

UNLOCKING GENERATION Y: MARKET SEGMENTATION VIA LIFESTYLE INSIGHTS

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ABSTRACT:

One of the fundamental pillars of properly set up marketing communication is customer orientation, defining their needs and preferences and then creating their profiles. Following this fact, the aim of the study is to create subsegments of Generation Y (Millennials) in the Czech market based on identified factors in terms of lifestyle as the non-traditional segmentation descriptive variable. In order to achieve the aim of the study, AIO parameters within psychographic segmentation were used to process primary data collected by marketing research carried out in the form of a questionnaire. Overall, 999 respondents who are residents of the Czech Republic participated in this marketing research. The characteristics of Generation Y (Millennials) and the determination of the main points for external and internal marketing strategies create the basis for the comparison of subsegments based on the criteria determining the possible success of the company in this process.

KEY WORDS:

brands, exploratory factor analysis, cluster analysis, Millennials, segmentation

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1 Introduction

Market segmentation by grouping customers with comparable needs offers a commercially viable process for serving these customers.¹ Market segmentation is crucial for marketing achievement: the most successful firms manage their business based on segmentation.² Wedel and Kamakura state that an emphasis on understanding the dynamic nature of preferences and the composition of market segments is essential

¹ JOBBER, D.: *Principles and Practice of Marketing*. 6th Edition. Berkshire : McGraw-Hill Education, 2010, p. 260.

² GRÜN, B., LEISCH, F.: Increasing Sample Size Compensates for Data Problems in Segmentation Studies. In *Journal of Business Research*, 2016, Vol. 69, No. 2, p. 992.



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for strategies focused on evolution rather than diffusion of products and entrepreneurship.³ Companies that segment their markets align their strengths and offerings with groups of customers most likely to reply to them.⁴ Segmentation helps to understand customers, allocate resources, adjust the product mix, and develop and evaluate new approaches with regard to products and markets.⁵ Customer segmentation increases not only customer fulfilment but also the company's expected profits.⁶ Chen et al. noted that different marketing strategies used in customer segmentation make the most of customer value.⁷ Sung adds that customer knowledge and predictions are applicable to a certain period, so it is necessary to track customer actions between segments to detect changes in segments over time, and then examine segment knowledge and predict customer segment behaviour patterns, as this is helpful in responding to customers properly and implementing customer-centric strategies.⁸

Psychographic approaches in segmentation attempt to go beyond the surface of consumers to recognise purchase motivation among other behavioural issues and are of inordinate importance in designing and implementing retail strategies.⁹ Trying to penetrate facts of consumer features under the surface of demographic variables means capturing their socio-psychological predispositions, therefore there are three key levels of criteria in psychographic segmentation in general: social class, lifestyle and personality.¹⁰ Lifestyle typologies are among the most effective segmentation bases within psychographic market segmentation.¹¹ Peter and Olson define lifestyle as the way people manage their lives, including activities, interests and opinions (AIO). Activities, Interests and Opinions (AIO) are human characteristics applied by market researchers to create a psychographic profile of individuals. An individual's AIO is usually discovered by researchers through their responses to statements or survey questions. Advertising professionals use the principles of AIO in order to focus a company's marketing communication efforts on its target audience.¹²

Individuals of Generation Y (Millennials) came of age during a period of economic development, the robust emergence of social media and reality TV shows, and the decrease of modernist standards, supported by internationalisation and the strong impact of popular culture.¹³ The Generation Y cohort is an important cohort and target group for both retailers and consumer goods companies because it is large and has substantial purchasing power.¹⁴

These heterogeneous individuals within segment Y with huge consumption potential and tremendous spending power do not have similar attitudes and behaviours.¹⁵ Regarding the value of Millennials to marketers, it is important to identify the behaviour of this age group.¹⁶ The purpose of this study is to identify

them from the lifestyle point of view according to three factors and answer the research question (RQ): What factors and how do these factors, from a lifestyle point of view, determine the Czech Millennials?

To answer the RQ, the aim of the study is to create subsegments of Generation Y (Millennials) in the Czech market based on identified factors in terms of lifestyle as the non-traditional segmentation descriptive variable. In the following section, a literature review about the meaning of segmentation, Generation Y cohort specification and lifestyle as non-traditional segmentation descriptive variable will be discussed. Next, in the methodology section, the data collection procedure and measures used will be presented. Finally, the last section will present the results supported by discussion.

2 Theoretical Background

Developing marketing strategies requires proper market research that can cover relevant indicators such as demographics, culture, purchasing power, income among others. Segmentation is done in order to develop it.¹⁷ According to Dibb and Simkin, market segmentation is regularly practiced and commonly allows an organisation to better serve a more homogeneous and well-defined set of customers, compete more effectively, use its resources more comprehensively, and advance well-defined marketing programmes.¹⁸ Smith was the first to suggest the use of segmentation as a marketing strategy, as he defines market segmentation as observing a heterogeneous market (which is characterised by varying demand) as a number of smaller homogeneous markets.¹⁹

Meaning of Segmentation

Hun and Yazdanifard describe "segmentation" as the gradual distribution of individual customers into larger groups based on specific characteristics such as age, gender, interest and habits, then allows marketing resources to be effectively allocated to these specific customer groups.²⁰ According to Saunders, market segmentation is between the two extreme views that (a) all objects are exclusive and inviolable and (b) the population is homogeneous.²¹

There are often numerous aspects of segmentation that are used in mixture, so geographic, demographic, psychographic and behavioural variables are identified as the main criteria for proper market segmentation. The most basic form of market segmentation includes demographics such as age or gender. Demographic criteria are easier to be measured than most other criteria. Although market segments are defined on a different basis – for example, by personality or behaviour – demographic characteristics need to be identified to estimate the size of the target market and reach it successfully.

