

THE MODERN UPPER MIDDLE CLASSES IN WESTERN AND CENTRAL EASTERN EUROPE

**Cross-cultural targeting in the case of
Bank Austria Creditanstalt**

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Recently, BankAustria Creditanstalt has successfully developed a strategy to target the upper mainstream market in Austria by using the Sinus-Milieu approach. The extension of that strategy to the markets in Central and Eastern Europe is currently underway. Centering upon this practical example, this paper first describes our specific methodological concept when confronted with international research and the issue of cultural diversity, then its application in the case of the BankAustria Creditanstalt, and finally its application to the post-communist transformation societies in Central and Eastern Europe.

PREFACE

The Sinus-Milieu concept does give particular emphasis to the continued relevance of historically and culturally rooted particularities in given countries. Accordingly, a thorough national analysis stands at the beginning of the research – even when working on an international level. Two examples from quite different perspectives demonstrate the necessity to take this into account. On one hand, there is the broad variety of values and lifestyles in the – apparently so homogenous – upper mainstream market in Western Europe. On the other hand, a comparison of basic values in Germany and Austria – seemingly so close to each other – shows the shortfalls when neglecting national-specific idiosyncrasies. However, a common positioning framework can be developed, based upon systematic inter-cultural comparison, and focusing on identified similarities. For that purpose, “social status” and “value orientation” serve as two basic dimensions for the positioning of multi-national target groups.

Against this background, a meaningful positioning of BankAustria Creditanstalt could only succeed on the basis of a model which reflects genuinely Austrian target groups and their particular way of thinking, living, and feeling.

When working in Central and Eastern Europe, it soon becomes clear that consumers’ everyday life cannot really be understood without taking the legacy of the past into account. In this context, it is necessary not only to take country-specific particularities into account, but the positioning framework, too, must be adapted to the region. However, we find sufficient similarities in order to establish a common framework for target group positioning on a cross-country level in Central Eastern Europe, again.

INTRODUCTION: THE SINUS-MILIEUS INTERNATIONAL

“Globalization” is the mega-trend at the beginning of the new century. The Common European Market, Nafta and Mercosur as well as the integration of China into the WTO are only some manifestations of this apparently non-reversible process. In the near future, the agreed-upon integration of ten new members into the EU definitely will add momentum to this phenomenon. Therefore, and with no doubt, is it essential for all companies which operate on an international level to obtain transnational trend and target group information for their strategic marketing planning.

However, while the political and economic framework can be decided upon and shaped by governments and international organizations, the specific socio-cultural patterns of the individual countries and regions of the world prove to

be far more resistant to change. Indeed, anybody travelling across the different countries only in Europe intuitively perceives increasing similarities, but also becomes aware of – mostly subtle, yet relevant, and sometimes striking – differences. As a matter of fact, particularities born out of historical legacies, accustomed local cultures and traditions and, last but not least, differences in mentalities linked to language and day-to-day habits are usually subject to slow transformation – and occasionally producing paradoxical counter-effects in opposition to the globalization tendency.

This doesn't make the tasks which marketing is facing any simpler. The objective is to develop strategies which are as consistent and homogenous as possible – and yet realistic, i.e. sensitive and flexible enough to always take the existing differences and idiosyncrasies into account. Therefore, the challenge, when asked to deliver meaningful consumer insights on a multinational level, is a double one: on the one side it requires a detailed and differentiated knowledge of how people from different cultures think, feel and act in their daily lives; on the other hand, in order to become operational, the detailed and necessarily complex findings must be structured, ordered and condensed: local, i.e. culture-specific information and cross-cultural comparison have to be tautly balanced.






Guided by these premises, the Sinus Institute has adopted its approach of Everyday Life and Milieu research in more than twenty countries reaching from North America to Western and Eastern Europe to Central Asia. The result is a unique instrument for identifying and describing target groups that illustrates both cross-country similarities and country-specific differences.

SINUS-MILIEUS IN WESTERN EUROPE

The determining of target groups for communication and marketing as undertaken by the Sinus-Milieu concept is based upon an analysis of everyday life within a given society. As a result, the Sinus-Milieus group together people who think, feel, and live in a similar way. The methodology is derived from ethnology and anthropology and is first of all relying on qualitative methods, especially narrative interviews and photographic documentation, geared at a genuine and in-depth understanding of individuals daily life and the way how it is subjectively perceived. In a second step, quantitative surveying and statistical analysis are applied in order to gain results valid on a representative level.

If cultural diversity plays a role in people's everyday life, it is obvious that the national market must always be the point to start from¹⁾ and the identification and description of target groups must be validated on the national level first. In our view, the findings from one country cannot be transferred to any other country without close inspection, nor do we see it as a viable path to start at a high level of cross-cultural generality.²⁾ Nonetheless, when inter-cultural comparison is concerned, strictly identical methodological standards have to be applied in every country and region.

Figure 1
44 SINUS-MILIEUS IN WESTERN EUROPE

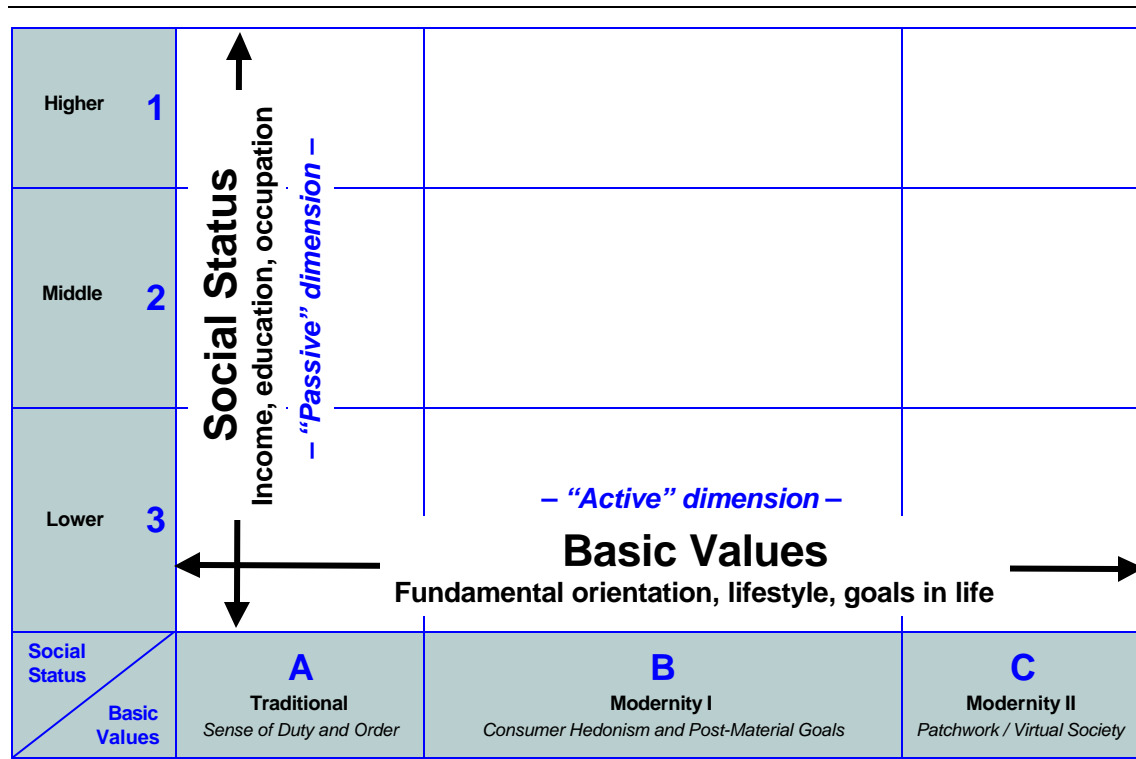
	France 	Germany 	Great Britain 	Italy 	Spain 
• Bourgeoisie installée	10%	• Etablierte 10%	• Establishts 10%	• Borghesia illuminata 10%	• Burguesia establecida 9%
• Intellectuels	11%	• Post-materielle 10%	• Post-Materialists 11%	• Progressisti tolleranti 10%	• Progresistas acomodados 13%
• France tranquille	12%	• Bürgerliche Mitte 16%	• Quiet Peaceful Britain 18%	• Italia media ambiziosa 17%	• Escaladores 10%
• Néo-Standing	9%	• Moderne Performer 8%	• Modern Performers 9%	• Neo-Achievers 11%	• Post-Modernos 9%
• Expérimentalistes	10%	• Experimentlisten 7%	• Ground Breakers 7%	• Edonisti ribelli 7%	• Vanguardistas 6%
• Consommateurs populaires	16%	• Konsum-Materialisten 11%	• Precarious 12%	• Consumisti precari 14%	• Pasotas 11%
• Toniques frustrés	10%	• Hedonisten 11%	• Pleasure Seekers 13%		• Rebledes reactivos 11%
		• Konser-vative 5%			
• Traditionels conservateurs	15%	• Traditions-verwurzelte 15%	• Traditionals 20%	• Tradizionali conservatori 21%	• Consumidores adaptados 16%
• Populaires précaires	7%	• DDR-Nostalgische 6%		• Classe post-operaia 9%	• Tradicionales 15%

