they go through biophysical and psychosocial changes (n=14). As stated by participants in Table 4.2, having a place to sit down is much appreciated by members of the
mature market along with the luxury of the airconditioning, these assist individuals affected by the heat or that need to rest for a while.

v. **Interest rates:** the mature market needs to feel secure in their investments. It is important for them to believe that they are getting the best interest rate possible. It is evident that the mature market values the best interest rates possible \( (n=30) \) since this determines their monthly income based on the type of investment they currently have.

vi. **Bank charges:** the mature market wants to pay the minimum bank charges. They feel strongly about not paying any bank charges \( (n=45) \), since this cuts into their income.

vii. **Information on products and services:** a need for more information is expressed in terms of product offerings and benefits offered by financial institutions \( (n=42) \). The mature market thus values financial advice and views this as part of the bank’s role. Some respondents have the perception that products have been cancelled instead of changed in name. Informing clients about package changes is important. The mature market tends to want to sit back and relax with a financial institution that gives them all the product information and explains relevant services available that suits every individual’s needs. The latter directly impacts on the financial security of that person. As stated by participants in Table 4.2, they want to feel looked after, have financial security and invest their money properly with a broad spectrum to choose from. As a result of the need for control, the mature consumer wants to be secure in choosing options for retirement. Great trust is placed in the financial institution’s advice because of the personal relationship.

viii. **Clarity of statement:** some respondents also expressed a need for clearer statements \( (n=22) \); some even suggested bringing the bank book back in which it was clearer how costs are deducted than in statements. Biophysical
aging is also related to hearing impairments and reduced eyesight. It is for this reason that the special needs associated with biophysical aging need to be taken into account when providing services to the mature market, in order to align the offering to the inherent needs of this market. Special statement formats could be used specifically for this segment.

ix. **Service efficiency**: according to Braus & Gill (1990) the elderly consumer segment is more likely to mention service as a reason to bank at a particular bank. Service efficiency and promptness are seen as very important functional needs that have to be addressed in the context of the mature market (n=32).

x. **Clearly identifiable bank cards**: confusion exists with identification of different cards (n=17), for example differentiating between a petrol card and a credit card. This could be due to the biophysical aging which could lead to a decline in eyesight.

### 4.2.2 Emotional needs verbatims

Elderly consumers are especially sensitive to the treatment they receive from personnel. The bank plays a big social role in the consumer’s life. With retirement social activities become more evident in an elderly person’s life, and are valued. Thus trips to the bank are not only business related but are social and involve personal interaction, "I have worked so long, now I have time to chat to people" (Durban). More specifically, the following themes have emerged from the focus group discussions and these are presented in Table 4.3:
### Table 4.3: Themes related to emotional needs

<table>
<thead>
<tr>
<th>Verbatim examples of the needs expressed by mature customers</th>
<th>Relevant themes and categories</th>
<th>Frequencies (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;A good atmosphere and welcome feeling.&quot; (Johannesburg)</td>
<td>Emotional need: Warm atmosphere</td>
<td>n = 53</td>
</tr>
<tr>
<td>&quot;I want it social, that is what I want, call me by name - that is marketing.&quot; (Durban)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;I want a good service and friendly face and warm welcome. I want to feel at home.&quot; (Pretoria)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Now for that cup of coffee&quot;, &quot;the best coffee in town&quot; (Durban)</td>
<td>Emotional need: Coffee as additional benefit</td>
<td>n = 49</td>
</tr>
<tr>
<td>&quot;The coffee at the bank is always enjoyable...then you can get there. You sort out your problems and things. You would go out a happy customer.&quot; (Pretoria)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;To say hello to Merle.&quot; (Johannesburg)</td>
<td>Emotional need: Personal interaction</td>
<td>n = 55</td>
</tr>
<tr>
<td>&quot;I just think I am so pleased for having this bank for my convenience and that I am familiar with all the people. I feel at home.&quot; (Durban)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Banking is still personal, I hope with electronic banking it does not become impersonal.&quot; (Cape Town)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;I was in hospital two months ago and they brought me flowers. And they came to see me quite often in hospital. It shows you we are part of the bank’s family.&quot; (Pretoria)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;I like interaction with people and like to eat...nice and free like the eagle... you feel nice and free with my financial institution.&quot; (Cape Town)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Love the outings, they take you to places of great interest. Took us to a farm where they make cheese.&quot; (Pretoria)</td>
<td>Emotional need: Social events</td>
<td>n = 54</td>
</tr>
<tr>
<td>&quot;We want social outings way more than interest rates, sit with money and what do you have of your life, you don’t belong to social clubs or anything.&quot; (Cape Town)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;I loved the Valentine’s tea.&quot; (Cape Town)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. **Warm atmosphere**: the pleasant atmosphere is appreciated by the mature market (n=53). Customers do not only want a good service from their financial institution, but friendly staff that deliver service with a smile is
perceived as a benefit. Friendly approachable staff members make it easy for the mature consumer to ask for advice or enquire about something that is unclear. "I am familiar with all the people and it makes it so easy to talk to them about my banking concerns; I want to be able to trust them with my money."