Levens et al. divide the kinds of segmentation criteria into two wide-ranging categories that lead to customer-oriented segmentation (demographic, socio-economic, geographic and psychographic) and product-based segmentation.²² Kotler and Armstrong identify three main category segmentation criteria: geographic nations, states, regions, countries, cities or counties, demographic (age, gender, sexual orientation, family size, income, occupation, education, religion, etc.), psychographic (attitudes, opinions and interests) and desired behavioural benefits, use and purchase opportunity.²³

3 WEDEL, M., KAMAKURA, W. A.: Introduction to the Special Issue on Market Segmentation. In *Journal of Classification*, 2002, Vol. 19, No. 1, p. 179.
4 SULEKHA, G.: The Basis of Marketing Segmentation: A Critical Review of Literature. In *European Journal of Business Management*, 2011, Vol. 3, No. 9, p. 50.
5 Compare to: ALBERT, T. C.: Need-Based Segmentation and Customized Communication Strategies in a Complex-Commodity Industry: A Supply Chain Study. In *Industrial Marketing Management*, 2003, Vol. 32, No. 4, p. 281; FREYTAG, P. V., CLARKE, A. H.: Business to Business Market Segmentation. In *Industrial Marketing Management*, 2001, Vol. 30, No. 6, p. 473; LAPLACA, P. J.: Contributions to Marketing Theory and Practice from Industrial Marketing Management. In *Journal of Business Research*, 1997, Vol. 38, No. 3, p. 179.
6 HUNG, C., TSAI, C. F.: Market Segmentation Based on Hierarchical Self-Organizing Map for Markets of Multimedia on Demand. In *Expert Systems with Applications*, 2008, Vol. 34, No. 1, p. 781.
7 CHEN, Y. et al.: Customer Segmentation Based on Survival Character. In *Journal of Intelligent Manufacturing*, 2007, Vol. 18, No. 4, p. 513.
8 SUNG, H. H.: Applying Knowledge Engineering Techniques to Customer Analysis in the Service Industry. In *Advanced Engineering Informatics*, 2007, Vol. 21, p. 293.
9 See: HOWE, M. L.: *The Fate of Early Memories: Developmental Science and the Retention of Childhood Experiences*. Washington : American Psychological Association, 2000, p. 105; PARMENT, A.: *Generation Y in Consumer and Labour Markets*. New York : Routledge, 2011, p. 30.
10 WEINSTEIN, A.: *Defining Your Market: Winning Strategies for High-Tech, Industrial, and Service Firms*. New York : Haworth Press, 1998, p. 61.
11 LEE, S. H., SPARKS, B.: Cultural Influences on Travel Lifestyle: A Comparison of Korean Australians and Koreans in Korea. In *Tourism Management*, 2007, Vol. 28, No. 2, p. 505.
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13 PARMENT, A.: *Generation Y in Consumer and Labour Markets*. New York : Routledge, 2011, p. 20.
14 PARMENT, A.: Generation Y vs. Baby Boomers: Shopping Behaviour, Buyer Involvement and Implications for Retailing. In *Journal of Retailing and Consumer Services*, 2013, Vol. 20, No. 2, p. 189.
15 LAJANTE, M. et al.: Generation Y and Online Fashion Shopping: Orientations and Profiles. In *Journal of Retailing and Consumer Services*, 2019, Vol. 48, No. 3, p. 113.
16 SWINARSKI, M. E. et al.: A Study of Gender Differences with Respect to Internet Socialization of Adolescents. In *Journal of Business & Economics Research*, 2010, Vol. 8, No. 6, p. 23.

17 GAUTAM, N., KUMAR, N.: Customers Segmentation Using K-Means Clustering for Developing Sustainable Marketing Strategies. In *Business Informatics*, 2022, Vol. 16, No. 1, p. 72.
18 DIBB, S., SIMKIN, L.: *Marketing Briefs – A Revision and Study*. Oxford : Elsevier, 2004, p. 59.
19 SMITH, W. R.: Product Differentiation and Market Segmentation as Alternative Marketing Strategies. In *Journal of Marketing*, 1965, Vol. 21, No. 1, p. 6.
20 HUN, T. K., YAZDANIFARD, R.: The Impact of Proper Marketing Communication Channels on Consumer's Behavior and Segmentation Consumers. In *Asian Journal of Business and Management*, 2014, Vol. 2, No. 2, p. 155.
21 SAUNDERS, J.: Cluster Analysis for Market Segmentation. In *European Journal of Marketing*, 1980, Vol. 14, No. 7, p. 422.
22 LEVENS, M.: *Marketing: Defined, Explained, Applied*. New Jersey : Pearson Education, 2012, p. 131.
23 KOTLER, P., ARMSTRONG, G.: *Principles of Marketing*. London : Prentice Hall, 2010, p. 213.

