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# Y and How: Strategies for Reaching the Elusive Generation Y Consumer

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# Y and How

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## Strategies for Reaching the Elusive Generation Y Consumer

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Marketing

Dennis Sandler

## **Précis**

Generation Y is poised to take over as the largest and most lucrative consumer group for marketers, a position that has long been held by the Baby Boomer generation. Generation Y, however, differs greatly from the Baby Boomers in their consumer behavior. This will lead marketers to have to find new and innovative ways to market to this large market.

In finding new ways to market to this generation, marketers must have a clear and distinct understanding of who they are trying to reach. While this information used to be readily available through the use of demographics, since the members of Generation Y are so varied, marketers must use psychographics to now understand the inner workings of the Generation Y consumer's mind to find the best way to market to them.

Through a review of literature on the characteristics of the two generations and their consumer behavior as well as a survey of members of Generation Y, this study helps to determine the major causes for the differences between these two generations by profiling both groups and comparing their consumer behaviors. Generation Y's consumer behavior differs greatly from that of the Baby Boomers which leads them to be not accepting of the traditional marketing techniques that have been used for years by marketers.

This study also suggests new strategies that marketers will be able to use to better reach the Generation Y consumers. Marketers will be able to use experiential marketing to better connect with the members of this generation. Since the experience is more important to these consumers than the product that helps them achieve it, experiential marketing can help the brand bond better with the consumer. Marketers also are able to

use the popularity of social networking sites to reach and connect with Generation Y consumers because a large contingent of these consumers currently uses these sites. One of the most important effects on Generation Y is the rapidly changing technology, most notably the effect of the internet on the way that this generation receives and processes information. Another strategy that marketers can use to reach the Generation Y consumer is through the use of cause marketing, which will help the company connect on a deeper level with this consumer's strong sense of social responsibility.

In marketing to Generation Y, marketers must be constantly aware of the changing attitudes and trends for this generation. The rapidness of changes in technology makes it necessary to continuously study the consumer behavior of Generation Y because as soon as one thinks that they may have a grasp on what this generation wants, those wants will have changed.

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## **I. Introduction**

With the Baby Boomers getting closer to retirement and their population getting smaller, Generation Y, their children, are poised to take over as the largest cohort for marketers to focus on. However, these consumers are nothing like their parents and marketers are going to have to change their strategies to accommodate this free spending cohort, who are just beginning to enter the workforce and have more disposable income than other generations before them.

The Baby Boomers and Generation Y differ in many more ways than just their demographics; most importantly their psychographics vary greatly. There are numerous reasons for these distinct mindsets and these differences cause large variations in what products and services they consume and the way that the two generational cohorts consume those products and services.

In order for marketers to understand what they need to change in terms of their marketing strategies, they must understand the differences between the consumer groups that they were previously marketing to and the group that they are now trying to reach. Generation Y is much harder to reach as a whole than the Baby Boomers. This generation does so much with their time it is difficult for marketers to pinpoint how to reach them best. They do not respond to the traditional marketing methods that generations before them have responded to, therefore marketers are going to have to find new and innovative ways to reach this large and highly influential market. These new ways will have to include marketers taking some risks to try to get into the mysterious mind of Generation Y.

## II. Baby Boomers

### *a. Demographics*

The Baby Boomers are those individuals that were born after the end of World War II, specifically between the years of 1946 and 1964. They are now aged between 44 and 62 years old, with the majority being born in 1955 or later. They number just over 77 million and represent 27.5 percent of the United States population.<sup>1</sup> The Boomers are often split into two groups: The Leading Edge or Older Boomers and the Trailing Edge, Shadow, or Younger Boomers. The Leading Edge Boomers are those that were born between 1946 and 1957, while the Shadow Boomers were born between 1958 and 1964.

The Boomers are estimated to have an annual spending power of \$2.1 trillion, with \$1.1 trillion belonging to the younger Boomers and \$1 trillion to the older Boomers.<sup>2</sup> The average annual household income of the boomers is \$57,695, with annual spending per household being \$45,655.<sup>3</sup> Children are the priority of the younger Boomer's spending, while the older Boomers spend their income on items to upgrade their home. While the younger Boomers are still using a majority of their incomes to pay mortgages, the older Boomers have more money to spend on leisure activities, vacations, and clothing, spending over than 10 percent more on adult apparel than their younger counterparts.<sup>4</sup>

The Baby Boomers have a higher divorce rate than any generation before them with 14.2 percent divorced, compared to the 13.9 percent and 6.7 percent of the two

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<sup>1</sup> "Demographic Profile: American Baby Boomers," Mature Market Institute MetLife, 2003, accessed February 23, 2008

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

generations preceding them.<sup>5</sup> The percentage of Boomers never married is also higher than in previous generations at 12.6 percent for Boomers, previously 5.2 percent and 3.9 percent.<sup>6</sup> Baby Boomer households account for roughly 48 percent of U.S. families, about 34 million of the 72 million households.<sup>7</sup>

Minorities comprise 16.9 percent of the Baby Boomer population. There are 12 percent Black and 4 percent Asian or Pacific Islander. Approximately 9.8 percent are comprised by Hispanic, which includes any race.<sup>8</sup>

*b. Psychographics*

The Baby Boomers are the group that is first thought to have solidified any sort of generational identity. A large reason for this is because they were the first generation to be brought up with televisions in their homes, which gave people in diverse locations the opportunity to watch the same shows, hear the same news, and laugh at the same jokes.