ii. **Coffee as an additional benefit:** some financial institutions do offer their clients coffee upon entering the bank, which is more specifically valued by the mature market (n=49). Having coffee leads to social interaction and is extremely enjoyed by the mature market.

iii. **Personal interaction:** a trip to the bank is not only business related, it is social and involves personal interaction. The mature market wants to build a relationship with the bank, feeling secure and in control of their assets (n=55). Elderly consumers are especially sensitive to the treatment they receive from personnel, as often they experience more loneliness than others due to reduced contact with family and other members of the community in this lifestage. At financial institutions, social interaction is extremely enjoyed by the mature market. The mature market views the bank as a safe environment in which to engage with their peers.

iv. **Social events:** social events are high up on the agenda of the mature market; they value the field trips that some financial institutions are taking them on (n=54). Financial institutions need to recognise that the mature market requires additional benefits, very different from their other market segments. Reference was made to the field trips in all group discussions. Some customers value social outings more than financial benefits. Some respondents mentioned that it is not that they can’t afford their own social outings, but that the bank provides a secure and safe environment in which
these social outings can take place. The mature market views the bank as a safe environment in which to engage with their peers.

4.2.3 Self-actualisation needs verbatims

Table 4.4: Themes related to self-actualisation needs

<table>
<thead>
<tr>
<th>Verbatim examples of the needs expressed by mature customers</th>
<th>Relevant themes and categories</th>
<th>Frequencies (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;It is a combination of the personal and social as well as the financial that gives me a sense of control over my assets.&quot; (Cape Town)</td>
<td>Actualisation need: Trust relationship</td>
<td>n= 46</td>
</tr>
<tr>
<td>&quot;Freedom, people looking after me, I can enjoy life.&quot; (Pretoria)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Loyalty pays off. I have been with my bank for a long time, and now I get returns, I trust them.&quot; (Durban)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;I know that all will be attended to.&quot; (Cape Town)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

i. **Trust relationship**: a bank is trusted on the basis of the history of experiences that the consumer has gathered with the bank. As long as people feel they can trust the bank, loyalty is high and issues of a functional nature become less important as the relationship the consumer has with his/her bank is more important (n=46).

If all lower order needs are satisfied as stated by Maslow, banks could focus more attention on satisfying the higher order needs. Since the members of the mature market have such a strong need for being in control, getting to a point where actualisation is evident is imperative in creating more loyal customers.
The following illustration depicts the role of the financial institution in creating positive experiences in the mature consumer’s life. These in turn could make the mature consumer feel more positive about the financial institution and life in general, which could in the long run impact on whether they will remain loyal to their bank.

Figure 4.2: Financial Institution’s role in creating positive experiences

“Freedom, people looking after me, I can enjoy life.” (Pretoria)

Being a customer of a specific financial institution could result in making the client feel a sense of value and freedom because they know their interests are looked after. In turn they could feel self-actualised and therefore be more loyal to their bank.

“Loyalty pays off. I have been with my bank for a long time, and now I get returns.” (Durban)

Positive external experiences become internalised and clients feel positive about themselves and their involvement with their bank.

Personalised service experience and social interactions at the Bank

Contributes to warm atmosphere and feelings of individual importance

This could result in optimistic feelings about their bank and life in general.

4.2.4 Understanding the role of the bank in the mature consumer’s life

The mature market expects more from their bank in comparison to the role that banks are traditionally expected to fulfill. Expectations of the bank are much broader, specifically in terms of fulfilling the mature market’s financial, social, security and information needs.