According to Drummond and Ensor, there are five motives why organisations carry out segmentation, as follows: 1) they want to meet consumer needs more exactly; 2) they want to increase profits; 3) they want to have a guidance position in the segment; 4) they want to retain customers; 5) they want to emphasise the use of marketing communication.²⁴ Palmer and Millier identify four main barriers to applying segmentation: the context-dependent nature of segmentation, the dynamic interaction between products, customers and the market, the problematic and stimulating nature of the process, and the importance of application.²⁵

There are many methods and techniques to recognise market segments, both in the acquisition, analysis and interpretation of data. Basic deductive methods which are convenient for market segmentation include marketing reports and content analysis, while inductive segmentation is based on secondary and particularly primary information.²⁶

Generation Y (Millennials) Cohort Specification

De Vaney states that generations are described by age, period and cohort (a group of individuals who shared experiences and events in their determinative years that could lead to similar attitudes and behaviours for the rest of their lives).²⁷ Millennials (Generation Y) are understood as customers who expect more choosiness, personalisation and customisation of their products and services. Millennials signify strong cumulative demand.²⁸ Defining the precise cues that influence Millennials, their attitudes and purchasing behaviour have become a fundamental focus of end-user research.²⁹ Generational cohorts are composed of people who were born in a certain period and whose life courses agree to each other. Generational cohort marketing has become beneficial in market segmentation because cohort members share comparable values, preferences and purchasing behaviour.³⁰

Some authors of research studies define Generation Y as population born between 1982 and 1996,³¹ the others identify them as people born between 1980 and 2000.³² Prazic and Devicic state that members of Generation Y were born between 1977 and 1994, and whose formative years were influenced by the Communist period.³³ According to Blaum, Millennials are those who are defined as people born in the decades of the 1980s and 1990s.³⁴ Kotler and Keller state that Generation Y is formed by people born between 1977 and 1994.³⁵ The exact birth years of Millennials differ to a small degree depending on demographers.

Millennials are considered the first high-tech generation, when members are usually understood as individualistic, well educated, technologically savvy, less gullible and better informed than previous generations.³⁶ Millennials are rational and self-oriented rather than emotional and others-oriented motives

lead millennials to act pro-environmentally, taking into consideration the environmental consequences of their actions, and they are ready to participate in green projects.³⁷ Bedard and Tolmie add that social media usage and online interpersonal influence have significant, positive relationships with green purchase intentions among Millennials.³⁸ Ordun states that a pessimistic view of the millennial generation rates them as lazy, irresponsible, impatient, apathetic, selfish, disrespectful and even lost. But from an optimistic point of view, they are described as open, social, innovative, energetic, ambitious, self-confident, motivated and smart.³⁹

Prensky states that Millennials are described as “digital natives”.⁴⁰ Hyllegard et al. state that Millennials have been predisposed by a set of social, cultural and economic events that have influenced them, including the involvement of communication technologies in everyday life.⁴¹ According to Borges et al. this generation likes team work, in a planned and integrated culture.⁴² Berkowitz and Schewe add that Millennials believe that teamwork will help them in realising their targets with less trouble than individual work, they want to realise their targets in a short time and are open to endless feedback.⁴³ Millennials want distinctive signs with their own characters to use as a form of individualism.⁴⁴ More than former generations, this cohort is described by a cluttered, money-oriented and consumerist culture that is mainly an outcome of technological innovation.⁴⁵ Millennials want it all, and they want it now, in terms of rewards and benefits, quick advancement, work-life balance, motivating and challenging work, and contribution to society.⁴⁶ Easton and Stey acknowledge that Millennials are somewhat different from the other generations in the workplace and so should be treated somewhat differently.⁴⁷ Millennials as a generational cohort have been attributed with a wide range of workplace and working life characteristics including high self-esteem, self-centredness, propensity to multitask and team orientation.⁴⁸ Millennials express a desire for learning, training and feedback.⁴⁹

Generation Y has been socialised in a materialistic society.⁵⁰ They are more driven to use status-seeking consumption as a means of presenting wealth and purchasing power. Kim and Jang state that considering the status consumption tendencies of Generation Y consumers is a critical issue in creating relations between consumers who have such characteristics and the specific type of services and products that bring status.⁵¹ They do not want to adopt the perspectives provided by the authorities without adding some considerations of their own, they are multi-taskers, they offer substantial occasions for marketing through the Internet and

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34 BLAUM, T.: A Changing World of Work. What Can We Learn from the Service Sector about Employing Millennials (and Gen Z)? In *Organizational Dynamics*, 2020, Vol. 49, No. 3, p. 2.