Thus, if we take a look at only the five larger countries of the European Union (France, Germany, Great Britain, Italy, and Spain), we find the enormous number of 44 different Sinus-Milieus each based upon a particular definition and an individual measurement. Each national model best describes the peculiar social structure of this given country. However there is no doubt, for the purposes of cross-cultural marketing, that there is both a degree of complexity much too high for a pragmatic application and a lack of common traits helping to develop strategies that are consistent across national borders. Still, starting from the specific results in each individual country, it quickly becomes apparent that groups of like-minded people – or syndromes of common basic values and orientation in everyday life – also exist stretching

across national borders. Indeed, more often than not individuals from different countries but comparable Sinus-Milieus do have more in common with each other than with the rest of their fellow countrymen. Therefore, in a second step a systematic intercultural comparison led us to the identification of some broader, multi-national Everyday Life Segments –helping, by the way, to provide a synoptic view over the region and to simplify complexity.

These Everyday Life Segments do exist at least in a given region, i.e. Western Europe, with common traditions and shared historical experiences – but not necessarily in all parts of the world. (By way of contrast, later in this paper we will learn about some specific differences between Western and Central Eastern Europe.) In addition, a similar positioning model can be applied to the region for a visual representation of results, which is very important for practical application.

Figure 2
THE POSITIONING MODEL FOR WESTERN EUROPE



This positioning model relies on two basic dimensions: “social status” and “value orientation”. Whereas the meaning of the vertical axis “social status” can be easily understood intuitively,³⁾ it is worth giving a little more attention to the horizontal axis “basic values”, inasmuch it provides interesting insights into social change and the historical evolution of Western European (and

North American) societies as well. Generally speaking, attitudinal patterns dominating in a particular period of social development are having continuing significance for certain parts of society even today. Value change proceeds evolutionarily: Historically “older” patterns will lose their function of setting tone in society in the course of social change, but they do not completely disappear in the next period.

Figure 3
THE DIMENSION “BASIC VALUES” IN WESTERN EUROPE

	1950s	1960s to 1980s	1990s/2000s
	<ul style="list-style-type: none"> ■ Duty and acceptance ■ Conformity, traditional morals 	<ul style="list-style-type: none"> ■ Status and possession ■ Standard of living and pleasure ■ “To be” instead of “to have” ■ Self-actualisation, emancipation 	<ul style="list-style-type: none"> ■ Flexibility, mobility, multiple options ■ Multimedia, “reality sampling”
	A	B	C
	Traditional <i>Sense of Duty and Order</i>	Modernity I <i>Consumer Hedonism and Post-Materialism</i>	Modernity II <i>Patchwork / Virtual Society</i>

Still, in the 1950s almost all Western European societies were dominated by values of conformity and acceptance. In the decade after World War II, the desire to satisfy basic needs, for a peaceful life, and – later – for modest wealth prevailed. Traditional morals like respect for authorities, thrift and sacrifice, and typical roles attributed to men and women were unquestioningly accepted. Nowadays, these orientations still have relevance in the Traditional Segment.

In the 1960s, in the wake of successful reconstruction and long lasting economic prosperity, the achievement-oriented and affluent society presented itself. To produce and possess something, and then to openly display one’s own economic status and social standing became the main goal in the life of an entire generation. By increasingly assigning more importance to the quality of life – measured directly by the possibilities to consume – this era demonstrated

the first signs of a sprouting hedonism which had not been seen in Europe since the 1920s.

A veritable thrust of value change occurred at the end of the 1960s/beginning 1970s which first expressed itself in massive, partly violent shocks in social life. The generation of the baby-boomers protested against the values of their parents and grandparents, and traditional values were questioned just as the materialistic obsessions with status and consumption. To be spontaneous, to be free, to be independent, to search for and to find oneself: these notions turned into maxims of life which certainly only a minority of the people realized radically; nevertheless, it has changed European societies more substantially than any other development after that time. By contrast, it has proven to be but the catalyst of a more general modernization of European societies and the most important driver of social change of the past decades until today. Over the years, self-realization and/or pleasure seeking have turned into a common orientation which is characterizing most of the mainstream markets in Western Europe today.

In fact, first those protest movements – particularly borne by students at that time but in some countries, especially in France and Italy, endorsed by a radicalizing working class as well – were characterized by strong criticism of the materialism of the Affluent Society and in this sense completely in line with the post-materialism paradigm by Inglehardt.⁴⁾ However, looking back one can hardly imagine the “Wild 1980s” with their rapidly changing trends and fashions, their uninhibited hedonism and the new economic boom resulting of it, without the liberation of the individual from inhibiting, traditional norms and obligations triggered of by that strand. But the sharp juxtaposition of hedonistic and post-materialist orientations has lost its distinctiveness over time, becoming more and more two sides of the same medal. Eventually, the striving for autonomy, already the basic motive in the earliest movements, continues to be the most significant driver of social change until today.

With the transition from the industrial to the service and finally to the information society, Western European societies enter a new phase: the Second Modernity. In the course of ever faster technological changes, the drastic diversification of communication channels and of medially conveyed information, complexity, interdependency and virtuality of everyday life are growing. In addition, both society as a whole and the individual are confronted with new challenges: The processes of deregulation, liberalization and globalization of the economy represent the most important issues. Also the dramatic changes in Eastern Europe and thus the end of a bipolar world shaped by the antagonism of capitalism and socialism add to the need for re-orientation. Customary structures dissolve, conceptions which have been

believed to be imperturbable begin to sway and linear, long-term planning becomes more and more senseless. A high degree of flexibility and mobility, the capacity to deal with complex and sometimes paradoxical situations and the willingness to continuously consider different options become the characteristics of active, successful life strategies in all Western societies.

As is illustrated by figure 3, the positioning model reflects these historically evolved basic orientations. Herein, different value patterns are relevant for different groups of people (Of course, more often than there is no clear-cut distinction and mixtures of values do occur). Thus, this positioning model provides sufficient methodological flexibility to reflect culture-specific insights but yet a common framework to allow for cross-cultural comparison.

