

## News

# Bright shining NEOs light up

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*Are you a NEO, an Evolver or a Traditional?*

*PETRA STARKE learns the new consumer standards are not defined by age.*

With labels like "Baby Boomer", "Generation X" and "Generation Y" practically household terms these days, most people know which category they fall into.

Born between 1945 and 57? You're a baby boomer. Between 1965 and 1979? You're a Generation X-er. Anything after that until 1994 - welcome to Generation Y. But don't get too attached to your label, because it's all about to change. According to consumer analysts and authors of *NEO Power*, Ross Honeywill and Verity Byth, a new label is completely changing the way we think, live and shop. But what is a NEO exactly?

"The quintessential NEO is somebody who values quality, who values design, who values rich information and is really in charge of their own lives - they're what we call 'the architect of their own desires'," Honeywill says.

"These are the people who vote for John Howard, but prefer the social policies of the Labor Party.

"They like sports but love the arts - they read more, they go to the theatre more but they still like football."

And they love to spend. Honeywill describes the NEOs as "an economic powerhouse" - NEO actually stands for "new economic order" - accounting for more than half of all discretionary spending in our economy (that's spending on luxury items, for the non-fiscally minded). There's also rather a lot of them, with NEOs making up around 24 per cent of the population - so where did they all come from?

According to Honeywill, NEOs have always been around, but it wasn't until the birth of the information age, in 1991, and the rise of the internet that they really came to the forefront. As former directors of finance audit firm KPMG, he and co-author Byth discovered the group after becoming dissatisfied with the traditional X and Y labels.

"Those labels are useful in describing how old someone is, but that's it," he says.

"They're only determined by one factor, age, . . . and that's why we say it's a big swindle because . . . age tells us absolutely nothing about how or why those people are going to want to consume or live their lives.

"We saw that there was a huge gap in the way that consumers are measured, and how consumer behaviour is measured, so we set about doing a huge amount of research . . . and we discovered this group of people who are completely different to everyone else.

"Not only do they spend more, . . . they actually have this completely different mindset, they have a different psychology."

But if NEOs are 24 per cent of the population, who's making up the rest? There are 194 factors in what Honeywill calls the "NEO typology" - the characteristics that determine whether you're a NEO or not. If you don't have any of those characteristics, and you're a little tight with your money, chances are you belong to the 50 per cent of the population Honeywill and Byth call the Traditionals.

Whereas NEOs are motivated by beauty, design and quality, Traditionals are motivated by deals, price and discounts - you'll find them shopping in Harris Scarfe and Myer as opposed to David Jones, Honeywill says. They don't spend as much as the NEOs but Honeywill is quick to point out the split between the two has nothing to do with income.

"Not everybody who's well off or wealthy is a NEO - there are a lot of wealthy Traditionals who have big, fat wallets and all they want to do is sit on them.

"There are a whole bunch of wealthy traditionals who hate spending money, who will still fly Jetstar or Virgin Blue because they can get a really good deal, or won't buy a new computer because they've got a perfectly good one and they'll get it fixed."

With the population so divided over design and dollars, there has been a significant shift in the way corporations advertise their products - a perfect example, says Honeywill, is the Apple iPod.

"If you think about a computer ad that just talks about functions and features, that's a classic ad for a Traditional - a price and deal loving traditional.

"But if you think about an iPod ad, where there's no price, where it's all about beauty and imagination, that's where the NEOs are.

"Apple computers have had design at the forefront with everything they've done, because there are 59 million NEOs in America and that's a huge market. Traditionals won't spend money on an iPod, they'll buy a cheaper version of an mp3 player - but they tend to still call it an iPod."

If neither of these groups sounds like you, you could be in the 26 per cent of the population that are Evolvers - a little bit NEO, a little bit Traditional. "Evolvers are more conflicted, they can recognise quality but they're reluctant to pay the price, whereas Traditionals don't even recognise the quality, or if they do it's because everyone else is doing it," Honeywill says. "I am an uber NEO, and my wife is a NEO, but Verity is an Evolver and her husband is a Traditional. So between the four of us we have everything covered, and the differences in our behaviour are . . . fascinating.

"I might find a gorgeous table that is a beautiful example at \$6000, and as an Evolver Verity can recognise the beauty of that but will probably try and find a knock off for half that price."

Whatever your label, you better get used to it - because you're stuck with it. You are born a NEO or Traditional and you die one, Honeywill says. "The term will catch on - in the business world it already has. It's set to become the new consumer standard."

NEO Power (Scribe Publications), \$32.95 RRP