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36 For more information, see: SETHI, R. S. et al.: Purchase Intention Survey of Millennials Towards Online Fashion Stores. In *Academy of Marketing Studies Journal*, 2018, Vol. 22, No. 1, p. 2; VALENTINE, D. B., POWERS, T. L.: Generation Y Values and Lifestyle

other new technologies.⁵² Goldgehn adds that they wish to establish a relationship, interact and discover, and are related with image and brand name more than other generations.⁵³

Millennials as consumers are mostly in connection with the Internet which makes them especially predisposed to engaging in online shopping.⁵⁴ The purchasing power of this generation is growing which makes the understanding of their behaviour in online shopping very important.⁵⁵ High quality products and well-organised delivery service, well designed websites and the possibility of sharing experiences can be indicated as one of the key instruments of e-commerce within Generation Y.⁵⁶ It is a generation that usually buys online, focusing a lot on the aesthetics that a website shows, as well as on images and other elements of entertainment, thus generating positive attitudes towards a possible purchase.⁵⁷ Their easy access to information needed for the analysis of the offer and comparison of the products and services makes their purchasing decision more complex and time-consuming.⁵⁸ Singh and Kumar present the findings of their study that Millennials are using marketpace rationally and seeking functionality in their purchase with scepticism towards privacy.⁵⁹ When shopping online, Generation Y focuses on rational decision-making and uses digital technology purposefully. Furthermore, Generation Y shares real shopping experiences on social media, is relatively less individualistic and more social compared to Generation Z.⁶⁰

Lifestyle as a Non-traditional Segmentation Descriptive Variable

Psychographics was a term first presented by Demby, linking psychology and demographics. Undoubtedly, an important psychographic variable of market segmentation is consumers' lifestyle, which can express how an individual maintains his or her whole life, including opinions, interests, goals and desires.⁶¹ Consumers with different lifestyles have also been found to have different consumption styles.

"Lifestyle" describes the way people live their lives in terms of the nature of their home, the possessions they own, the interests and activities they pursue, and how they socialise.⁶² Lifestyle refers to a distinctive mode of living in its aggregate and broadest sense. It embodies the patterns that were developed and emerged from the dynamics of living in a society.⁶³ Lifestyle refers to how people distribute time among activities and how they distribute money among expenditures.⁶⁴ Lifestyles summarise a set of activities, values, needs, and beliefs that can stimulate a customer's attention and drive behavioural intentions, helping marketers know why a customer engages in certain behaviours and advance more targeted marketing programmes.⁶⁵ Lifestyle

52 PARMENT, A.: Generation Y vs. Baby Boomers: Shopping Behaviour, Buyer Involvement and Implications for Retailing. In *Journal of Retailing and Consumer Services*, 2013, Vol. 20, No. 2, p. 189.

53 GOLDGEHEN, L. A.: Generation Who, What, Y? What You Need to Know About Generation Y. In *International Journal of Educational Advancement*, 2004, Vol. 5, No. 1, p. 25.

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65 DAHANA, W. D. et al.: Linking Lifestyle to Customer Lifetime Value: An Exploratory Study in an Online Fashion Retail Market. In *Journal of Business Research*, 2019, Vol. 99, p. 319.

is usually defined as the patterns in which people live and spend their time and money.⁶⁶ Chaney defines lifestyles as patterns of action that differentiate people.⁶⁷ According to Solomon, a lifestyle is an exhibited set of collective principles.⁶⁸

Souza and Mesquita perceive the psychographic analysis as a different method of mapping the propensities of consumption and maximise the return on marketing activities, which increases in importance given the greater complexity of the contemporary environment and their proposed methodology, which involves the critical appraisal of the main models of psychographic segmentation: AIO, RSV, VALS, LOV and 3M.⁶⁹

Wells and Tigert created a 300-item AIO, while Cosmas practices a questionnaire containing 250 AIO items.⁷⁰ AIO (activities, interests and opinions) surveys lead to frequently very diverse and valuable lifestyle typologies using the cluster analysis technique.⁷¹ Using the AIO model for market segmentation has many benefits because it can provide new descriptions of common demographic and product usage terms.⁷² Krishnan state that his study confirmed that there was a significant association between the lifestyle of the consumers and the brands of products used by them, and from the study it was concluded that consumers often choose products, services and activities over others because they are associated with a certain lifestyle.⁷³

Another common method is the list of values (LOV) model.⁷⁴ According to Szmigin and Piacentini, a method that originated at SRI International and is known as VALS (Value and Life Styles) is not only a well-known but also a quite often used approach, although later modified. The VALSTM framework groups people based on two key scopes of primary motivation (ideals, achievement, and self-expression) and resources (income, education, self-esteem, intelligence, leadership, and energy).⁷⁵ Karasev concludes that existing lifestyle models such as Activities, Interests, Opinions (AIO), List of Values (LOV), and Values and Lifestyle (VALS), which were considered for the American market, can be replaced by traditional segmentation methods such as factor and cluster analysis that provide a simple and suitable alternative to proprietary marketing tools such as VALS when analysing non-US markets.⁷⁶

3 Research Methodology

For gathering primary data, the questionnaire was used as a primary research technique. The survey took place in the period of the research project (2017 – 2019). It was managed by the IPSOS agency, which gives guarantees concerning collected data. It is a multinational market research and consulting company based in Paris, France. IPSOS is a member of SIMAR, ESOMAR, MSPA and follows their ethical principles and methodological rules. Overall, 1,050 respondents participated in the survey. The uncompleted questionnaires and the questionnaires with repeated answers were removed from data processing. The number of participants was reduced to 999 respondents.