Figure 4
MULTI-NATIONAL EVERYDAY LIFE SEGMENTS IN WESTERN EUROPE:
POSITIONING ACCORDING TO SOCIAL STATUS AND BASIC VALUES

Higher 1	(Upper Conservative)	Establisheds	Intellectuals	Adaptive Achievers
Middle 2	Traditionals	Modern Mainstream		Experimentalists
Lower 3	(Traditional Working Class) (Archaic-Rural)	(Consumer-Materialistic) Modern Lower Class		(Fun & Action Oriented)
Social Status Basic Values	A Traditional <i>Sense of Duty and Order</i>	B Modernity I <i>Consumer Hedonism and Post-Material Goals</i>		C Modernity II <i>Patchwork / Virtual Society</i>






Seven multi-national Everyday Life Segments can be identified in Western Europe today. The higher the location of a group is in figure 4, the higher the level of income, education and professional prestige of its members; and the further to the right its position, the more modern their basic values. Within this strategic map, it is also possible to plot products, brands, media, etc. To illustrate at least some of the groups in more detail, we haven chosen the

example of the upper mainstream markets in Western Europe, i.e. the two segments of the “Establisheds” and the “Intellectuals”. Their common cross national traits are briefly summarized in figure 5, whereas relevant culturally specific nuances are shown in figure 6.

Figure 5
ESTABLISHEDS AND INTELLECTUALS: COMMON FEATURES

Establisheds	Intellectuals
<ul style="list-style-type: none"> ➤ Middle age groups (30 to 60 years), higher education, high incomes ➤ Entrepreneurs, self-employed professionals, managers ➤ Performance- and success-orientation, willingness to lead, efficiency-minded ➤ Status-conscious, enjoying a living standard, exclusive tastes, connoisseurship 	<ul style="list-style-type: none"> ➤ Broad age spectrum (20 to 60 years), highest education ➤ Qualified employees and civil servants, liberal professions, self-employed ➤ Open-minded and tolerant, cosmopolitan outlook ➤ Post-materialist values, looking for meaningful experiences and self-fulfilment ➤ Manifold cultural and intellectual interests

Figure 6
ESTABLISHEDS AND INTELLECTUALS: CULTURAL-SPECIFIC NUANCES

	France 	Germany 	Great Britain 	Italy 	Spain 
Establisheds:	Bourgeoisie installée Elitist spirit, highly sophisticated styles („savoir vivre“)	Etablierte Strong desire to modernize (both themselves and society), efficiency is the issue	Establisheds Modern outlook on society and the economy - but quite traditional in private life	Borghesia illuminata Conservative view on public affairs - but quite modern lifestyles	Burguesia establecida Marked achievement orientation, technocratic attitudes
Intellectuals:	Intellectuels Strong orientation towards social justice and equal opportunities	Post-materielle Marked ecological sensitivity, critical towards consumption	Post-materialists Opinionated observers and moralistic commentators, less active	Progressisti tolleranti Politically and morally engaged (anti-globalisation), relatively low social status	Progresistas acomodados Liberal mindsets, professionally successful, quite well-established

Another interesting example which demonstrates the importance of genuine understanding of cultural idiosyncrasies when engaging in cross-cultural targeting comes from the comparison of two countries – Germany and Austria. In the European context apparently so close to each other, with not only the same language spoken in both countries, but qualitative research also pointed at a rather large set of shared values and orientation. Therefore, the questionnaire for the identification of Sinus-Milieus, the so-called milieu-indicator, contained – among other quite specific items – also a large number of common statements in Germany and Austria. For the mere purpose of satisfying a researcher’s curiosity, we tested in the “laboratory” what would happen if we consciously acted in contradiction to our methodological principles: We “exported” the German Sinus-Milieu model to Austria. The results were striking and unanticipated. Here are only two aspects: the size of the “Etablierte” turned out to be – at 20% – twice as large in Austria compared to Germany. (It was hard to believe that the Austrian “elite” would be so much larger.) On the other hand, the size of Traditionalist was – at 7% – just half of that measured in Germany. (By no means did it seem plausible that so few traditionally minded people would exist in Austria). As a matter of fact, our authentically Austrian model at the end proved that the Established milieu has exactly the same size in both countries, whereas the Austrian traditional segment (however with some very different characteristics) was even larger in size than in Germany. The explanation for these strange results of our “laboratory experiment” was found when doing a thorough comparison of the relevance of given values in the two countries. The most relevant results are summarized in figure 7.

Now, the conclusion appears obvious: The “yardstick” from one country is not appropriate for identifying target groups in another country, even if comparable groups do exist. Exactly because the importance of status and social prestige is rather widespread among Austrians, these characteristics are not that appropriate for an exact delineation of an elite group. Because traditional people in Austria are more characterized by rural ancestry, religiousness, and the love for nature and less by values like duty, discipline and order – the classical “Prussian virtues” – as it is the case with their German counterpart, a different identification profile must be adopted. A culturally specific measurement is needed in order to precisely grasp even comparable, i.e. in a broader context quite similar groups in different countries. (Needless to say, the demonstration of what would have been the consequences if working with a “German import” or “Euro-typology” definitely confirmed to the client that his not too small an investment into the development of a genuine Austrian Sinus-Milieu model has been a sensible decision.)

Figure 7
COMPARISON OF BASIC VALUES IN AUSTRIA AND GERMANY



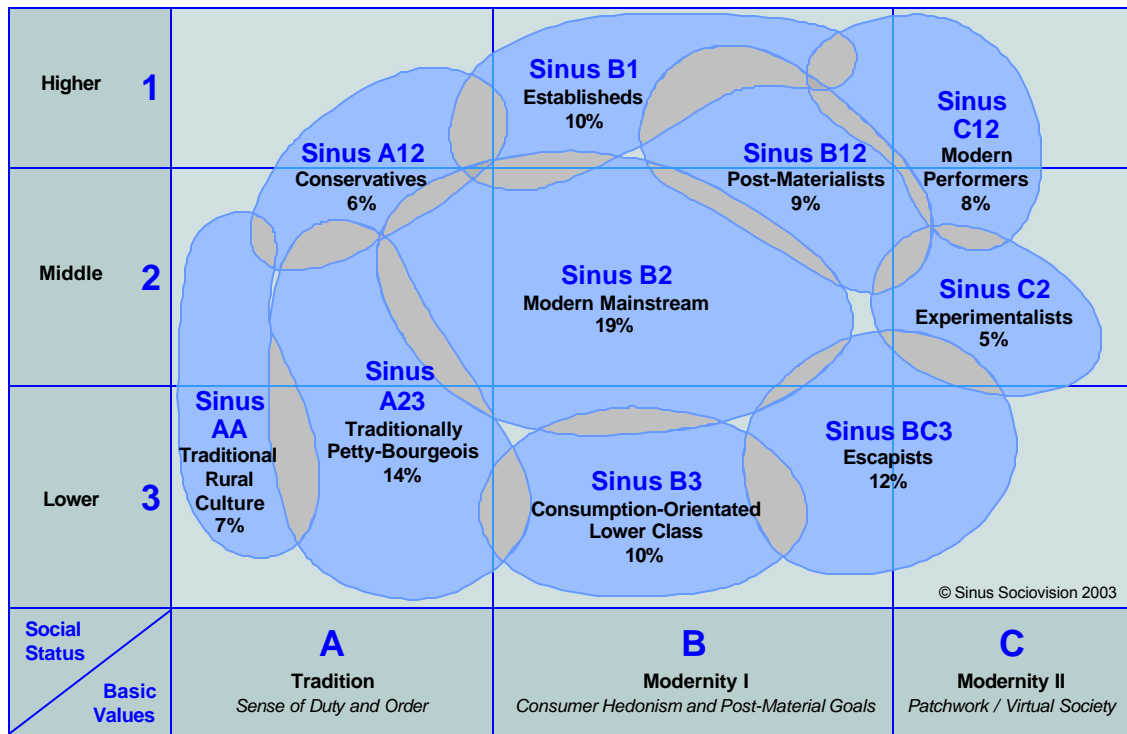
 Orientations which are more distinct in Austria	<ul style="list-style-type: none"> ■ Success, status, social prestige ■ Religiousness ■ National pride ■ Environmental and health consciousness ■ Appreciation of education, art and culture ■ Life according to the pleasure principle
 Orientations which are less distinct in Austria	<ul style="list-style-type: none"> ■ Joy of consumption ■ Concern caused by social conflicts ■ Globalization, multiculturalism ■ Values of duty and acceptance

