



Brokerwise

Brought to you by: **Craven Insurance Services**

Understand Gen Y for Business Growth

MARKETING TO GEN Y

Businesses that want to sell product or services to Generation Y need to understand the different methods required to attract them.

The Australian Centre of Retail Studies (ACRS) recently conducted studies into the characteristics of Gen Y. The group represents an important segment to businesses as they have a large disposable income and are not afraid to spend it.

Carla Ferraro, research fellow at ACRS, says "They are happy to spend it on themselves and also happy to rely on credit. The latest statistics we have is that they spend \$4 billion each year – largely on travel and recreational activities."

The ACRS defines Gen Y as those born between 1981 and 2000. It found the population of this segment is 4.08 million, which represents 27 per cent of the overall population and 20 per cent of the total workforce.

"This group has been labelled many things, such as the 'millennium generation' but it is also called the 'credit generation'," Ferraro says. "They are quite happy to buy now and pay later if they want something."

There are a number of distinct characteristics that are relevant to small businesses seeking to sell to Gen Y. These include:

Their familiarity with technology.

Gen Y has grown up with and are early adopters of technology, whether it is to communicate or make a purchase. Ferraro says, "A lot of content on the internet is being written for this group because they are so demanding and have that 'instant gratification' trait."

They are smarter, more aware of the current business climate and are extremely vocal about what they want.

And small businesses must respond by giving it to them. Offering personalised discounts ranks as high importance by Gen Y's followed by having knowledgeable staff and employees willing to help customers in the buying process.

They are not loyal to a brand.

They are familiar with change and comfortable with switching. This also applies to the careers they choose; they are known as the disloyal generation and it's hard to keep them.

Although they like technology, any marketing needs to be permission-based.

"They like to be invited to participate as they have become quite cynical about the many marketing messages they have been exposed to in their lifetime," Ferraro says. She warns that if a company does not ask permission then Gen Y is more than prepared to be "militant" on the web to bad-mouth that brand. Convey your message to Gen Y via guerilla, viral and social media marketing first, then supplement with traditional advertising. Another tip: They love word-of-mouth referrals and celebrity endorsements.

An area that is important to Gen Y is the environment.

ACRS research shows they are attracted to socially aware or environmentally friendly products. They are happy to pay extra for a 'green' product so businesses should be highlighting their credentials in this area.

Businesses have traditionally found it difficult to keep up with Gen Y trends. "It is such a transient generation; they keep evolving," Ferraro says. "Trends that apply one year may not apply the next, so they keep tracking the trends on an ongoing basis."

Which makes it doubly difficult for marketers to get a handle on what makes them tick but get it right and you'll hear the cash register ringing. ■

INSIDE THIS ISSUE

- ① **Generation Y**
... a valuable market
- ② **Unfair Contracts**
... new legislation
- ③ **Tunnels & Bridges**
... taking a hit
- ④ **Contingency Plan**
... for business survival
- ⑤ **Verandah & Deck**
... safety check
- ⑥ **Burglars Speak**
... listen and learn



Unfair Contracts **NEW LEGISLATION**

The Federal Government has passed new national laws prohibiting unfair terms in consumer contracts. The effect of the legislation is that any unfair term in a standard form consumer contract entered into after 1 July 2010 will be void and unenforceable. If successfully challenged, the term will be removed from the contract and the rest of the contract will continue.

The new laws will apply to all standard form contracts entered into by a corporation that are: -

- With an individual;
- For goods or services for personal or household use; and
- Entered into, extended or renewed on or after 1 July 2010.

The laws will also apply to any terms of pre-existing contracts that are varied after 1 July 2010.

The new laws will have significant implications for most Australian businesses dealing with consumers, and will particularly impact upon businesses such as gyms, mobile phone suppliers, banks and rental businesses.

A contract term will likely be considered to be "unfair" if it goes beyond what is reasonably necessary to protect the business and could cause detriment to a consumer if relied upon.

The new legislation will have particular significance for consumer contracts that remain on foot for some time (e.g. membership agreements, ongoing supply agreements with long lead times) and high value contracts (e.g. building contracts or contracts for off the plan purchase of units).

The legislation provides examples of what may constitute an "unfair" contract term. These include terms that allow one party, but not the other to:

- Penalise the other party for a breach or termination of the contract;
- Vary the terms of the contract;
- Terminate the contract;
- Limit the right of the other party to sue;
- Unilaterally determine whether the contract has been breached or interpret its meaning;
- Assign the contract to the detriment

of the other party without consent.

The legislation provides that terms such as this as examples of potentially unfair terms only, and does not prohibit their use per se.