The aim of the research was to explore Millennials within the AIO method implication. The respondents were questioned, in relation to their lifestyle, about their mobile usage, brand perceptions, trying new things, keeping healthy lifestyles, obtaining information to answer the RQ: What factors and how do these factors,

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71 VYNCKE, P.: Lifestyle Segmentation. From Attitudes, Interests and Opinions, to Values, Aesthetic Styles, Life Visions and Media Preferences. In *European Journal of Communication*, 2002, Vol. 17, No. 4, p. 445.

72 PLUMMER, J. T.: The Concept of Life Style Segmentation. In *Journal of Marketing*, 1974, Vol. 38, No. 1, p. 33.

73 KRISHNAN, J.: Lifestyle – A Tool for Understanding Buyer Behaviour. In *International Journal of Economics and Management*, 2011, Vol. 2, No. 2, p. 283.

74 KAHLE, I. R., KENNEDY, P.: Using the List of Values (LOV) to Understand Consumers. In *Journal of Services Marketing*, 1968, Vol. 2, No. 4, p. 49.

75 SZMIGIN, I., PIACENTINI, M.: *Consumer Behaviour*. Oxford : University Press, 2015, p. 292.

76 KARASEV, A. P.: Adaptive Methods for Creating Consumer Lifestyle Models. In *Applied Marketing Analytics*, 2020, Vol. 5, No. 3, p. 266.

from a of lifestyle point of view, determine the Czech Millennials? The respondents gave answers to 14 statements, which they expressed the degree of agreement with. For this purpose, a 7 Point Likert Scale was used – (1) absolutely disagree, (2) disagree, (3) rather disagree, (4) neither disagree nor agree, (5) rather agree, (6) agree and (7) absolutely agree.

The survey was focused on Millennials, that is why the respondents had to belong to this generation, it means they were from 17 to 37 years old (in 2017 – 2019). The age limit of the Millennials was determined by the researchers themselves on the basis of available professional sources and information because there is a fact that the year of birth of individual generational segments is not clearly and generally defined. The structure of the sample according to gender, age, education, size of population and occupation is shown in Table 1.

Table 1: The structure of respondents

Gender		Age		Education		Population		Occupation	
Male	50%	17 – 26	32%	Primary school	6%	Up to 1,000	16%	Student	15%
Female	50%	27 – 32	33%	Vocational school	25%	1,001 – 5,000	20%	Employee without subordinates	46%
		33 – 37	35%	High school	47%	5,001 – 20,000	16%	Employee with subordinates	14%
				University	22%	20,001 – 100,000	20%	Entrepreneur	4%
						Over 100,000	28%	Unemployed	4%
								At home, on parental leave	17%

Source: Own processing

As we can see according to gender the structure of the sample is balanced. There are 50% male and 50% female respondents. The respondents were divided into three groups according to age. The first group contains respondents, who are from 17 to 26 years old (32%), the second one represents the Millennials, who are from 27 to 33 years old (33%) and finally the third group consists of respondents, who are from 33 to 37 years old (35%). According to educational attainment there are 6% of respondents with primary school, 25% of respondents with vocational school, 47% of respondents with high school and 22% of respondents with university educations. Based on the size of population of the city, where the respondents are from, the structure is as follows. There are 16% of respondents, who are from cities with up to 1,000 inhabitants and from cities with 5,001 – 20,000 inhabitants, 20% of respondents are from cities of 1,001 – 5,000 inhabitants and 20,001 – 100,000 inhabitants and 28% of respondents are from cities with populations over 100,000 inhabitants. And finally, the sample is composed of 15% of students, 46% of employees without subordinates, 14% of employees with subordinates, 4% of entrepreneurs, 6% of unemployed and 17% of respondents at home, on parental leave.

As already mentioned, the aim of the study was to create subsegments of Generation Y (Millennials) in the Czech market based on identified factors in terms of lifestyle as the non-traditional segmentation descriptive variable. For reaching this aim the exploratory factor analysis and afterwards the cluster analysis were applied. Exploratory factor analysis is a traditional approach to factor analysis, the most common form. It tries to reveal the basic structure of a relatively large set of variables based on the found correlation matrix. Additionally, a factual interpretation of factors as some more general variables in the given field of application is sought. There exist many methods of exploratory factor analysis, in this study principal axis factoring is used. In factor analysis rotation is used for greater comprehensibility of the output and its easier interpretability. Factor rotation is an effort to ensure that each variable has high factor loads with as few common factors as possible and loads close to zero for other factors. The solution without the use of rotation is often difficult to explain

precisely because variables tend to have factor loads for more than one factor. There are two types of rotation, orthogonal and oblique.⁷⁷ Oblique rotation is more complex than orthogonal rotation because it can involve one of two coordinate systems, namely the primary axis system or the reference axis system.⁷⁸ In addition, oblique rotation produces a pattern matrix containing factor or item loadings and a factor correlation matrix containing correlations between factors. In this study the oblique rotation is used, concretely Direct Oblimin Method. This method attempts to simplify the structure and mathematics of the output by minimising cross-product loads. It allows for a wide range of cross-correlations.⁷⁹

Cluster analysis, according to analysts preselected variables, classifies statistical units into groups so that there is as much similarity within groups as possible and as much difference between groups as possible. It is most often used in client segmentation. The same approach to completely different clients is ineffective, but it is also not possible to approach each client individually. However, the client can be included in the cluster. Cluster analysis methods are divided into two basic groups, hierarchical and non-hierarchical clustering methods.⁸⁰ In research, non-hierarchical clustering is often used as a second step in cluster analysis. First, hierarchical methods are applied to determine the number of clusters that can be expected and where to place the initial cluster centres. Next, a non-hierarchical clustering using a predetermined number of clusters and initial centres is used to assign cluster observations.⁸¹ In this study, Ward’s method, a hierarchical method of clustering, is used, afterwards the K-means clustering, as non-hierarchical method is applied.