Figure 8
THE SINUS-MILIEUS IN AUSTRIA: SOCIAL STATUS AND BASIC VALUES



Status: 2001; Basis: 4,239 persons

In the following, we will show the application of this model to a specific marketing task.

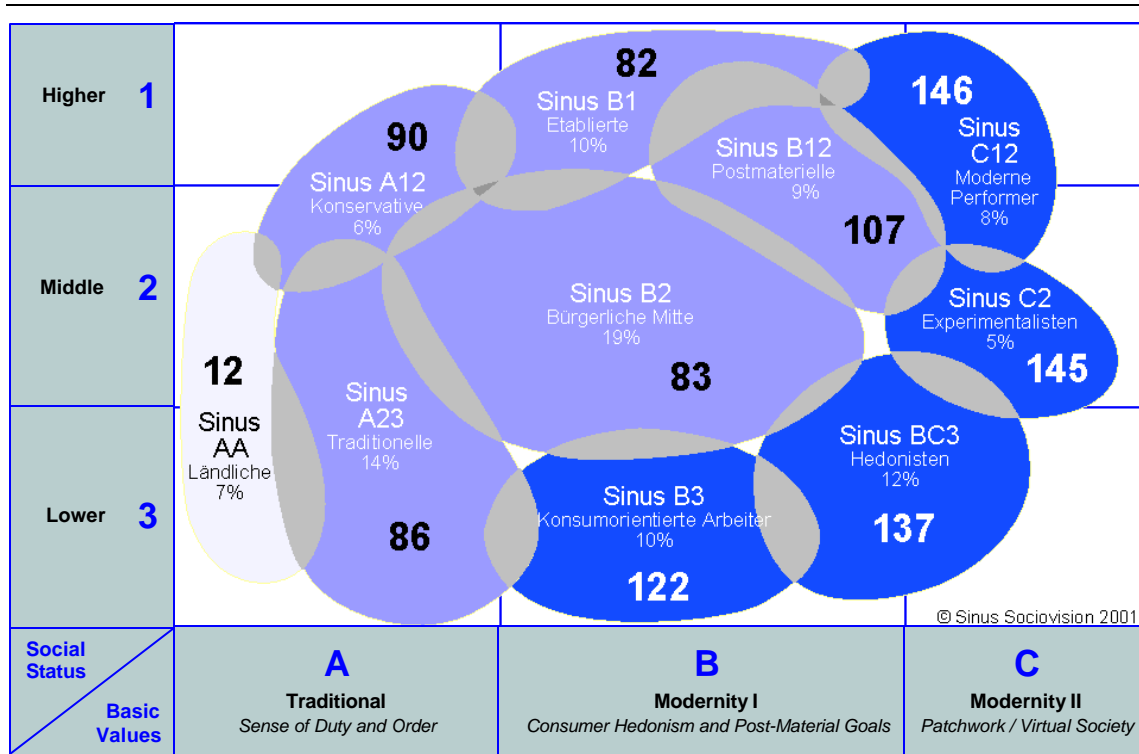
**CASE STUDY BANKAUSTRIA CREDITANSTALT:
DEFINITION OF A MERGED BANK'S POSITIONING
BY APPLYING THE AUSTRIAN SINUS-MILIEUS**

On 12 August 2002, the two largest Austrian banks, BankAustria AG and Creditanstalt AG, were merged into a new bank: BankAustria Creditanstalt AG. On account of the banks' different histories – one main root of BankAustria is a local Viennese savings bank, whereas Creditanstalt was the classical bank for industry and the corporate sector – the positioning of the banks were quite different. Although both were universal banks, BankAustria held the position of a large mainstream bank “for everyone”, while Creditanstalt was generally regarded as the bank for corporates and upper-class retail customers. After BankAustria took over Creditanstalt in January 1997, this positioning gap was bridged by applying a two-brand strategy which sought to sharpen the traditional images of the two banks and to avoid strong irritations among the core customer targets. For several reasons it was decided to merge the two banks by August 2002, and we faced the challenge to design and apply a new positioning approach that was as appealing as possible to potential customers, and, at the same time, caused a minimum of irritation among our existing customers (considering the large variety of target groups among customers of both banks).

During this process we soon felt the need for a professionally developed segmentation and positioning tool that had a profound scientific background and that was already successfully applied in “real life”. After a short, intensive selection and discussion process the bank decided to co-operate with Sinus Sociovision and use their approach of the Sinus-Milieus. Once we had received the newly developed Austrian Sinus-Milieu model, our initial approach was to have a first look on this “milieu-map” to identify the environments from which our clients – and those of our competitors – came.

Figure 9 clearly shows that clients from BankAustria are located in the segments of people thinking and behaving along modern lines: “Modern Performers”, “Experimentalists”, “Hedonists”, but also in some segments at the bottom of the map (small people – “Consumption-Orientated Workers”), who share the values and the way of living of the 1970s and 1980s.