The ACCC has published a guide to unfair contract terms. The ACCC and ASIC have also started reviewing consumer contracts in the market and contacting businesses where they think their contracts contain terms that are unfair. Consumers are also able to directly challenge contract terms by bringing actions in the Federal Court or Federal Magistrates Court.

It is anticipated that the States and Territories will pass complimentary legislation later in the year to expand the application of the legislation beyond corporations and financial services to, for example, sole traders and partnerships.

Businesses should review their standard form consumer contracts as soon as possible. Key clauses that are found to be potentially vulnerable should be redrafted to protect them from challenge. ■

Low Bridge Ahead **DRIVER BEWARE!**

INCREASED FINE PENALTIES FOR ROAD TRANSPORT FIRMS

Heavy haulage contractor firms and individuals crossing state borders should be aware of increased fines and demerit point penalties when drivers ignore the warning of clearance or low clearance signs.

Introduced by the NSW Government on 1 August 2010, the new penalties place increased responsibilities on drivers.

NSW Minister for Roads, Mr David Borger, made the following statement when announcing the new penalties; "The Government is sending a clear message to truck drivers to check the height of

their load before approaching tunnels and bridges. In the past year alone there have been over 150 incidents where over-height trucks have hit tunnels and bridges."

Currently, if an over-height truck enters a tunnel, the driver can be automatically fined as little as \$141 with no loss of demerit points. If charged with negligent driving within a tunnel, under Chain of Responsibility regulations, the Court can impose an additional maximum penalty of up to \$55,000.

Under the new rules, the automatic fine for over height entry rises to \$1,776 and six demerit points while a maximum penalty of \$55,000 can still be applied if considered appropriate by the Court.

Although the new penalties currently apply in NSW only, it's probably just a matter of time before the Queensland Government follows suit, particularly as infrastructure continues to grow with more and more tunnels and bridges being built throughout the state. ■





Business Continuity Plan **THE BEST PROTECTION**

The need for a business continuity plan is now almost universally accepted as vital to every organisation but how many businesses actually have one. Although it's easy to ignore in day-to-day operations, an effective plan becomes your best asset when the unexpected happens and will provide you with procedures to minimise the effects of unexpected disruptive events. The plan should enable your business to recover quickly and efficiently, with minimal impact to day-to-day activities.

Prior to creation of a business continuity plan it is important to understand the actual continuity needs of the business. What resources/capabilities must the business have to operate effectively? Most probably the failure or unavailability of IT systems are likely to have a significant impact upon the whole business. Therefore it is vital to take an interest in establishing business continuity plans for your IT systems, which should include arrangements for providing the facilities and services to enable the

business to continue to function and the critical IT applications necessary to support the recovery of business processes. Although IT business continuity planning is perhaps the central component to effective disaster recovery, it is important that it is viewed as a management issue and not something just to be considered by the IT person or department.

It is important that the plan is clear and concise and that it is made available to all staff members responsible for any part of it. Also, once it has been agreed it is the start of an ongoing commitment. Businesses constantly evolve and recovery strategies must evolve with them. For example, the plan will need to be updated as people join or leave the business and if any new IT infrastructure is introduced.

Quite often, insurance is rarely highlighted in business continuity plans but, after any disaster, inevitably the question is raised, are we properly insured?

Insurance should be given detailed consideration in conjunction with the business continuity plan. There are many key questions to consider such as: are all the buildings/assets/contents insured for their current replacement value? Does the policy allow for progress payments in the event of a claim?

If you do not have a plan or if you need assistance with it, your insurance adviser will be able to assist you. ■



Verandah and Deck Safety Check

Ah, springtime. It's here again with warmer days, balmy evenings and sociable get-togethers relaxing in the shade and haven of the verandah.

It didn't take long for our forefathers to recognise that the English style houses were totally unsuitable for Queensland conditions with baking sunshine directly on walls and roofs making interiors unbearably hot. The solution was a floor area off the building, with a roof but otherwise open to the fresh air.

Born out of necessity, the ubiquitous verandah or deck, is venue of choice for home based social gathering of all kinds and justifiably one of the great contributors to our relaxed and laidback Queensland lifestyle.

There is a problem with being open to the fresh air though. Rain gets in. It sneaks in through joints in the timber, it can work its way around painted surfaces and slowly and steadily over the years infiltrate and

saturate, and before you can spot the obvious signs of deterioration – rot sets in followed by crunch and collapse!

In recent years there has been an increase in reports of deck collapses with serious and sometimes fatal outcomes. Investigators and building inspection reports have found that collapses are the result of a combination of several factors:

- More people on the deck than it was designed to carry.
- Timber had aged considerably and no longer had the structural strength to carry the original design weight.
- In the 70's and 80's building booms there was a shortage of good timber and inappropriate green timber may have been used.
- The verandas, handrails and steps had been constructed to older, more 'flexible' building codes or no building code at all.
- Rot had set in to the timber.