The two Boomer groups experienced different memorable events that helped to define them. The older Boomers had the assassinations of JFK, Robert Kennedy, and Martin Luther King Jr., the Vietnam War, anti war protests, sexual freedom, women's movements, and their experimentation with drugs. The younger boomers' memorable events included Watergate and the Cold War. Though the Boomer generations experienced different events, they share some key psychographic similarities. Their shared values include a belief in mediocrity, respect for knowledge and a lack of respect for authority. Their mindset is characterized by individuality and an emphasis on youth

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<sup>5</sup> "Demographic Profile: American Baby Boomers," Mature Market Institute MetLife, 2003, accessed February 23, 2008

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

and self-absorption.<sup>9</sup> The Boomers are trying to show that they are not becoming all the things that they professed to hate in their youth. The Boomers, who are notoriously known for their distrust of authority, now are finding themselves in those authoritative positions. They argued against consumerism in their youth and are now the object of companies' efforts as one of the largest consumer groups.

The Older Boomers began to come of age in 1963. The Kennedy presidency was thought by them to be an extension of the good times of economic growth and stability. The assassinations of JFK and MLK changed their view. The leadership of LBJ was no longer thought to be "theirs," nor was the war (Vietnam). Though there was social unrest, these Boomers continued to experienced economic good times. The economy continued an upward climb and the Boomers wanted a lifestyle like the one that they had experienced as children in the 1950s. They had no reason not to spend what they wanted because all they knew was the 20 years of steady economic growth. These Boomers still value their individualism, indulgence of self, stimulation, and their questioning nature.

The Younger Boomers came of age in 1973 amid numerous events that helped to define them. These events included the stop of the Vietnam War, Watergate, and the Arab Oil Embargo that helped to end the steady stream of income that had occurred mostly uninterrupted since the end of World War II. The idealistic fervor that helped the older Boomers become cause oriented had disappeared. The disappearance of this fervor led the younger Boomers to exhibit a narcissistic preoccupation with themselves. This preoccupation manifested itself in everything from the self help movement to self deprecation.

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<sup>9</sup> "Current Assessment Report for the Baby Boomer Market," The National Tour Association, January 2002

### III. Generation Y

#### a. Demographics

Generation Y, also known as Millennials or Echo Boomers, are the children of the Baby Boomers. They were born between 1978 and 1994 and with various reports having their number between 60 million and 100 million, accounting for roughly 23 percent of the United States population.<sup>10</sup> By 2015, Generation Y will compromise 34 percent of the American population.<sup>11</sup> Generation Y is far more diverse than their parents were before them. Thirty eight percent of the members of this cohort refer to themselves as nonwhite with an increasing number calling themselves interracial. The biggest minorities among them are blacks, at 15 percent, and Hispanics, at 14 percent.<sup>12</sup> While approximately one-third of the over-18 segment of Generation Y is still in college, there are still more members of this generation that have acquired a four year college degree than the Baby Boomers.<sup>13</sup> While 38 percent of the Baby Boomer households earn \$75,000 or higher, 34 percent of Generation Y also earn in the same range.<sup>14</sup>

Generation Y spends about \$200 billion per year of their own and their parents' money and influence \$300 billion to \$400 billion in expenditures.<sup>15</sup> They account for 21 percent of total annual spending.<sup>16</sup> The influence that teenagers have over household

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<sup>10</sup> Jim Hanas, "Bling is the Thing," *Advertising Age*, January 2, 2006, 16

<sup>11</sup> "Gen Y and the Future of Mall Retailing," *American Demographics*, December 2002/ January 2003, J1

<sup>12</sup> *Ibid.*

<sup>13</sup> Dana French, "Generation Y versus Baby Boomers," *Furniture Today*, November 21, 2005, 28

<sup>14</sup> *Ibid.*

<sup>15</sup> Lisa Kovach, "Companies Vying for Booming New Market," *San Diego Business Journal*, July 4, 2005, 7

<sup>16</sup> "Gen Y and the Future of Mall Retailing," *American Demographics*, December 2002/ January 2003, J1

purchases has increased with 13 to 21 year olds influencing 81 percent of family apparel purchases and 52 percent of car choices.<sup>17</sup>

*b. Psychographics*

Generation Y has a more optimistic outlook than the generations before them. They are also more socially conscious. The largest differences between Generation Y and those that preceded them are Generation Y's extreme confidence, awareness, and individuality. Although the members of this generation value individuality, they still want to be considered part of the group. To this generation being considered fake is much worse than being considered uncool. Generation Y has a need to be in constant connection and communication with their peers. This generation, contrary to popular belief, leads a relatively quiet life of listening to music, hanging out with friends, and watching TV.<sup>18</sup> They rarely participate in any high action activities. They like convenience and are value oriented individuals.