Figure 9
BANKAUSTRIA

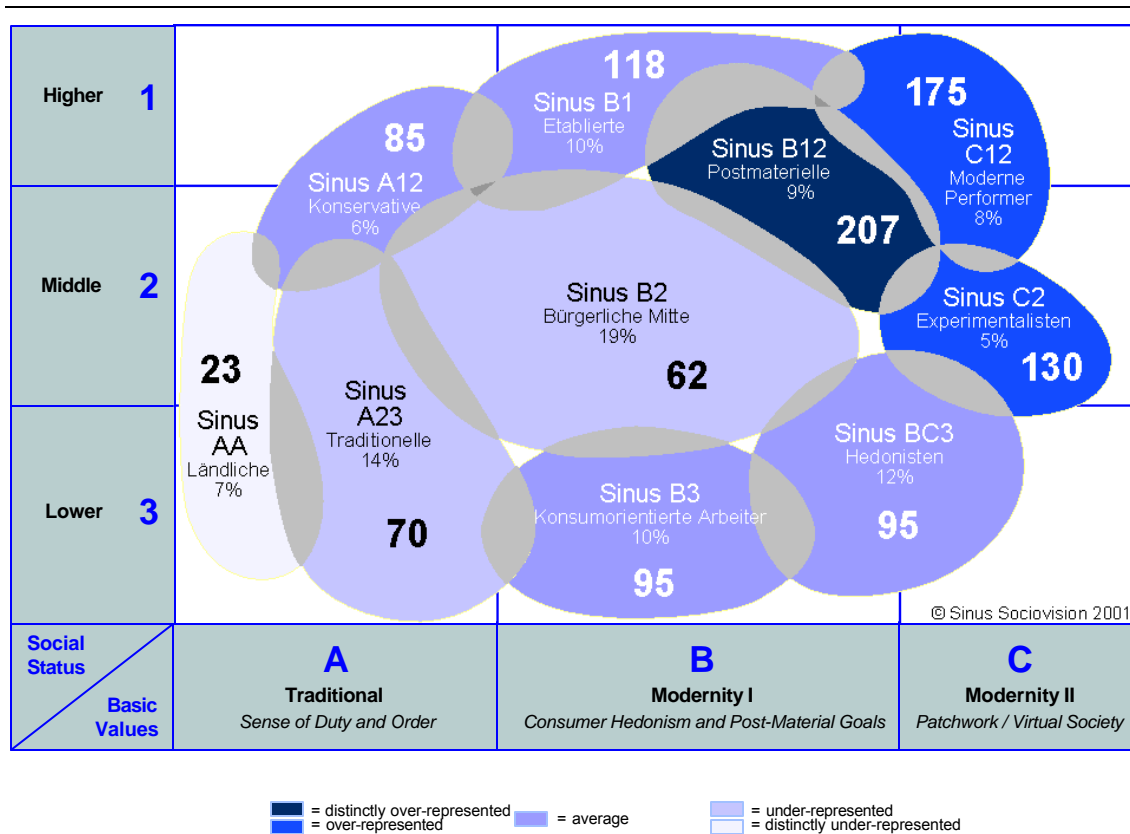


■ = distinctly over-represented
 ■ = over-represented
 ■ = average
 ■ = distinctly under-represented

Main Bank (Indices: $\emptyset = 100$). Status: 2001, Base: N = 4.239

Creditanstalt clients, on the other hand, were found overproportionally among the “Post-Materialists” (values of the 1980s but higher social level), young and modern people (“Modern Performers”) and tendentially upper-class customers (“Establisheds”). Altogether clients of both banks were found overproportionally in seven milieus. (See figure 10.)

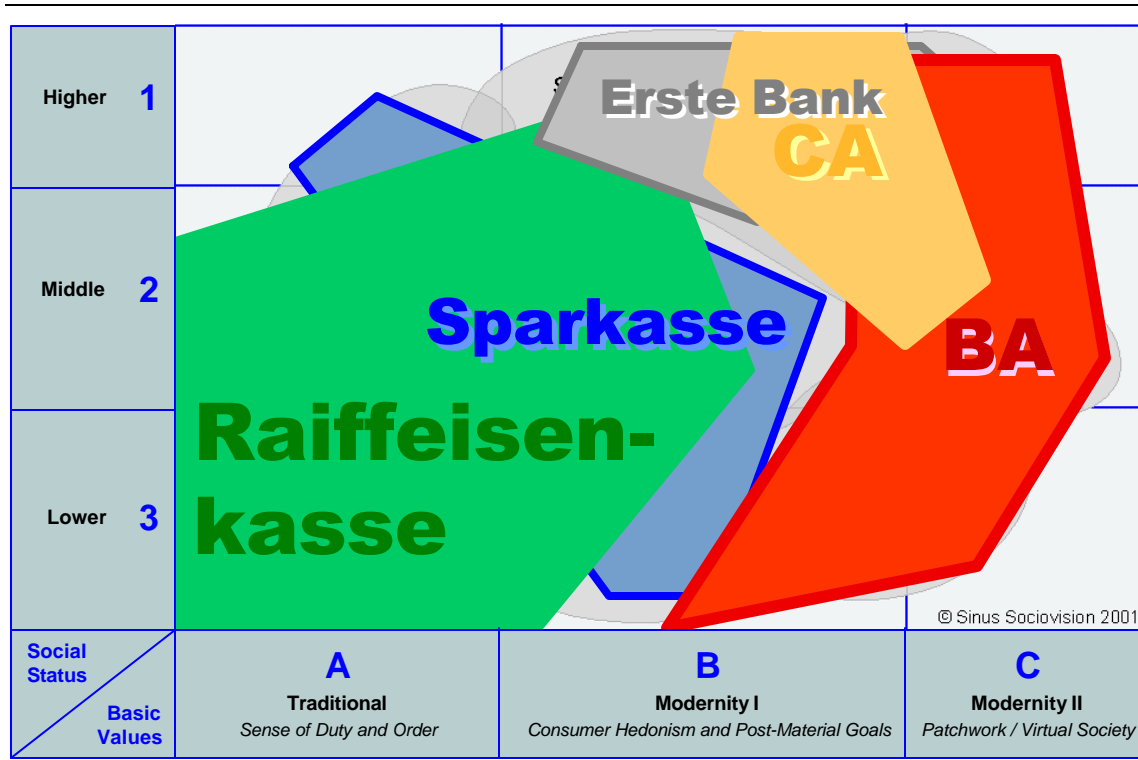
Figure 10
CREDITANSTALT



Main Bank (Indices: $\emptyset = 100$). Status: 2001, Base: $N = 4.239$

The clients of the bank's main competitors could also be identified quite easily. Raiffeisen, which in Austria – in contrast to CEE markets – is rather a traditional rural bank, recruits the majority of its clients from the traditional middle and lower class population, while the clientele of the local savings banks is composed of the rather modern middle classes and the conservative upper class. Both institutions do not have large overlaps with either BankAustria or Creditanstalt. This is only the case with Erste Bank, which addresses – at least partly – a similar target group like Creditanstalt (“Establisheds”). At that point of our analysis we had learned where our customers are located, which segments could be considered as possible target groups and which belong to our competition. Nevertheless we were still facing one big problem: The seven segments in which our clients were found differed strongly in terms of social values, lifestyles and attitudes towards money, investment and banking in general. The big question that remained unsolved at that stage was which of the seven segments – and simultaneously – which of these seven different positioning opportunities should we choose?

Figure 11
POSITIONING OF MAJOR AUSTRIAN BANKS



According to Main Bank Account

The next steps were set on the basis of the assumption that for successful brand development and efficient brand maintenance a unique, clear and credible brand identity had to be created. It was also clear from the beginning that it would not be possible to define a sharp and unique positioning that is equally appealing to all seven milieus in which BankAustria Creditanstalt customers are found. For defining the most promising approach we analysed data together with Sinus Sociovision a second time to identify so-called mentality fields. The idea behind these mentality fields was that each milieu has its own characteristic set of lifestyles and social values which are different from those of other milieus. However, some values and lifestyles of a single milieu are to some extent also attractive to one or more neighbour milieus. For instance, while the attitude “performance is fun” is one main characteristic of the “Modern Performers”, it has also some attractiveness for other milieus such as Experimentalists or, to some extent, also “Post-Materialists” – even if it is not one of the core characteristics of those segments. All communication elements relating to “performance is fun” will reach not only “Modern Performers” but also “Experimentalists” or other neighbourhood milieus.