It is evident that according to the results the bank plays a financial, personal and social role in the mature customer’s life. Mature customers need to feel secure and in
control of their financial assets. They see the bank as the core source of just that security - "When I've made my money I am coming back. That is what it is about." (Pretoria). Although the bank is a financial institution, it plays a personal and social role in the mature consumer's life. The mature market wants to build a relationship with the bank, creating the feeling of being secure and in control of their assets.

The bank is thus seen as a safe environment in which they can engage with their peers, or just have a chat to the staff. The latter helps in relationship building, which in turn elevates the service delivery and level of assistance the bank could provide an individual. Informal interaction with banking staff members provides them with the opportunity to get to know the customer as an individual, and thus enables them to customise service for that person’s specific needs. This could be used as a way to keep the mature customer informed. The mature market wants to know about all product and benefit offerings, they would like the bank to help them by making suggestions regarding, for instance, retirement options.

A SWOT analysis is the process of analysing organisations and their environments based on their strengths, weaknesses, opportunities and threats. This includes the environmental analysis, the process of scanning the business environment for threats and opportunities (Welrich, 1982). In conclusion, the following SWOT analysis summarises the overall findings:
### Table 4.5: SWOT Analysis

<table>
<thead>
<tr>
<th>Threats</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest rates (n=30)</strong></td>
<td><strong>Personal interaction (n=55)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Social trips that are organised by the bank (n=54)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Warm and pleasant atmosphere (n=53)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Free coffee at bank’s branches (n=49)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clients resent paying for bank statements (n=45)</strong></td>
<td><strong>Banks have the opportunity to reward loyal customers and build trust on a functional and emotional level (n=46)</strong></td>
</tr>
<tr>
<td><strong>Clients require clear bank statements (n=22)</strong></td>
<td><strong>Information and advice on financial products (n=42)</strong></td>
</tr>
<tr>
<td><strong>Location of the banks is inconvenient for clients who have to travel long distances (n=16)</strong></td>
<td><strong>Service efficiency (n=32)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Security of clients when leaving the premises and using the ATM facilities (n=18)</strong></td>
</tr>
</tbody>
</table>
CHAPTER 5: CONCLUSIONS

5.1 Introduction

This research established that the mature market places an emphasis on their bank as a life partner, not as a mere bank, where trust plays an important role in the relationship between the financial service provider and the mature market. The following objectives were determined at the onset of the research.

General questions were asked relating to the way in which these customers use the bank, to answer the following questions:

- Could financial benefits of using the bank’s services alone be adequate to fulfill the needs of mature consumers?
- What kind of needs does the experience of using the bank fulfill? What, for example, is its relevance to the fulfillment of social, personal or health needs?

Given the fact that people use banks for reasons related to managing financial resources (a purely functional aspect), the following needs will be explored:

- The extent of the need for financial advice, convenience and independence;
- The extent of the need for quality services/products.

It may be that other needs, beyond the purely functional, are also fulfilled. Possible needs that may be catered for in interaction with banks are:

- The relevance of a need for personal attention;
- Whether a need for a relationship with your bank plays a role.

Additional research questions to determine a general profile description of this group of mature banking customers include:
• Do mature consumers that make use of outlet banking facilities prefer this experience above other banking methods such as the internet, and if so, why?
• How does this consumer group distribute its expenses? That is to say, what is the relative subjective priority of various items in their expenses?
• What are the lifestyles of the mature banking customers?

5.2 Recognising the needs of the mature consumer

The mature market presents challenges to marketers because much of the information about the marketplace is based on younger consumers, who tend to differ from older consumers in many important ways. For example older people show different spending patterns with regard to spending on various types of products and services than the general adult market. Of greater significance to marketers, however, is the heterogeneity of the mature market. Research done by Moschis (1996) shows that the older a person gets, the more he or she differs from other age groups. This finding poses a problem to marketers who are developing strategies for mass markets, and also offers an opportunity for those appealing to groups of older consumers sharing similar characteristics.