There are numerous formative events that have taken place in Generation Y's lifetime. The events of 9/11 have helped this generation become more service and community oriented. The presidential election in 2000 placed an emphasis on voting for the members of this cohort, making them realize that their vote actually mattered and lead to many more young people voting and getting involved in politics. The shooting at Columbine High School was another event that helped to form the way that members of this generation think and behave. This event caused Generation Y to become more

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<sup>17</sup> Jayne O'Donnell, "Gen Y Sits on Top of the Food Chain; They're Savvy Shoppers With Money and Influence," USA Today, October 11, 2006, B3

<sup>18</sup> Linda P. Morton, "Targeting Generation Y," Public Relations Quarterly, Summer 2002, 46

cautious of their personal safety and more distrustful of the media because they felt that the media exploited the situation.<sup>19</sup>

Generation Y values equality. This leads them to have a higher tolerance for diversity than previous generations, as according to Yankelovich's J. Walker Smith,

I would say that the single biggest influence on this generation has been the increasing diversity in America. It's changed their sense of what they have permission to do, where they look for cultural styles, their whole sense of possibility. Because it's not just ethnic and linguistic diversity- it's household types. It's a global mix and match of cultures.<sup>20</sup>

This is partly due to the global viewpoints that they come across in their everyday lives between the internet and their multicultural group of peers. This tolerance for diversity also helps them to be accepting of the nontraditional family.

Generation Y girls, unlike their mothers before them, take women's equality for granted. These women are confident and command respect. They believe that women should receive the same amount of pay for the same work that a man does, that their gender should not limit their choices, and that a woman can be successful without a man or children. They have a vastly different view of their place in the workplace than the women before them. However, these women are not feminists; still believing in traditional manners, such as that the man should open the door for a woman.<sup>21</sup>

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<sup>19</sup> "Getting Inside Gen Y," American Demographics, September 1, 2001, accessed at <http://findarticles.com> on March 8, 2008

<sup>20</sup> Ibid.

<sup>21</sup> Linda P. Morton, "Targeting Generation Y," Public Relations Quarterly, Summer 2002, 46

#### **IV. Consumer Buying Behavior**

##### *a. Baby Boomers*

The effect of the economy in their coming of age years is still felt on the Boomers today. The older Boomers grew up believing that their economic good fortunes would continue and these beliefs were reinforced as they aged. This can be seen in their persistent resistance to begin saving for retirement because they believe that because the economy has been good, it will continue to be good. The younger Boomers financial mindset differed from that of their older counterparts. The younger Boomers, while spenders like the older Boomers, spend for a reason that is different from the older Boomers. They spend because they assume that they can always get a loan, a second mortgage or another credit card and never really have to pay for anything.

Baby Boomers place a high priority on “experience” when they are shopping and are less interested in the product and service features and cost than they are with what is occurring while they are on a shopping trip.<sup>22</sup> They valued mall trips in the 1980s and 1990s because it gave them a chance to get everything done in one stop during their busy schedules. They are now realizing the importance of the internet for that same reason, though they do not participate in internet shopping as does Generation Y, who was raised using the internet. The Boomers grew up changing from brand to brand because there were so many choices for them and will continue to do this as they age because they believe it will keep them vital and valuable in the American society.<sup>23</sup> Baby Boomers, unlike Generation Y, tend to know what they want when they are shopping and typically stick to that plan.

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<sup>22</sup> “When Cohorts Collide,” Retail Traffic, June 2005, 1A

<sup>23</sup> Ibid.

*b. Generation Y*

Technology is the major influencer of Generation Y's buying behavior. It influences how they find and compare products, as well as how they get their products. The prevalence of technology for this generation has led to many of their behaviors such as multitasking, their craving for immediacy, and belief that the products should be tailored to them.

One of the most notorious behaviors of Generation Y is that they are the ultimate multitaskers. Multitasking comes naturally to this generation and leads them to consume information from the media at faster rates than ever before. Generation Y processes information at a rate that is five times faster than their predecessors.<sup>24</sup>

Generation Y craves immediacy from the companies that they buy from. This is because they are accustomed to getting what they want when they want it, largely a byproduct of the indulgent parenting from the Baby Boomer generation, who wanted to give their children everything that they didn't get as children. Long waits for a product will drive away the Generation Y consumer. They demand the latest trends in record time, which has led to the success of retailers who can keep up with that demand, such as low-priced clothing retailer Forever21 who has production turnaround time of about two weeks.<sup>25</sup>

Generation Y also believes that their products should be customizable. Technology has made this something that can be readily available for many different products, from clothing to mp3 players to cars. Generation Y loves products that let them show their individuality, while still remaining part of the group, such as is done by Scion.

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<sup>24</sup> Marianne Wilson & Katherine Field, "Defining Gen Y," *Chain Store Age*, March 2007, 35

<sup>25</sup> "Twelve By Twelve: Forever 21's Upscale Venture," *The Fashion Investor*, June 19, 2007, accessed on March 18, 2008 at <<http://fashioninvestor.blogspot.com>>

By making their cars customizable, Scion has created a feeling of an underground club for the core group of young customers who have bought their cars. Scion strategically launched their vehicles to young urban male trendsetters and has since felt a ripple effect from this plan with their cars now being considered a “cool ride” among Generation Y consumers.<sup>26</sup>

While Generation Y may be brand conscious, they do not stick to one brand for a long period of time because there are so many different brands in the market for them to try. Forty-seven percent of the respondents of the consumer behavior survey replied that it depends on the product whether or not they are loyal to a brand, with the most likely being health and beauty products for women and electronics for men.<sup>27</sup> When a company does something that they may not like, whether it is product related or not, the members of this generation will move on to the next product or brand. They have brand awareness, but not brand loyalty. While they are more accepting of new brands than older generations are, it is hard for marketers to develop a sense of brand loyalty among the members.