Figure 12
BANK AUSTRIA/CREDITANSTALT: POST-MATERIALISM

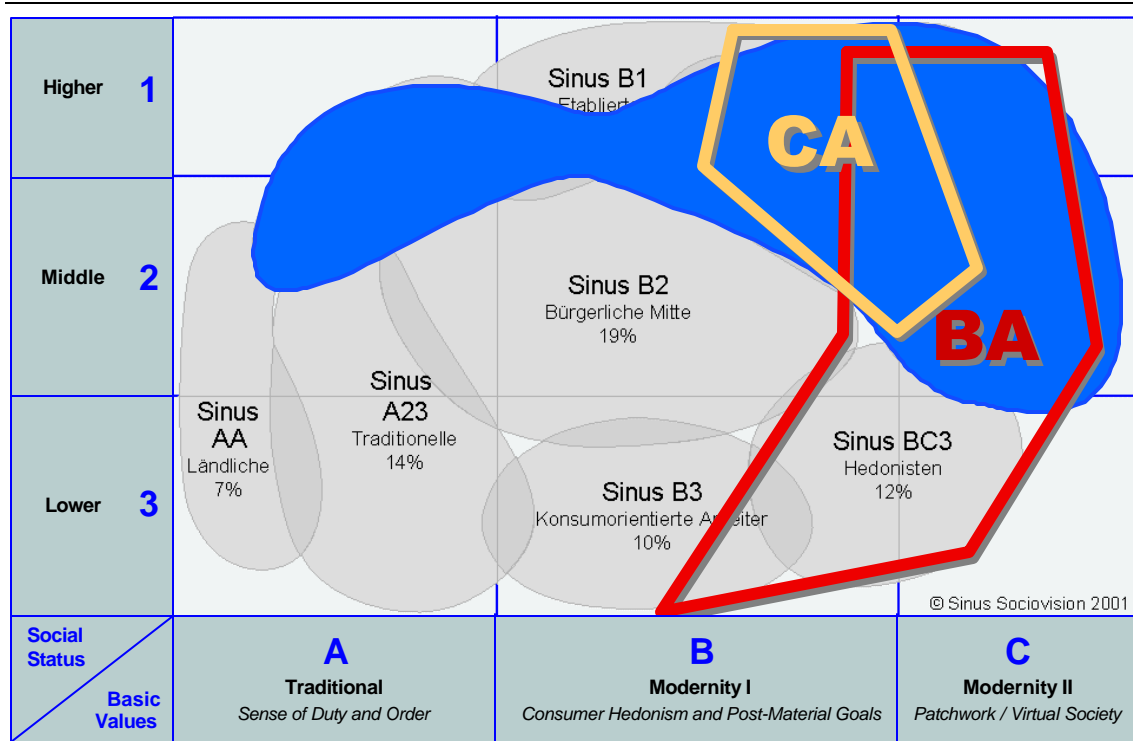
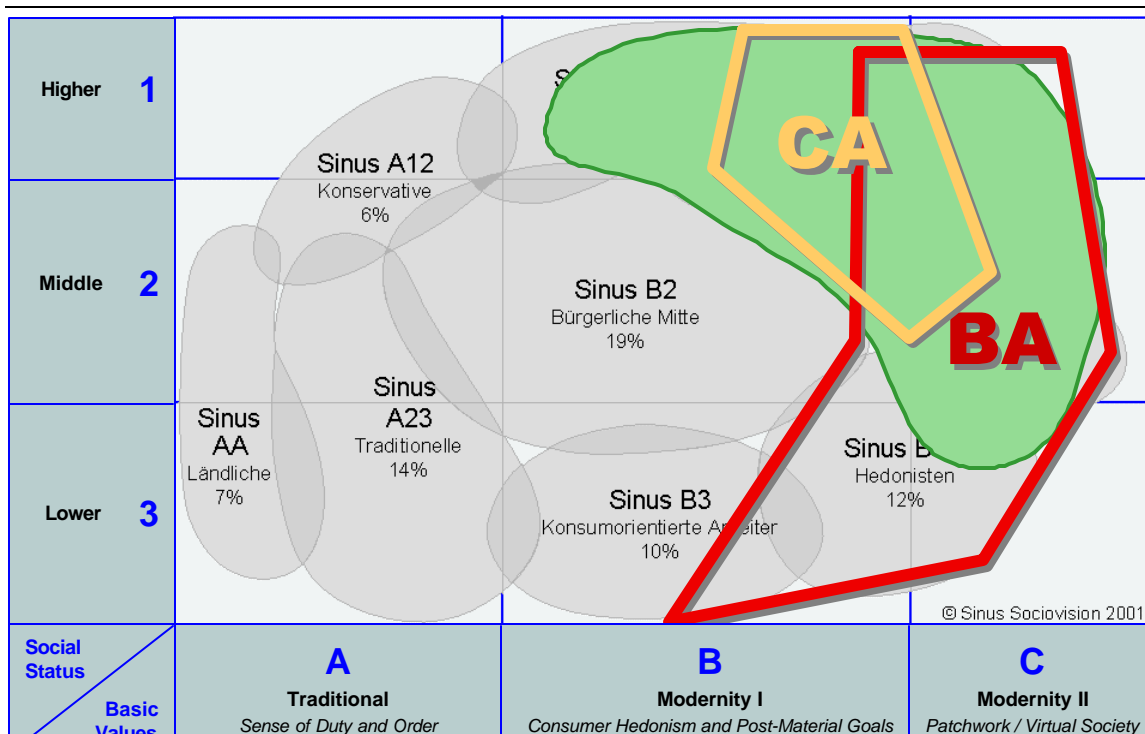


Figure 13
BANK AUSTRIA / CREDITANSTALT: MODERN PERFORMING



After some loops of data analysis, two mentality fields were identified: First, Post-Materialism, a set of attitudes that was not only shared by “Post-Materialists” but also by “Modern Performers” and “Experimentalists”. Second, Modern-Performing, which naturally was appealing to the “Modern-Performer” milieu, but to some extent also to “Post-Materialists”, “Establisheds” and “Modern Performers”. We found some additional mentality fields as well, however, Modern Performing and Post-Materialism were by far most attractive for the majority of our existing clients. Consequently, the milieus that matched these two mentality fields most closely (namely “Post Materialists” and “Modern Performers”) were defined to be the core targets, where the brand nucleus of the new brand has been placed. All marketing activities such as product development, communication activities, etc. will be developed to address in the best possible manner the value system and the way of life of these target groups. This may be, for example, offering investment products that meet the need of these target groups to take more risk; it will affect the visuals and the verbatims of the communication (no tradition, for instance); or it may simply mean that specific car brands are shown on a folder advertising car leasing, where we now know that this car brand best fits our targets’ lifestyles and tastes.

Finally, however, we had to think about those segments that were not covered by this approach: on the one hand, the lower-class customers (“Hedonists”, Workers) and, on the other hand, some groups of the establishment (upper class). For both segments we decided to introduce sub-brands with a positioning approach different from the core brand’s positioning. To the lower classes, whose orientation is hedonistic and consumption-orientated but whose financial resources are rather limited, we will offer a sub-branded client card which enables them to buy tickets for concerts, sport events, etc. at significantly lower prices. The second group, the “Establisheds”, for whom status is an important issue, will be attracted with a special bank club which will have a premium position.

For us at BankAustria Creditanstalt, the approach of the Sinus-Milieus was an excellent basis to identify and describe our target groups. We were able to develop a positioning approach which, although not appealing to all customers of the two merged institutions, is yet at least attractive for those segments which we consider to be the most promising in the future. Based on this excellent experience, we decided to cross the Austrian borders into the Central and Eastern European markets where BankAustria Creditanstalt is operating and to use this tool for identifying the optimal segmentation and positioning approach for our subsidiaries in those markets.

SINUS-MILIEUS IN CENTRAL AND EASTERN EUROPE

Social transformations that have been taking place in Central Europe since the collapse of the communist governments demonstrate both a series of specific features – typically related to the underlying cultural and social structures – as well as a remarkable influence of West European models, and in a broader perspective, neo-liberal trends. To know what are internationally converging trends to build on and to secure a solid and sustainable business development is the essential information for decision-makers. But beyond the converging patterns, there are persisting specifics that need to be taken into account as well.