5.3 Conclusions

5.3.1 Could financial benefits of using the bank’s services alone be adequate to fulfill the needs of mature consumers?

Financial benefits are the reason why consumers make use of a bank. ‘Interest rates are the most important benefit that I need. I am middle class and it therefore affects me.’ (Cape Town). The mature market wants to pay the minimum bank charges. They feel strongly about not paying any bank charges, since the latter cuts into their income.
However, mention was made that it is more the combination of the personal and social component to services rather than receiving only financial benefits accompanied by interest rates and bank charges "It is a combination of the personal and social as well as the financial that gives me a sense of control over my assets" (Cape Town). If the personal as well as the financial are provided, the one will complement the other. The mature consumer has a need to feel in control of their financial assets; however, this can only be accomplished if they have the kind of relationship with their bank that provides them with a sense of security and trust that the bank they currently use will offer them the best possible financial benefits.

**5.3.2 What is the extent of the need for quality services/products?**

Given the fact that people use banks for reasons related to managing financial resources (a purely functional aspect), the need for quality services and products had to be explored.

Firms interested in targeting the older consumer are faced with a number of decisions regarding the development and marketing of products and services. These range from new product development to minor modifications in product features to better satisfy the needs of older consumers. In the area of product management, product decisions do not necessarily involve new product development and change. Marketers may simply promote the same products differently or position them in a way that would be of greater appeal to the older person. Thus, decisions concerning the development and marketing of products and services range widely in scope. Regardless of the nature of the decision, managers need to understand older persons’ needs, attitudes and perceptions of existing products and services. Understanding such needs would enable marketers to re-design their current products and services to better serve the needs of the older consumer. Some aspects
that require focus are interest rates. It is evident that banks fulfill a strong financial need in the mature consumer’s life. Since today’s mature consumer tends to retire earlier and live longer (Kennett, Moschis & Bellenger, 1995), they often find it necessary to finance a longer post-retirement. Therefore they often need to carefully manage their assets over the remainder of their lifespan, making it very important to them to receive the best possible products and services possible. Therefore people use banks for reasons related to managing financial resources. “If they could understand that they are taking the bread out of someone’s mouth...due to bad interest rates.” (Durban).

The mature market needs to feel secure in their investments. It is important for them to believe that they are getting the best interest rate possible, since this determines their monthly income based on the type of investment they currently have. Bank charges is another area that requires focus as the mature market wants to pay the minimum in bank charges. It could be difficult for a bank to reduce bank charges and interest rates and these are not always the easiest areas to comply with customer demands as the financial institution still needs to be profitable. However, it could be suggested that a loyalty programme be implemented to reward those customers that have been with the bank for many years to benefit from such value-added products and services.

Some respondents also expressed a need for clearer statements, and some even suggested bringing the blue book back in which it was clearer how costs are deducted than in statements. This elicits the fact that due to biophysical aging, hearing and eyesight could be affected to the extent that it is difficult to read printouts or hear when consultants try to explain something. It is for these reasons that the special needs associated with biophysical aging need to be taken into account when providing services to the mature market, in order to align the offering to the inherent needs of this market. The latter could also be linked to the current
confusion with identification of different cards, for example differentiating between a petrol card and a credit card.

5.3.3 The extent of the need for financial advice, convenience and independence

Information seeking is an important aspect of consumer behaviour in general. Information determines which products and brands consumers will consider and how they are likely to perceive these offerings. “The bank should help me to get a car...is it true that at our age if you want to buy a car ...will the bank finance it for you?”

Thus, understanding how consumers gather and use information helps marketers determine the types of information consumers need and the source through which such information should be made available to them. Information source utilisation is likely to vary by type of product and service as well as by age group. This research focused on how businesses can better promote to, or inform, older consumers about new products and services. A need for more information was expressed in terms of product offerings and benefits offered by their financial institution. The mature market thus values financial advice and views this as part of the bank’s role. Some respondents have the perception that products have been cancelled instead of having changed in name. Informing clients about package changes is important. The mature market tends to want to sit back and relax with a financial institution that gives them all the product information and explains relevant services available that suits every individual’s needs. The latter directly impacts on the financial security of that person. As stated by participants in chapter 4, they want to feel looked after and have financial security as well as invest their money properly with a broad spectrum to choose from. As a result of the need for control, the mature consumer wants to be secure in choosing options for retirement. Due to the personal nature of the relationship, great trust is placed in the financial institution’s advice. If customers
are kept informed, it provides them with the power to make informed decisions and creates a sense of independence.