There are numerous things that Generation Y will not accept from companies and marketers. One thing that they will not accept is a hard sell from marketers. Once they feel that they are being sold to or told what they should do they stop trusting that brand and move on the next brand. These consumers want companies to give them the information that they need to make an informed decision, but then let them make that decision on their own. Another thing that this generation will not accept from a company is dishonesty. In order to connect with Generation Y, a company must be totally honest

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<sup>26</sup> Lisa Johnson, Mind Your X's and Y's, 2006, 125

<sup>27</sup> Consumer Behavior Survey, Angela Hughes, 2008

with its customers. According to an Edelman survey, more than 80 percent of opinion leaders will not purchase products or services from a company that they do not trust.<sup>28</sup>

While the Baby Boomers grew up with television advertising influencing how they were marketed to and how they bought products, Generation Y has many different mediums that they grew up with, which is what makes marketing to them so much more difficult. They were raised with televisions, computers, CDs, DVDs, and the internet, which is one of the most important influencers of this generation. The internet has irrevocably changed the way that this generation shops. It gives access to more information about products than the companies give the consumer. The internet has helped to take the power away from marketers and has given it to the consumers. The internet is also a powerful tool for this generation in spreading opinions about products to their peers. Never before has it been so easy for consumers to be able to get their opinions about a product heard, and never before has it mattered as much as it does to this generation. Generation Y is more likely than any previous generation to look up information before purchasing a product.<sup>29</sup> Members of Generation Y will often buy products that they know that their peers will accept because it makes them feel as though they are part of the group. This opinion sharing started during their early years when Generation Y consumers would socialize at the mall and share their opinions on products.<sup>30</sup>

Generation Y has more discretionary income than the previous generations and prefer to spend it on themselves rather than others. A reason for this may be because they

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<sup>28</sup> Richard Laermer & Mark Simmons, Punk Marketing, Harper Collins, 2007, 139

<sup>29</sup> Dana French, "Generation Y versus Baby Boomers," Furniture Today, November 21, 2005, 29

<sup>30</sup> "When Cohorts Collide," Retail Traffic, June 2005, 1A

are starting families later in life and therefore are able to spend their income on themselves without having to worry about others.<sup>31</sup>

## **V. Marketing Strategy Modifications**

The marketing world is changing quickly because of the amount of information that is available to the consumers. The change is being demanded by enlightened and empowered consumers who will not respond as their parents, the Baby Boomers, have to traditional marketing. Marketers must now think of new and innovative ways to capture the elusive attention of Generation Y. There are a variety of ways to accomplish this task, including experiential marketing, the use of social networking sites, the use of the rapidly changing technology, and cause marketing.

### *a. Experiential Marketing*

Generation Y is much more media-savvy than previous generations and more likely to avoid traditional advertising messages. Using experiential marketing to reach these consumers can help the company become forefront in the young consumer's mind. The Generation Y consumer values their life experiences more than older generations ever have and a company that can help them enjoy their experiences may be more able to win their loyalty in the future. Sponsoring an event is a way for a brand to help their customers enjoy their experiences, with just over 57 percent of the respondents of the Consumer Behavior Survey responding that they were likely to remember the sponsor of an event they attended.<sup>32</sup> These consumers expect high quality and service in their products, but what they want is an experience with it, something that will stimulate and touch them, something that is meaningful. Experiential marketing gives marketers a

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<sup>31</sup> "When Cohorts Collide," Retail Traffic, June 2005, 1A

<sup>32</sup> Consumer Behavior Survey, Angela Hughes, 2008

fresh way to connect brands and consumers. For experiential marketing to be truly successful, the connections that are made must be relevant, memorable, and interactive. Experiential marketing must be used to bring your brand alive to your consumers.

To Generation Y consumers the experience is more important than the product that helps them achieve it. Using experiential marketing allows consumers to interact with products and brands and make up their minds about them. This is truly important to this generation because they loathe being sold to or told what they should do. When experiential marketing is done correctly, it can be the best way to win brand loyalty. Companies can no longer use mass marketing strategies to reach their consumers because they will fail to reach them. By using experiential marketing, companies are building bonds with their consumers by letting them decide their feelings about products and brands by allowing the customer to experience the product in a situation that matters to them individually.