Finally, the culmination of the analysis involved the identification of attitudes, interests, and opinions (AIO) derived from the nature of the newly created factors. This crucial step provides a deeper understanding of the psychographic profiles characterising each cluster, enriching the narrative with insights into the nuanced aspects of Millennials’ consumer behaviour.

4 Research Results and Discussion

Before the exploratory factor analysis is applied, there is a need to test the data about their normality. In this study two tests of normality data were realised, Kaiser-Meyer-Olkin and Bartlett’s test of sphericity. As it can be seen from Table 2, the results of tests show that data have a normal distribution, and they can be used for exploratory factor analysis.

Table 2: KMO and Bartlett’s Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.879
Bartlett’s Test of Sphericity	Approx. Chi-Square	3826,196
	Df	91
	Sig.	.000

Source: Own processing

Principal axis factoring, as the method of extraction of possible factors, was used. 14 statements were involved in the factoring and four initial factors were generated. After analysing these factors, two statements (“I daily use notebook.” and “I upload my own content to *YouTube*.”) were excluded. The rationale for excluding these variables from further testing is that for a factor to be considered significant, it must be saturated by at

77 BLAHUŠ, P.: *Faktorová analýza a její zobecnění*. Prague : SNTL, 1985, p. 34.
78 RUMMEL, R. J.: *Applied Factor Analysis*. Evanston : Northwestern University Press, 1970, p. 395.
79 Compare to: GORSUCH, R. L.: *Factor Analysis*. 2nd Edition. Hillsdale : Lawrence Erlbaum Associates, 1983, p. 191; YONG, A. G., PEARCE, S.: A Beginner’s Guide to Factor Analysis: Focusing on Exploratory Factor Analysis. In *Tutorials in Quantitative Methods for Psychology*, 2013, Vol. 9, No. 2, p. 79.
80 RIMARČÍK, M.: *Statistika pre prax*. Nitra : Enigma Publishing, 2007, p. 108-110.
81 HENRY, D. B. et al.: Cluster Analysis in Family Psychology Research. In *Journal of Family Psychology*, 2005, Vol. 19, No. 1, p. 121.

least three variables, each of which should saturate the factor at a minimum of 0.5.⁸² However, the excluded variables have been shown not to meet these criteria, and thus are not correlated with other variables or are correlated with only one other variable, which is insufficient to demonstrate the significance of the factor. It means that there were three final factors created from 12 statements, which can be seen in Table 3. The first factor is saturated by five variables, the second factor is saturated by four variables, and finally the third factor is saturated by three variables.

Table 3: Generated factors with their variable saturation

Statement	Factor		
	1	2	3
I use my mobile daily for photo shooting.	0.747		
I use my mobile daily for playing games.	0.616		
I use my mobile daily for listening to music.	0.592		
I use my mobile daily for working.	0.556		
My geolocation equipment is always running.	0.526		
I like trying new things.		0.679	
I try to keep a healthy lifestyle.		0.598	
I try to be optimistic in most life situations.		0.492	
I verify all information obtained from media with another source.		0.447	
I try to look for all available information about my favourite brand.			0.894
There is a brand on the market, which I love.			0.762
I follow fun pages of my favourite brands on social media.			0.747

Source: Own processing

The first factor is created by five statements. The statement “I use my mobile daily for photo shooting” saturates the factor the most (0.747) and little bit lower to the level of 0.616 than the statement “I use my mobile daily for playing games”. The factor is also saturated by statements “I use my mobile daily for listening to music” (0.592), “I use my mobile daily for working” (0.556) and “My geolocation equipment is always running” (0.526). Due to the nature of mentioned statements the factor is called Mobile Usage.

The second factor is created by four statements. The statement “I like trying new things” saturates the factor the most (0.679), the statement “I try to keep a healthy lifestyle” saturates the factor by 0.598, the statement “I try to be optimistic in most life situations” saturates the factor by 0.492 and finally the statement “I verify all the information obtained from media with another source” saturates the factor by 0.447. According to the expressions of statements the factor is called Exploration.