Banking requires a focus on security. Creating a safe environment in which to do your banking is essential to retain customers. Currently, the fears of personal safety after leaving the bank as well as withdrawing money from an ATM are of great concern to the mature market. Some respondents mentioned that they would feel safer if the ATM was situated inside the bank. The members of the mature market have a need to be independent, so banks should not undermine this by allowing a sense of insecurity. Therefore it is advisable that customer services focus on the physical safety of older people. “I dont carry a handbag because I am afraid of being mugged.” (Durban).

Many of the participants raised their concerns with the inconvenience of travelling to the bank. Continuing petrol price increases exacerbate the problem. Consumers tend to plan their trips so that they can do more than one chore in order to limit travelling and thus expenses. This could be a difficult area for the bank to change to accommodate the mature consumer, and perhaps it is not a valid or profitable change. The same goes for the convenience of branch distribution that tends to be limited according to this market segment. It is once again not an easy area of correction and implies large financial implications. It is however, important to take note of this.

The convenience of the layout is very important to this market segment as they go through biophysical and psychosocial changes at this stage of their lives. As stated by participants in chapter 4, having a place to sit down is much appreciated by
members of the mature market that need to rest for a while, along with the luxury of the airconditioning which assists individuals affected by the heat.

5.3.4 The relevance of a need for personal attention

The mature market views the bank as a safe environment in which to engage with their peers and banking staff. By providing them with a nice cup of coffee it creates an informal setting in which they can engage in social interaction.

"Most of us are retired...and by giving us some coffee and making it social you going to draw us in here. I don’t want to go to a bank that is totally cold and not interested in you as a person.” It is evident that mature consumers participating in this research do value personal interaction with their bank. A trip to the bank is not only business related, it is social and involves personal interaction. Personal attention is important to those belonging to the mature market who prefer to do their business face-to-face.

5.3.5 Does the need for a relationship with your bank play a role?

Personalised service ties up with the psychosocial aging of the mature market. As these consumers experience change with respect to attitudes, personality and needs, they value staff who are similar to themselves in attitude, personality and lifestyle: people who can zoom into their needs.

The mature market wants to build a relationship with the bank, feeling secure and in control of their assets. The latter helps relationship building, which in turn elevates the service delivery and level of assistance the bank could provide an individual. The informal interaction with banking staff provides them with the opportunity to get to know the customer as an individual and thus customise service for that person’s
specific needs. However, if they are not known by the bank as an individual with a name and a background, the financial benefits are not perceived to be the best the bank can provide them with. “I am dependent on my relationship with my bank, as they will look after me financially because they know me and my needs.” (Durban); “I can go to another bank but there I am only a number.” (Pretoria). The bank is trusted on the basis of the history of experiences that the consumer has gathered with the bank. As long as people feel they can trust the bank, loyalty is high and issues of a functional nature become less important as the relationship the consumer has with its bank is more important.

5.3.6 Do mature consumers that make use of outlet banking facilities prefer this experience above other banking methods such as the internet, and if so, why?

It is evident that despite the fact that travelling to the branch can be an inconvenience to customers, they still prefer the visit to the branch above methods such as internet banking. Upon asking respondents if they would consider internet banking, respondents did not reply positively. “Some of us don’t have computers so internet banking would be difficult.” (Johannesburg); “It is a good outing. It makes me feel safer than doing internet banking.” (Cape Town); “I do hope banking stays personal; I like interacting with people and don’t want to do internet banking.” (Cape Town). Thus it seems that the personal interaction at the branch is still preferred above faster options such as internet banking. This again supports the conclusion that banking plays a greater social role to the research participants than was expected.
5.3.7 How does this consumer group distribute their expenses? I.e. what is the relative subjective priority of various items in their expenses?

Money management practices of older adults help us to understand several aspects of their consumer behaviour. Saving and spending patterns of older consumers tend to affect their expenditure patterns in specific consumption areas such as food, housing and transportation. The mature participants that were included in this research spend more money on basic needs, such as food and health and less on luxury items such as gifts and hobbies. The fact that mature consumers spend less on gifts and hobbies is in accordance with the fact that they engage less in activities such as golf and only shop when it becomes a necessity. A fact that may also affect this is lower energy levels. Savings and investments are, however, also high on their list of priorities. Health is one aspect valued highly by the elderly. As a result of declining physical strength, and mobility being affected by the natural aging process, most people take extra precautions where their health is concerned. The latter influences the relative importance of investments to the mature market because this will, to a large extent, determine their financial well-being as well as their retirement and healthcare options.