Experiential marketing campaigns are not marketing in the traditional sense of the word. Instead, these campaigns have a more holistic approach to them and are used to appeal to both the rational and emotional sides of a consumer's personality. Experiential marketing campaigns connect with the consumer and draw upon a relevant personal experience. There are many different companies that have begun using experiential marketing to reach consumers. One such company is Wells Fargo, who has created a number of interactive and engaging experiential campaigns which includes their virtual world brand experience Stagecoach Island, which is used to inform and entertain young adults. Wells Fargo SVP of Experiential Marketing Tim Collins believes that this company values putting their customers first and wanted to do something other than just

say that they care about them saying, “But a better choice was to show that we care by allowing customers to experience it for themselves.”<sup>33</sup>

Coca Cola is another company that has used experiential marketing to successfully build their brand image. Coca Cola sponsored booths at the Werchter 2006 festival, a music festival in Belgium, called “Happiness Clinics.” At these booths, Coca Cola gave away a multitude of free products and services to festival goers, including suntan lotion and hair styling. Also, a part of these booths was the opportunity for a free massage by the “happiness doctors and nurses,” who were scantily clad women and men. Coca Cola also offered showers and shaves for the festival goers to feel refreshed. It was said by one festival-goer that Coca Cola’s campaign was “one of the best we’ve seen.”<sup>34</sup> This campaign not only translated into more positive sales for Coca Cola, but also helped them to become one of the top brands in the market, being voted as one of the coolest brands by MTV viewers.<sup>35</sup>

#### *b. Social Networking Websites*

The need to communicate and be connected is very important to Generation Y. This is something that has driven the popularity of social networking sites, such as Facebook and MySpace, with just over 95 percent of the survey respondents replying that they used social networking sites and almost half replying that they logged onto these sites multiple times a day.<sup>36</sup> Social networking sites have exploded on to the scene for Generation Y since the mid 2000s, with the number of users growing exponentially.

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<sup>33</sup> Erik Hauser, “Experiential Marketing,” Brandweek, July 26, 2007 accessed on March 29, 2008 at <http://www.experientialforum.com>

<sup>34</sup> Werchter 2006, June 30, 2006, accessed on March 2, 2008 at <http://www.virtualfestivals.com/>

<sup>35</sup> Johan Houben, “Manifesto for the Revival of an Icon: A Coke Vision on 360° Communication,” Antwerp January 8, 2008

<sup>36</sup> Consumer Behavior Survey, Angela Hughes, 2008

Social networking sites allow users to give “friends,” often people that the user does not actually know, a peek inside of their lives. These sites give this generation a new way to express themselves, from the background and music one chooses to put on their MySpace profile to the groups that they may join. These sites give members of Generation Y a sense of community and connectedness with their peers and make it easier for them to keep in touch with friends in their ever busier lives.

Why would retailers want to get into business with a social networking site? Some of these sites host the largest grouping of Generation Y consumers that marketers will be able to find in one spot. Another reason is that these sites are some of the most popular websites among the Generation Y age group. According to Alexa Internet, MySpace is the third most popular U.S. website and the sixth most popular in any language and Facebook was voted the second most “in” thing among college undergraduates, second only to the iPod and tied with the perennial favorite- beer.<sup>37</sup> Using these sites will give marketers a wider reach in the number of consumers that they can connect with, as well as making it easier for them to target the specific subculture that they want to reach.

Marketers can use these social networking sites to their advantage in a number of ways. These sites make it easier for a marketer to find the subculture segment that they want to reach. Once the marketers find the group that they want to reach they must decide the best way to market to them. There are numerous options for doing this on social networking sites with the two most popular being promotions on the websites or sponsoring of groups on these sites. While regular advertisements targeting a certain segment have shown to be successful in the past, sponsoring of groups can reap more

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<sup>37</sup> Samantha Murphy, “Finding Us Where We Play,” Chain Store Age, January 2007, 72

benefits for the company. Companies can pay to sponsor groups on sites such as Facebook and MySpace, which then enables the company to create and control forums within their group. This is a very valuable opportunity for marketers because not only are consumers able to show their loyalty to the brand, but marketers are also able to get immediate feedback from their core consumers and are better able to tailor products to them and find out about any problems that consumers may have with the product. Some companies that have already taken to this medium are Victoria's Secret PINK and Apple, which have 210,620 and 477,775 members respectively in their Facebook groups.<sup>38</sup> Abercrombie & Fitch, Hollister, and Juicy Couture host groups on MySpace. Joining a one of these groups also marks the member a supporter of the brand by putting the name of the group on their profile page for others to see. This may influence friends or admirers to try out a brand if they want to be more like that person.

*c. Technology*

Technology is one of the most important aspects of Generation Y's life. It encompasses almost everything they do, from hanging out with friends to working and even working out. The information that is available because of the advances in technology is taking some of the power away from the marketers and putting it into the hands of the consumers through. Marketers need to find out how to make technology work for them to better reach their target. There are many different aspects of technology that marketers could use in their favor, with the internet and cell phones being the most prevalent forms.

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<sup>38</sup> Samantha Murphy, "Finding Us Where We Play," Chain Store Age, January 2007, 72

i. Internet

The internet is one of the largest influencers of the way that Generation Y lives. For Generation Y, the internet was never a place where they would just check their email, but something much larger and much more important in their lives. For the members of this generation, which was raised on the internet, it is a place to connect with and make friends, shop, research, and so much more. It is an integral part of Generation Y's lives. Because of the numerous ways that Generation Y uses the internet there are many ways that marketers can use the internet to their advantage.

One of the biggest trends in the past few years has been the immergence of blogs, or online diaries. These cover a large array of topics from celebrity gossip to politics to a person's daily musings. Blogs give people a space to rant or rave about products that they come across in their everyday life.