The last factor is created by three statements. The first statement “I try to look for all available information about my favourite brand” saturates the factor the most (0.894), the second statement “There is a brand on the market, which I love” saturates the factor by 0.762 and the third statement “I follow fun pages of my favourite brands on social media” saturates the factor by 0.747. This factor is according to these statements called Brand Perceptions. Based on the findings of Akkaya there is a significant difference in consumers’ perception of brand values depending on different lifestyle groups.⁸³ This implies that consumers do not expect the same value proposition from brands with respect to their lifestyle groups. Since the mix of values perceived

82 HAIR, J. F. et al.: *Multivariate Data Analysis*. 8th Edition. Boston : Cengage Learning, 2018, p. 132.

83 AKKAYA, M.: Understanding the Impacts of Lifestyle Segmentation & Perceived Value on Brand Purchase Intention: An Empirical Study in Different Product Categories. In *European Research on Management and Business Economics*, 2021, Vol. 27, No. 3, p. 1.

by a brand varies across lifestyle segments, the brand’s relevance to different segments distinguishes. Thus, brands need to focus on understanding this perceived mix of values across segments.

Firstly, the hierarchical method was applied followed by the non-hierarchical. Ward’s method as the hierarchical method of clustering was chosen. The output of hierarchical clustering methods is a dendrogram. The dendrogram helps the researcher determine how many clusters can be further worked with. The authors chose three as the optimal number of clusters, and this number is the basis for the application of non-hierarchical clustering method, concretely the K-means method. Table 4 shows the numbers of cases in each cluster in absolute and relative abundance.

Table 4: The number of cases in each cluster

		Absolute Abundance	Relative Abundance
Cluster	1	247	25%
	2	291	29%
	3	461	46%
	Σ	999	100%

Source: Own processing

The output of the analysis are three clusters, each of which is specific to something different, given that their members express different degrees of agreement with the statements. These outputs are then scaled in the range of 1 to 7, as shown in Table 5. In terms of frequencies, these are then used in the definition of the Millennials. The standardised scores offer a comparative framework, allowing for a more precise assessment of the differences between the clusters in terms of their attitudes, interests, and opinions.

Table 5: The scale of factors

Factor	Scale						
	1	2	3	4	5	6	7
Mobile Usage (A)	Very weak	Weak	Rather weak	Neutral	Rather strong	Strong	Very strong
Exploration (I)	Very uninterested	Uninterested	Rather uninterested	Neutral	Rather interested	Interested	Very interested
Brand Perceptions (O)	Very negative	Negative	Rather negative	Neutral	Rather positive	Positive	Very positive

Source: Own processing

Table 6 serves as a comprehensive decoder for the outputs, allowing for an in-depth exploration of the relationships between individual statements, factors derived from the exploratory factor analysis, and the distinctive characteristics of the newly formed clusters. This table provides a nuanced view of the underlying dynamics shaping each cluster and offers valuable insights into the factors influencing Millennials’ behaviours and perceptions.

Moreover, the table facilitates a closer inspection of the factors themselves – Mobile Usage, Exploration, and Brand Perceptions. By examining the individual statements that contribute significantly to each factor, it becomes possible to discern the key themes and preferences encapsulated within these broader categories. This level of detail is essential for marketers and researchers seeking to tailor strategies and understand the intricacies of Millennial consumer behaviour.

Table 6: The basic characteristics of the clusters

Factor	Cluster		
	1	2	3
Mobile Usage (A)	Very strong	Weak	Rather strong
Exploration (I)	Very interested	Very uninterested	Interested
Brand Perceptions (O)	Very positive	Negative	Neutral
	Overactive	Inactive	Active

Source: Own processing

Based on the findings, the clusters are named according to what best describes them. The members of the first cluster are very strong users of mobile phones. They use these devices daily for listening to music, working, photo shooting and playing games. Moreover, they are very active in their real lives, they like trying new things and they are trying to be positive in any life situation. The positive approach is applied also to brands by these consumers. That is why the members of this cluster are called ‘Overactive’. From this point of view, we can assume that the Millennials from this subsegment keep a very active lifestyle.

The second cluster consists of the members whose usage of mobile phones is weak. They do not use mobile phones daily for working, photo shooting, and playing games. In the case of being positive, keeping a healthy lifestyle, and trying new things this group of Millennials is very uninterested. Finally, these consumers generally perceive the brands in a negative way. For all of these reasons, the second cluster receives the name ‘Inactive’ and it means that the lifestyle of this subsegment of Millennials is at an inactive level.

The last segment of Millennials is called ‘Active’. The mobile phone usage of the consumers from this segment is rather strong. They use mobile phones for working, photo shooting, playing games, and listening to music at less than daily frequency. These consumers are interested in exploration in the form of trying new things or keeping a healthy lifestyle. Regarding brands, the consumers from this cluster perceive them neutrally. Based on the above, it can be concluded that this subsegment of Millennials keeps active lifestyles.