Travelling is important as most respondents feel that they can enjoy life by travelling after years of hard work. They still want to have the freedom and financial capacity to travel to their children and grandchildren.

5.3.8 What are the lifestyles of the mature banking customers?

Currently forming a big part of the mature consumer’s life would be the more intellectual activities such as reading newspapers, magazines and biographies. Staying up to date with what is going on in the world seems to be of great importance. “I have done a few courses...general photography.” (Johannesburg); “The part of the day I enjoy the most......tea in bed in the morning and reading the
newspaper in the afternoon.” (Durban); “I listen to the radio a lot... and also classical radio...that I find very interesting.” (Johannesburg).

This market segment enjoys taking trips as well as visiting family and friends. This could be due to having more free time, giving them the opportunity to travel. Social activities are valued, more specifically with family and friends. "I enjoy preparing for holidays; my grandchildren are a big thing in my life.” (Durban).

Gardening is enjoyed by some elderly people as a form of relaxation, physical exercise and being creative, however, only a few respondents mentioned that they actively participate in gardening. Other physical activities include playing golf. "Golf, gardening...charity work and things like that.” (Durban).

5.4 Translating research into actions

Financial institutions need to recognise that the mature market requires additional benefits, very different from other market segments. How can marketing departments act upon these research findings? The following recommendations are made:

5.4.1 Strengths

Some strengths within the banking environment were established, and building upon these could enhance customer satisfaction levels.

- Providing opportunities for personal interaction. Staff could be trained in making conversation with customers and spending more time on individual cases.
- Organising social trips through the bank.
• Creating a warm pleasant atmosphere in the bank. Greeting all customers and providing assistance.

• Providing free coffee at the bank’s branches, which is really valued by the mature market sector.

5.4.2 Opportunities

Some opportunities within the banking environment were established, and a focus on these factors could be valuable in retaining customers that form part of this market sector.

• The mature market wants to build a relationship with the bank, feeling secure and in control of their assets. The latter helps relationship building, which in turn elevates the service delivery and level of assistance the bank could provide an individual with.

• Provide information and advice on financial products, as a need for more information was expressed in terms of product offerings and benefits offered by financial institutions. The mature market thus values financial advice and views this as part of the bank’s role. Effort should also be made to make information easy to understand.

• The current convenience of banking requires focus on the security. Creating a sense of a safe environment in which to do banking is essential to retain customers. Currently, the fears of personal safety after leaving the bank as well as withdrawing money from an ATM are of great concern to the mature market.

• It could be suggested that a loyalty programme be implemented to reward customers that have been with the bank for many years to benefit from value-added products and services such as discounts or no bank charges.
5.4.3 Weaknesses

- Bank charges, such as paying for statements, is another area that requires focus as the mature market wants to pay the minimum in bank charges. It could however, be difficult for a bank to cut down on bank charges. Perhaps a lower fee could be considered rather than taking bank charges away completely.

- Bank statements and cards are currently causing confusion. There are claims that the identification of different cards, for example differentiating between a petrol card and a credit card, is difficult. Perhaps the design of the printing on these cards could be re-designed or merged into one card that can be used for all transactions.

5.4.4 Threats

- The mature market needs to feel secure in their investments. It is important for them to believe that they are getting the best interest rate possible, since this determines their monthly income based on the type of investment they currently have. It could be difficult for a bank to provide the best interest rates and it is not always the easiest area to comply with customer demands as the financial institution still needs to be profitable. Banks would claim that they already give the best interest rates and dependant on the Reserve Bank. However, it could be suggested that a loyalty programme be implemented to reward those customers that have been with the bank for many years to benefit from such value-added products and services.
5.5 Current Research Gaps and Future Research areas

It is proposed that in order to enhance this research, a quantitative research design with a formal questionnaire could be used to quantify results found in this research. Enhancing sample sizes could also be useful as more advanced analyses could be done with larger sample sizes. A focus on specific demographic questions could add value to future research, as within this project no focus was placed or reporting done on the demographic profile of the mature market sector. More specific inferences could be made with regard to age, race, occupation as well as gender and education level. It could be useful to not only research one specific bank’s customers but to include the customers of different South African banks, in order to make it possible to generalise the research findings.
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