There are many ways that marketers can use blogging to their advantage. One such way is to hear what customers are saying about a product or brand and use that to help improve the product or make changes to the company to get in better favor with these consumers because as Bill Gates once said, "Your most unhappy customers are your greatest source of learning."<sup>39</sup> This is one of the reasons that, according to an Edelman's survey, Microsoft is the most trusted global company<sup>40</sup> and has a large devoted following in Generation Y. Microsoft listens to what their core customers want and continually improves their products based on this feedback.

Another way that marketers can use blogging to their advantage is to have someone from the company blogging about their products. Doing so would help to get

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<sup>39</sup> Richard Laermer & Mark Simmons, Punk Marketing, 2007, 145

<sup>40</sup> Ibid.

the information out to the customers by a trusted source from inside the company.

However, this can be a risky venture because the consumers must trust the person that is blogging. The blogger must be open and honest about the company and the products. If they are not, the blogging may hurt the company more than help it. There have been several company blogs that have been well received by outsiders and consumers.

General Motors vice chairman Bob Lutz found success with his blog, entitled *FastLane*, because it has thoughts and musings from a senior executive that people find intriguing. Another reason that Lutz's blog is well received is because he includes not only positives for the company, but also negative remarks that he gets from consumers. Robert Scoble is another blogger that for years wrote a highly respected blog for Microsoft, writing about their new, existing, and upcoming products. His blog was well respected because he always maintained that he was not censored or paid by the company and that his opinions were his alone. This makes the blog more trustworthy to the readers because they believe that they are more able to trust the opinions if they are not paid for by the company that makes the product. Blogs can also be harmful to a company when written unofficially by a disgruntled employee, as happened with Google, Inc. Soon after being hired, Google employee Mark Jen began blogging about his experiences and work with the company. In his blog, he criticized the company's health care plan and free meal offering, citing them as a reason for employees to stay late. After Jen was fired for his blogging, the blogging community, or blogosphere, went crazy on Google because of their actions.

Blogging can also be used to the advantage of marketers because it gives them a way to better reach their target consumer by finding what blogs they typically read.

Advertising on blogs is fast becoming one of the best ways to reach target consumers because it is easier to reach just the specific target that marketers are looking for, such as advertising a new video game on a blog about that video game system. Blogs encompass almost every realm of life in today's society; therefore using a blog to advertise to your specific market can be more useful than television and print advertising, which is being skipped over more often by this generation due to advances in technology such as TiVo. Beyond just putting advertisements on blog websites, marketers can get the blogger themselves to casually mention products throughout their blogs, as is done in celebrity gossip blog "Pink is the New Blog," with the blogger's camera, which he was given by Nikon to take pictures at events and upload them onto his blog.

Though blogs are a large opportunity for marketing, marketers must recognize the reason that blogs are so popular. They are so because they are a stripped down, unobtrusive approach to getting information and opinions. If a marketer wants to use the blogging world as a way to reach their customer, they need to do so in a way that follows the way that the blogs run and not use brash sales or PR pitches because that will turn the readers off. They should maintain the flow of the blog and treat these bloggers as a reporter. Give the blogger information and make them feel as though they are "in on" the happenings of the company. If done correctly, the bloggers will help to build the brand and/or product in an unofficial, yet largely influential way that to the readers does not feel as though it is a sales pitch. If the consumers feel as though they are being sold to they are likely to reject the product and/or brand. It may also harm the relationship that the consumer feels that they have with the blogger and their blog, which can harm the relationship of the blogger and the brand.

Another way that marketers can use the internet to their advantage is by adding a section to their websites for consumers to write reviews of their products. Generation Y consumers have a higher tendency to research products before purchasing, with over 57 percent of the survey respondents replying that they are likely to research a product before purchasing it, doing so especially when purchasing electronics or high priced products.<sup>41</sup> While expert reviews are still important to this generation, these consumers are more likely to value reviews that are written by their peers because they find them to be more truthful. Ninety percent of the survey respondents replied that they tell their peers about their interactions with brands, whether they are good or bad.<sup>42</sup> Amazon was one of the first websites to offer the opportunity for consumers to review products that they had bought. This success has led to other retailers offering a forum for reviewing their products in hope that it would help boost sales. As with blogs these reviews are a good way for marketers to find what people like and dislike about their products. Consumers will sometimes comment on the retailer where they purchased their product while writing the review, which not only helps the manufacturer in determining the preferences of the consumer, but also helps the retailer determine what they could improve on for these consumers.

#### ii. Cell Phones

Cell phones are increasingly becoming a more important part of a Generation Y consumer's life. They are one of the items that members of this generation will not leave home without. This plays into this generation's need to always be connected and never feel alone. With the features that have been added on to these, such as the ability to

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<sup>41</sup> Consumer Behavior Survey, Angela Hughes

<sup>42</sup> Ibid.

access the internet, watch videos, and play mp3s, the cell phone is quickly becoming the only electronic item that they need.