There are several applications of AIO method in the literature. Samutachak et al. investigated the effect of lifestyle of Millennials on job search criteria in Thailand. They found there are differences between two cohorts of Millennials (still at university and already on the labour market) in the perception of job security, what is quite interesting as many studies point out.⁸⁴ Howe and Martin discuss Millennials in general as flexible and independent. As well, in our study the differences among the identified cohorts of Millennials were found in relation to mobile usage, exploration and brand perceptions. It follows that some characteristics cannot be assumed for all members of one generation in general.⁸⁵

Some studies are focused on investigating the motives across all generations, not just a specific one. Mohd-Any et al. applied the AIO method to food choice motives, wherein they identified the top three factors of price, convenience and sensory appeal.⁸⁶ In the tourism field, Countas and Countas have used this approach by assuming hypothetical reasons for actual consumer behaviour.⁸⁷ Petrović et al. aimed at the relation of psychographic orientations to the selection of tourist destinations. They divided the respondents into groups according to three dimensions of orientation – first class, family orientation and social orientation. Afterwards, they investigated their preferences of visiting the destination due to its environmental risk and

attractiveness.⁸⁸ Blasius and Mühlichen applied multiple correspondence analysis for creating a so-called social space.⁸⁹ All of these studies did not focus on Millennials, there are very few scientific papers directed to exploring this generation from the lifestyle point of view based on AIO method. And, as already mentioned, there is a need of examining the concrete generation and finding the differences among the formed cohorts of this generation from many points of view. The findings of this study contribute valuable insights, emphasising the need to recognise lifestyle variations within the Millennial generation. The study’s application of the AIO method sheds light on specific lifestyle factors – mobile usage, exploration, and brand perceptions – that differentiate Millennials and underscores the limitations of generalising characteristics to the entire generation. This research bridges a critical gap in the literature by focusing on Millennials and providing a nuanced understanding of their lifestyle dynamics.

5 Conclusion

There are several generations of consumers in the market, which are characterised by the fact that their members have lived through the same historical events, or have lived or are living in the same political regime or (non)digital environment. Consumer behaviour in general has changed over the last two decades in response to the huge expansion of information technology. However, because even the oldest members of the millennial generation were only slightly past their adolescent years at the time, these consumers are quite different from other generations of consumers found in the marketplace. Furthermore, the form of lifestyle of the consumers of this generation also differentiates from the other cohorts.

Consumers from Generation Y are saturated with various marketing communications and messages that companies are targeting, and it is becoming increasingly challenging to engage them. For a better understanding of consumers to generate proper marketing communications for them, they need to be segmented. That is why the aim of the study was to create subsegments of Generation Y (Millennials) in the Czech market in terms of lifestyle as the non-traditional segmentation descriptive variable, while defining these subsegments is considered as the fundamental research contribution of this work.

By processing data from quantitative research focused on Millennials, AIO factors determining this segment were generated. Within the activity factor, Mobile Usage was identified. The generated interest factor was Exploration. Regarding the opinion factor, Brand Perception was detected. Based on newly emerged factors, the Millennials were segmented into smaller subsegments. From the defined AIO factors, three clusters emerged, with each of these clusters having its own profile that transform into a type of lifestyle.

The authors describe the first subsegment as ‘overactive’ consumers from the lifestyle point of view. The second subsegment is represented by consumers who are characterised as ‘inactive’ in the case of lifestyle. And finally, the members of the third subsegment were named ‘active’ according to their active way of lifestyle.

Companies can use this segmentation to better understand Generation Y and set the proper marketing communication for the consumers of this generation. It does not need to prepare a specific marketing mix for each cluster, however little differentiation among the clusters in the case of communication channels or content should be done. Thus, the practical implication can be considered the way in which companies could select the right communication channels and appropriate content thanks to the researched factors. Exploring other AIO factors determining Millennials could be the interest of further research. It could be focused on finding out the typical features for Millennials in many points of view like consumption, loyalty, environmental issues, purchase behaviour, and hobbies arising from the AIO method implication.

The research limitation can be perceived in using a consumer panel from the online environment, which

84 SAMUTACHAK, B. et al.: Dream Life Dream Job: Lifestyles That Determine Job Search Criteria of Generation Y College Students in Thailand. In *International Journal of Business*, 2021, Vol. 26, No. 1, p. 61.

85 For more information, see: MARTIN, C.: From High Maintenance to High Productivity: What Managers Need to Know about Generation Y. In *Industrial and Commercial Training*, 2005, Vol. 37, No. 1, p. 39; HOWE, M. L.: How the Millennial Generation is Transforming Employee Benefits. In *Benefits Quarterly*, 2014, Vol. 30, No. 2, p. 8.

86 MOHD-ANY, A. A. et al.: Food Choice Motives of Different Ethnics and the Foodies Segment in Kuala Lumpur. In *British Food Journal*, 2014, Vol. 116, No. 12, p. 1879.

87 COUNTAS, J. Y., COUNTAS, S.: A New Psychographic Segmentation Method Using Jungian MBTI Variables in the Tourism Industry. In *Consumer Psychology of Tourism, Hospitality and Leisure*, 2001, Vol. 2, p. 2.

88 PETROVIĆ, M. D. et al.: Conditionality of Visiting a Tourist Destination by the Degree of Environmental Risk and Attractiveness. In *Preprints*, 2023, p. 7.

89 BLASIUS, J., MÜHLICHEN, A.: Identifying Audience Segments Applying the “Social Space” Approach. In *Poetics*, 2010, Vol. 38, No. 1, p. 69.

limits the ability to generalise the results to Millennials who do not use the Internet. However, given the current trend towards digitalisation and the age of members of this generation, it can be assumed that this is a very small number of consumers. In addition, the use of an online consumer panel may lead to inaccurate responses, as some participants may complete the questionnaire quickly and thus not accurately. However, IPSOS is a certified company in the field of quality assurance of the data collected.

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