Since the dislocation of the communist bloc, it has been assumed that the Eastern societies would eventually catch up with the West. This assumption proves relevant for economic policies and systemic reforms (adopting the liberal, democratic standards of the West), however, when it comes to people's aspirations and needs, a univocal catching up with Western socio-cultural models proves to be less self-evident. Unquestionably, people's overwhelming desire to enjoy a comfortable lifestyle in a consumer society represents a extremely powerful motor of individuals' life strategies in the post-communist societies and as such, it stands for a key factor of social change. Here, the Western societies provide the role models. Yet, in the background, views and attitudes, values and claims incidentally reflect resistance to an uncritical acceptance of Western models. Back in the 1990s, many more or less amusing anecdotes (i.e. advertising) demonstrated these "micro-shocks" of cultures. The interesting thing about these cultural, sometimes subtle local nuances is that they do not disappear in time, thus strongly challenging the "globalization" thesis.

Social change in Central and Eastern Europe cannot be understood without a comprehension of people's lives over the past 50 years. One of the obvious sources of distinct cultural realities is the specific social, economic and political history. In these countries, the past is certainly subject to criticism and regret, but also a source of positive memories and emotions. Many people are genuinely proud of their history and cultural legacy, proud of their roots and traditions. Beyond social representations, the past has also profoundly printed its mark on the social structure and the way people perceive and judge the world around them. And, above all, people tend to insist on the integrity of their individual biographies.

While the overall political stability and controlled economic development provided a favorable ground for the acceleration of socio-cultural transformations in the Western world as described above, social change in the former communist bloc came about with a different pattern. We shall above all

highlight the socio-cultural turmoil which most of the societies in the former soviet bloc went through in the aftermath of World War II. Putting the national specifics aside for the purpose of concision, the overall trend led to a remarkable promotion (metamorphosis) of entire generations coming from lower social strata (often rooted in pre-industrial, traditional role models) into modern, active individuals developing personal life strategies. The social violence of this phenomenon in Eastern Europe, its specific political and economic context, resulting in the destruction of the old social structures and the emergence of new ones, should not be underestimated.

Figure 14
EVOLUTION OF SOCIAL STRUCTURES IN CENTRAL EASTERN EUROPE

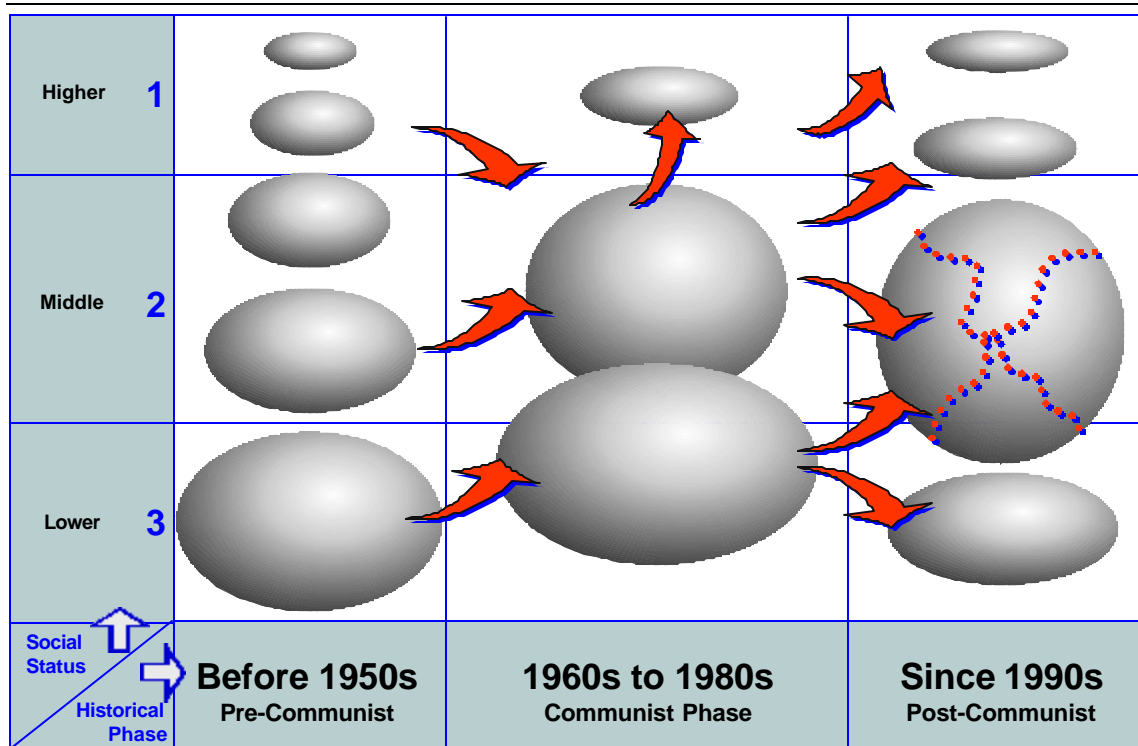


Figure 14 proposes a simplified representation of different stages of the process. Obviously, the social restructuring did not end with communism. The initiation of recent systemic transformations led to the emergence of new socio-cultural phenomena, where social and financial opportunities were again propelling some to the top while dramatically downgrading others. This phenomenon is more or less acute in regard to specific countries – in some countries (e.g. the Czech Republic), there seems to be more stability in the social structure, while in others (e.g. Croatia) the most recent history caused even more cracks to open in the social landscape.

Today, however, the region's overall political stabilization has been confirmed. Economic growth has globally resisted internal and external crises. The perspectives of the integration into EU finally became concrete. People have progressively accommodated to the new political and economic environment, its opportunities and constraints. Various surveys regularly highlight that open-minded, pro-active attitudes are at work in all post-communist societies. Certainly this is not always a smooth evolution. There are tensions in private life and at work. The purchase power is unequally partaken. But the overall stabilization of everyday environment leads to a progressive crystallization of the post-communist social patterns.

First experiences and attempts to create appropriate models for former communist countries started as early as the beginning of the 1990s. It has been clear to us from the beginning, that – in addition to paying attention to national particularities – we would need a tailor-made positioning model for these countries, too. In particular, the dimension “basic values” was to be defined according to the specificities of socio-cultural evolution in this region.

Figure 15
THE DIMENSION “BASIC VALUES” IN CENTRAL EASTERN EUROPE

	<ul style="list-style-type: none"> ■ Norms ■ Role Models ■ Authority ■ Protection 	<ul style="list-style-type: none"> ■ Coping with the changes ■ Better living standards ■ Stepwise new experiences ■ To be coherent to one's own biography 	<ul style="list-style-type: none"> ■ Self-centered search for fun and pleasure ■ To explore the world ■ To make the most out of one's potential
	A Tradition <i>Belonging</i>	B Adaptation <i>Advancement</i>	C Modernity <i>Indulgence</i>

A comparative appreciation of the value axes in East and West enhances some of the issues that we need to take into account when analyzing the social change in the post-communist societies. For instance, when we focus on the

specific period of the 1970s and the 1980s – a period of important changes in the West as we have seen before –, we realize that during the same period of time the Eastern and Central European countries were undergoing a parallel socio-cultural evolution, resulting in a original value pattern. For obvious reasons, we would find neither post-materialism nor consumer hedonism in the communist world. Even though some facets of the latter can be tracked in the East today, its historical occurrence makes its sociological significance quite different from what has been observed in the West during the 1970s and 1980s. Instead, while capitalist neighbors were busy with the construction of their affluent societies, a sense of the self has developed – not without some irony – in the underground of the collectivist ideology driven socialist world, too. This sense of the self appeared to be supported by a specific, largely compensatory drive for pleasure in personal time and privacy. People have substituted materialistic consumption by a spiritual consumption, not necessarily to be understood in a religious sense. Today, one of its results is that even though post-communist societies can't be possibly qualified as post-materialistic, critical views on too materialistic motivations and life strategies as well as conspicuous consumption with a desire of catching up with the consumerist model exist side by side, paradoxically shaping social change.