As well as regular inspection of timbers in floors, handrails, guardrails and steps, so too must steel and concrete components of structures receive routine inspection to reveal 'concrete cancer' and rusting steel connectors and supports.

Over the years there have been changes by municipal authorities to building codes in relation to height, design and construction of verandahs and decks. Many falls from balconies and verandas are attributed to the low railing height and other design rules of earlier times, which allow children to climb railings, often with tragic consequences.

If you have concerns that your verandah or deck is not in the best of health or that it could be an accident waiting to happen, have it checked by a licensed builder or structural engineer.

The Australian Institute of Architects website has a free article for download 'Balcony Tips, How to look out for a Balcony Collapse'.

<http://www.archicentre.com.au> ■

Inside The Criminal Mind

THE BURGLARS 'BUSINESS PLAN'

For his book 'Burglars on the Job', criminology professor, Richard Wright, interviewed 105 convicted burglars. The outcome was a series of candid revelations from the miscreants about their take on the 'job' and how they 'saw' their targets. The old proverb, 'forewarned is forearmed' comes to mind and is a benefit we can all share:

"Of course I look familiar. I was here last week cleaning your carpets/ painting the fence/delivering your new fridge/quoting on rubbish removal."

"...and thanks for letting me use the bathroom when I was working in your garden last week. While I was there I unlatched the back window to make my return easier."

"Those toys left out in the yard give me a clue to the type of expensive electronic games you have lying around inside."

"Looking through the decorative glass at the front of your house, I could see that the alarm on the control panel wasn't set."

"I'm not complaining but why would you pay all that money for a fancy alarm system and leave your house without setting it?"

"Alarms on doors and obvious windows are expected but most people overlook the window over the kitchen sink and 2nd floor windows. Hey, we're called cat burglars for a reason!"

"I always knock first. If you answer I'll ask for directions or offer to clean your gutters/ lop your trees/cut your grass."

"I always check sock drawers, dresser drawers, the bedside table and the medicine cabinet."

"I do my best to never look like a crook. Sometimes I carry a clipboard. Sometimes I carry a lawn rake."

"The two things I hate most: barking dogs and nosey neighbours."

"I'll break a window to get in, even if it makes a noise. If your neighbour hears one sound, he'll stop what he's doing and wait to hear it again. If he doesn't hear it again, he'll go back to what he was doing. It's human nature."

The law abiding rest-of-us, all potential 'customers' of this group of 105 when they are back on the streets, appreciate the timely advice.

Your best protection as always – know your enemy, be vigilant, bolt up, lock down and insure for full replacement value. ■

Be sure. Before you insure!

Ask your Council of
Queensland Insurance
Broker about...

COMMERCIAL AND RETAIL INSURANCE

- Business Property
- Business Interruption and Loss of Rent
- Liability, Money, Glass Breakage
- Burglary
- Machinery Breakdown
- Computer
- Goods in Transit
- Contractors Risk
- Motor
- Tax Audit

LIABILITY

- Public Liability
- Products Liability
- Professional Indemnity
- Directors and Officers
- Employment Practices Liability

PRIVATE AND DOMESTIC INSURANCE

- Home and Contents
- Car, Caravan, Boat and Trailer
- Travel

INCOME PROTECTION INSURANCE

- Long Term Disability
- Sickness and Accident

LIFE, SUPERANNUATION, PARTNERSHIP

- Mortgage Protection
- Key Man
- Term Life
- Superannuation

The CQIB represents over 60 Queensland firms employing nearly 400 staff and placing in excess of \$500,000,000 in annual premiums. The CQIB charter is to maintain the level of professionalism of its members by the sharing of knowledge, information and ideas.



For more information visit
www.cqib.org.au

The articles in Brokerwise are provided as information only. They are not general or insurance broking or legal advice. It is important that you seek advice relevant to your particular circumstance.

Wise.words

The time
you enjoy
wasting is not
wasted time.

— Bertrand Russell

"Take time to deliberate, but
when the time for action has
arrived, stop thinking and go in."

— Napoleon Bonaparte

"Nothing is particularly hard if
you divide it into small jobs."

— Henry Ford

Craven Insurance Services

ABN 18 011 012 061 AFSL No. 243485

Unit 2, Equity Court
33 Sanders Street
(PO Box 6512)
Upper Mt Gravatt QLD 4122

Phone: 07 3420 4100

Fax: 07 3420 4122

Email: glen.butler@craveninsurance.com.au

Web: www.craveninsurance.com.au