Marketing on cell phones is a decidedly risky business and one that marketers need to enter into very cautiously. Annoying a cell phone user with text message advertising will destroy a relationship with the brand before it ever truly begins. Advertising via text messaging is thought by many members of this generation to be an invasion of their privacy because their cell phones are personal to them. The respondents of the consumer behavior survey almost unanimously (96 percent) said that they were not at all likely to welcome advertisements on their cell phones, with the remaining four percent answering that they were highly unlikely to welcome the advertisements.<sup>43</sup> In order to have a successful text messaging campaign, a marketer must be certain to get permission from the consumer before ever sending them a text message. According to a Maritz Poll, many Generation Y consumers are unlikely to give the permission to advertise via text message, or mobile messaging. Approximately two-thirds of the respondents said that they were not likely to give permission or subscribe to offers that were solicited via text messages.<sup>44</sup> When text message advertising is allowed by consumers, it can be a rewarding experience. According to Enpocket, a Boston based mobile marketing consultancy, response rates from mobile marketing campaigns are usually around 15 percent, which is considerably higher than a direct mail campaign<sup>45</sup>. There have been a few successful mobile marketing campaigns including some by ipsh!, a San Francisco mobile marketing firm, that claim only one percent of subscribers request

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<sup>43</sup> Consumer Behavior Survey, Angela Hughes, 2008

<sup>44</sup> "Maritz Poll: Online Groups & Blogs Beat Texting as Retailers Reach out to Gen Y Shoppers," PR Newswire, August 8, 2007

<sup>45</sup> Richard Laermer & Mark Simmons, Punk Marketing, 2007, 81

to be removed from the list. One of their campaigns is for Fandango.com, in which about 25 percent of the alerts that are sent to subscribers result in the sale of a movie ticket.<sup>46</sup> Though the results may be what the company is looking for, the marketer needs to be careful to not send too many text messages to their subscribers as many incoming text message need to be paid for by the consumer. A marketer should send no more than one text message a week.

*d. Cause Marketing*

Cause marketing was first used in 1983 by American Express in a campaign to raise money to refurbish the Statue of Liberty. This campaign raised a few million dollars for the refurbishment and garnered American Express glowing praise in the media and consumers' minds. Cause marketing has been growing since then. According to the IEG Sponsorship Report, for-profit businesses were expected to contribute \$1 billion to non-profit causes.<sup>47</sup>

Though partnering with charities is not a new concept to marketers, they can use it to their advantage with Generation Y. This generation is feels a greater social responsibility than the ones before it are likely to buy products from companies that support the causes that they support. Generation Y believes that it is their duty to make the world a better place and 78 percent of them believe that companies have a responsibility to help them do this.<sup>48</sup> According to the 2006 Cone Millennial Case Study, 74 percent are more likely to pay attention to a company's message if the company has a

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<sup>46</sup> Richard Laermer & Mark Simmons, *Punk Marketing*, 2007, 81

<sup>47</sup> Johanna L. Krotz, "Cause Marketing' Tips: Boost Business by Giving Back," accessed on March 29, 2008 at <http://www.microsoft.com/small business/resources/marketing>

<sup>48</sup> Cone LLC, "Civic-Minded Millennials Prepared to Reward or Punish Companies Based on Commitment to Social Causes," CSRwire, October 24, 2006, accessed on March 29, 2008 at <http://www.csrwire.com/PressReleasePrint.php?id=6641>

deep commitment to a cause.<sup>49</sup> Nearly nine out of ten of those surveyed, stated that they are likely to switch from one brand to another (as long as the price and quality were equal) if the new brand was more socially responsible. According to the Consumer Behavior Survey, 72 percent of the respondents were likely to purchase products from a company that represented a cause that they supported, however only 43 percent would be willing to pay extra for a product from a company that supported a cause that they agreed with.<sup>50</sup>

Technology is one reason for the change in social responsibility. It gives Generation Y more access to find out what is happening around the world, faster and in more detail than ever before. It gives them more of a chance to find a cause that they believe in and support. In order for cause marketing to be truly effective, it should be used as a loyalty strategy by aligning their brands with a cause that is relevant, genuine, sustainable, and appealing. It should also be true to the company's core brand identity. A company should not engage in cause marketing with a cause that is opposite from what their brand is about as the members of Generation Y will see right through them.

There are many different tactics that marketers can use to get their campaign noticed by consumers. One such tactic is guilt which was used by Yoplait's "Save Lids to Save Lives." The campaign's slogan, "If you held the cure in your hand, would you throw it away?" implores consumers to send the yogurt lids back to the company because the money donated from doing this simple task of eating yogurt and sending back the lids could help to save someone's life, maybe even their own.

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<sup>49</sup> Cone LLC, "Civic-Minded Millennials Prepared to Reward or Punish Companies Based on Commitment to Social Causes," CSRwire, October 24, 2006, accessed on March 29, 2008 at <http://www.csrwire.com/PressReleasePrint.php?id=6641>

<sup>50</sup> Consumer Behavior Survey, Angela Hughes, 2008

One of the largest cause marketing endeavors to date is the (Product) Red. This campaign has managed to include numerous different companies and organizations and become a brand of its own. Currently involved in the campaign, which raises money to fight AIDS, are Apple, The Gap, Motorola, and Giorgio Armani. This campaign has been so successful because there is such a plethora of products that consumers can choose from that they are likely to find something that they will want to purchase to help the cause. Whether they are looking for clothing or electronics, consumers find that they can easily help to fight AIDS. Along with the large numbers of brands and organizations that work within this campaign, there are numerous high profile celebrities that are spokespeople for the work that the campaign is doing.