Let us again illustrate this by the example of the upper mainstream markets. Here, we refer to key strategic targets, standing not only for economic capital, but also for authentic cultural and political influence. Our international research provided evidence of the relevance of such target groups in all countries, both in Western and Eastern Europe. Having said that, it is clear that beyond this general definition we have to face the socio-cultural heterogeneity of this group. It is observed in a double way. First, we can identify obvious differences between West and East. Some are due to the difference of living standards (i.e. income level), others are resulting from the different socio-historical processes in which given groups emerged and consolidated themselves. Incidentally, these differences delicately constitute a straightforward bridge between the “two Europes”. A second level is being observed within the single region/country. Indeed, people apparently belonging to the same social stratum of affluent, influent and competent individuals prove to differ when it comes to models and representations of both personal and collective destinies.

With regard to Central and Eastern Europe, the very first imperative is to get rid of some of the most frequent stereotypes concerning this upper middle market (even though, as with all stereotypes, they may bear a grain of truth). Above all, we need to abandon the quite common representation of a social reality where a very small very rich group (emanating mainly from former nomenclatures, completed by more or less colorful mafia-type adventurers

having made fortunes in the economic and political turmoil of early 1990) is opposing the rest of the society, much poorer, much more disoriented and nostalgic. Yet, to grasp the elite of a population is essential. The importance of a precise definition of this specific social layer – not only in terms of socio-economics but also in terms of socio-cultural model – is (at least) a double one: In a marketing angle, the upper-middle market represents an essential target group for many companies, not only because of their actual purchase capacity, but also because of the role model these people often represent for mainstream targets. Secondly, views, attitudes and behaviors observed here provide us with a sharper and richer understanding of changing values and social representations in a given country. This socio-cultural insight into the market, beyond the undeniable intellectual interest, proves to be essential when it comes to specific marketing activities such as communication or product design.

Poland will illustrate our approach and the complexity of the picture. In this country, two Sinus-Milieus represent the upper-middle market: “Conservative Catholics” on the one hand and the “Liberal Upper Class” on the other. While the former represent the set of values of a slightly older generation, the latter corresponds to the generation that has significantly contributed to setting up the bases of the post-communist society.

The “Liberal Upper Class” represents approximately 10% of the total population in Poland. In the overall process of transformation since the 1990s, power and influence have progressively been shifting towards a new generation of well-educated and dynamic people. Aged between 30 and 50 years, they are highly qualified professionals, managers, executives coming to the front in business and public administration jobs. Today, they represent the top of the social hierarchy in terms of cultural, economic and political capital, they detain the actual power and fully control the new socio-economic system, and they modernize the country and boost its integration into the European structures. Progressively emerging as a consistent social group with a distinct lifestyle, this milieu represents the original socio-cultural pattern. Educated in the old (socialist) schools, they personally saw and experienced the reality of utter dysfunction of the former political and economic system. They have, as a result, embraced quite enthusiastically – yet in a rather pragmatic, not ideological way – liberal thinking and were quick to convert to the rules of a free market and an open society. Their value system emphasizes individuality and drive for self-expression. Autonomous and performance-driven, they aim at achieving personal success through professional and social promotion. They see themselves as a part of the elite and are eager to make most of a high living standard. Their consumption habits have increasingly become eclectic and demanding.

Around 5% of Poles belong to the “Catholic Conservatives”. Still today, this group exercises a visible influence in the Polish society. Often adopting a sententious attitude in public debates (e.g. on abortion or homosexuality), they succeed in playing a comparatively active role in cultural and political life of the country. Frequently violently attacked by ardent supporters of pro-Western modernization, they with determination endorse the mission of saving the “Polish soul” from its dissolving into the consumerist vague. As individuals, they seek and actually have a comfortable, yet not outstanding living standard. They consider moderation and usefulness a virtue. Their sense of responsibility commits them to various social activities and charity actions. Genuine attachment and desire to preserve national identity go hand in hand with tolerance and acceptance of foreign, especially Western European influence in the name of common historical legacy and shared future. The views on joining the EU are a typical illustration of this mindset. While remaining reasonably pro-European in the name of a cultural and humanist ideal, a political resistance can eventually evolve as the concerns about the risk of a dissolving national specificity within a large European entity dominated by the West increase.

We won’t have the opportunity to go into the details and particularities of the other upper mainstream groups in this paper, but it is important to stress the existence of specific national models. We have illustrated our approach with Poland, but it is clear that despite many converging findings, we are dealing with different Sinus-Milieus and different patterns in each single country. Unique historical legacies, religious background and intellectual traditions have shaped specific mindsets. The local and national specifics should not be underestimated, especially when operational marketing decision is at stake.

SUMMARY

The comparative analysis of the evolution of social change in Western and Eastern Europe revealed interesting insights. Viewed from today’s point of view, it becomes apparent that both “sides” of Europe have many things in common. They have shared a lot during their past prior to World War II – and common cultural traditions and values still appear to be relevant today, especially in the Traditional Segment. Moreover, in front of a likely common future, we observe quite similar motives and attitudes in the most “modern” groups – which seem to have already arrived at the Second Modernity in the West as well as in the East of Europe. However, the mainstream groups, which have grown up in and been formed by that intermediate phase in which Europe was divided by the Iron Curtain, present the most evident diversity. This phase which has led to a huge shift towards modernity in both the East and the West – but under very different conditions.

However, if we look at the transformations which happened in the West since the early 1970s from hindsight, we realize that much of what happened in West happened in the East as well – but underground and in a somewhat “deviated” manner. Indeed, we can speak about a “compensatory” dynamic – in order to use a concept of social psychology. Generally, compensation is at work when some drives and motives are prevented from fully developing. Therefore, as we have pointed out in this paper, the socio-political evolution in the West should not be confused with its underlying social dynamic. If we distinguish the two things, we discover that the same longing for a better world, a better life, and less limitations – yet not necessarily the wish to imitate the Western model – exists in Eastern Europe since the 1970s as well. But whereas the Western students’ and workers’ contestation claims for precise demands (“I know what I should get”), the dynamics in the East are more inhibited, less precise and less demanding – and sometimes people are less aware of what they are missing. However, after the breakdown of the communist system, all these tendencies which have long matured under the surface since, come to the fore – and are shaping now – not alone, but for instance – the modern mainstream markets in both Western and Central Eastern Europe.

FOOTNOTES

1. With good reasons, there could be some argument, if and why the nation state necessarily is the appropriate unit of analysis. Indeed, Sinus has worked for about ten years with two different milieu models in West and East Germany between 1990 and 2000. However, in most cases and for mostly pragmatic reasons, the nation state has proved to be an adequate starting point, at least as far as Europe is concerned.
 2. Most of the experiences with given All-European target groups or Euro-lifestyles typologies, which force individuals into a straitjacket of computer generated clusters, have shown that much of the richness and variety of real life has been lost and that neither a precise identification nor a true-to-life description can be achieved by that way. A salient example which gives proof to that thesis will be presented at the end of this section.
 3. However, we want to emphasize the fact, that we understand “social status” as a complex dimension which combines variables like income, professional activity, education, and available social networks. In this sense, it integrates what Bourdieu calls economic, cultural, and social capital (cfr. P. Bourdieu: *Distinction. A Social Critique of the Judgement of Taste*, Cambridge, Mass., 1984).
 4. R. Inglehardt: *The Silent Revolution*, Princeton 1977.
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