

Impact of Life Change Events on Consumer Demand for Financial Products

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Abstract

Prior research primarily infers changes in consumers' heterogeneity from their past behaviors with the firm and proposes targeting strategies. However, this approach might not always enable firms to design timely targeting strategy in response to changes in consumer dynamics. This is not only because most firms respond only after observing changes in consumer behaviors but also because changes in customer relationships may not always lead to relevant changes in behaviors. Consequently, managers need to design proactive marketing strategies, targeting consumers before any undesirable changes. This article focuses on the changes in consumers' life status (e.g., salary, retirement, marital status) and the impact on consumer behavior. Their empirical application comprises a large data set provided by a U.S. financial institution. The results highlight the importance of life change events in understanding consumer dynamics. The authors derive managerial implications from the analysis.

Keywords: *Life events; Financial product adoption; Customer targeting*

Track: Marketing Strategy & Theory