While green marketing is not new, it is becoming one of the most important cause marketing strategies. Green marketing refers to the marketing of products that are presumed to be environmentally safe. Green products have become more sought after over the past couple of years due to the emergence of concern over the present and future state of the environment. Green products are emerging in every area of consumers' lives from their soaps to their clothing to their automobiles. The Toyota Prius has now been joined in the energy efficient automobile market by former gas guzzling SUVs. Many new SUVs are being made to use less gas and be more environmentally friendly in order to compete in the marketplace of rising gas prices and where consumers do not want to pollute their environment. Also fueling this green trend is the fervor created by films such as Al Gore's "An Inconvenient Truth" and Leonardo DiCaprio's "The 11<sup>th</sup> Hour." These films have helped to drive the change in the consumers' behavior and the demand for alternative, environmentally friendly products and ways of doing business. Marketers

must be able to find ways to make their products environmentally safe or give consumers a way to dispose of their products in an environmentally safe way, such as the Stonyfield Farms yogurt company does. This company offers customers the chance to mail the cups and lids from their yogurt back to the company if they do not have a way to responsibly dispose of the cups themselves.<sup>51</sup>

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<sup>51</sup> Richard Laermer & Mark Simmons, Punk Marketing, 2007, 112

## **VI. Conclusion**

Generation Y is much different than their parents, the Baby Boomers, were before them. This market is much more diverse than the Baby Boomers are which is why the traditional form of marketing will not reach them. They are much more media savvy and less apt to listen to what marketers are saying to them because they loathe being sold to. It is because of this that marketers must find new ways of reaching this exceedingly large market of consumers. Marketers can no longer use their tried and true methods because the members of this generation do not fit into the constraints of those methods. No longer is demographic profiling useful for many marketers, but rather psychographic profiling must be used to target the correct segment. Marketers must find new avenues through which to market to Generation Y because they are likely to never see the advertisements that are placed according to the best place for Baby Boomer markets. Technology and nontraditional forms of marketing, such as experiential and cause, will be the most important avenues that marketers will need to use to reach this generation.

It is important that while trying to reach this generation marketers are as honest and genuine as possible to their customers. Marketers must be willing to take risks to try to reach this market lest they miss out on opportunities. Though marketers are changing their strategies to reach Generation Y, they will still be likely to reach the Baby Boomers as well because this older age group is determined to keep feeling young by being more like their children. The Baby Boomer market is still focused on feeling young and tries to emulate their children, which includes buying some of the same products and services.

## Appendix

### Consumer Behavior Survey

- 1. Do you use social networking sites, such as Facebook, MySpace, or Friendster?**

Yes                      No

- a. How often do you use these sites?**

Multiple times a day      Once a day      Once every couple of days      Once a week

- 2. Do you remember advertisements that you see on websites?**

Yes                      No                      Sometimes

- 3. What makes an online advertisement memorable?**

- 4. Are you more likely to purchase a product if a celebrity you admire is promoting the product or brand?**

Yes                      No                      Depends on the product

- 5. Are you likely to visit a company's website after viewing a commercial?**

Yes                      No

- a. What makes you visit their website?**

- 6. Do you typically stay with one brand of products for a long time?**

Yes                      No                      Depends on the product

- a. What types of products do you typically stay with the same brand for a long time?**

- 7. Do you skip over advertisements when watching TV?**

Yes                      No                      Sometimes

- a. Why?**

**8. Do you research a new product before buying it?**

Yes                      No                      Depends on the product

**a. What types of products do you research?**

**9. Do you tell peers about your interactions with brands, whether good or bad?**

Yes                      No

For the following questions please answer according to the following scale:

Not at All Likely 1 2 3 4 5 6 7 Very Likely

**10. How likely you to purchase products from a company that represents a cause that you agree with? (i.e.: breast cancer, “green” responsibility)**

Not at All Likely 1 2 3 4 5 6 7 Very Likely

**11. How likely are you to remember the sponsor of an event that you attend?**

Not at All Likely 1 2 3 4 5 6 7 Very Likely

**12. How likely are you to welcome advertisements on your cell phone?**

Not at All Likely 1 2 3 4 5 6 7 Very Likely

**13. How likely are you to pay more for a product when the brand supports a cause that you agree with?**

Not at All Likely 1 2 3 4 5 6 7 Very Likely

**14. How likely are you to research peer reviews for a product that you are considering of purchasing?**

Not at All Likely 1 2 3 4 5 6 7 Very Likely

**15. How likely are you to buy a product that can be customized?**

Not at All Likely 1 2 3 4 5 6 7 Very Likely

**16. How likely are you to pay extra for products to be shipped to you faster when purchasing on the internet?**

Not at All Likely 1 2 3 4 5 6 7 Very Likely

**17. How likely are you to use a store pick up option when ordering online?**

Not at All Likely 1 2 3 4 5 6 7 Very Likely

**18. What is your age?**

**19. What is your gender?**

**20. Where do you live?**

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