

Y It's Different: Understanding Gen Y Consumers, Ways Brands Can Reach Them, and **How Visa Can Help**



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UNDERSTANDING GEN Y CONSUMERS

They're a huge consumer segment. You wouldn't know them by how they dress, since they wear mainstream brands. They don't stand out as obviously different than Boomers or Gen X consumers. But don't be fooled: Gen Y, or "Millennial" consumers are nothing like any other customer segments. And they're everywhere. At 79 million, Gen Y consumers—people between the ages of 16 and 34—already outnumber Boomers.¹ Their buying power still trails that of their elders, but the math is simple: as they advance in their careers and lives, so will their importance to all brands, in all verticals. By 2030, their numbers will exceed all other consumer groups *combined*.

Their attitudes and influences are the new normal.

Understanding this consumer segment isn't just about the numbers. As the first generation to grow up utterly immersed in technology, it's a fair guesstimate that they won't be the last. Their attributes, such as constituting the majority of online bloggers,² will be reflected in the predispositions of the consumers who follow them. The qualities of Gen Y will indeed become *the new normal*, and that will require a deeper understanding of why and how they purchase products and services.

WAYS BRANDS CAN REACH THEM

Marketing symbols of smarts, not success. Since their tastes and sense of entitlement came from their parents, Gen Y consumers find themselves caught between expectations for the material well-being of their elders and an inability to afford it in the challenging economy

that has defined most of their own adulthood (they're also called "Echo Boomers"). They're the first generation in a century that won't likely do better financially than their parents.³ This has changed the way they work and live, requiring that brand messaging focus on smart and innovative solutions instead of simply relying on the basics of emotional or traditional associations; don't just invite them to consider options, but rather convince them of your offering's specific and unique attributes. Make it relevant to their lives. One major car brand says this means reaffirming marketing in terms of the deeper truths of product performance, not relying on the obvious symbols of status alone.⁴

Turning wants into needs. While Gen Y consumers tend to delay traditional large purchases, they often do so in lieu of large expenditures on life *experiences*, such as travel or graduate degrees.⁵ They don't share the sense of frugality and symbolism of personal accomplishment evidenced by their parents and grandparents. Money is a *tool* to them, nothing more, so they're less concerned about how they come by it. One study suggests that more than half of recent college grads rely on their parents for financial help,⁶ and another reveals that over a third carry more college debt than their parents did.⁷ This contributes to a hesitation to make big ticket purchases unless they're convinced it's necessary.⁸ The challenge is to communicate to Gen Y the critical nature of the problems they need to solve or opportunities they should embrace. Therefore many brands are less focused on selling traditional cost/benefit equations—making the case for "it's worth it"—and more on turning *wants* into *needs* by educating Gen Y buyers on the necessity of such purchases, or "here's why you must do it, and do it now." Affordability can follow almost naturally if the right mechanisms, including the ease of automatic or regular bill pay solutions, are in place.

Selling first to the community. Various networks of friends, associates, and like-minded interest groups loom large as primary influencers of Gen Y. A vast majority of them use social networking to vet decisions and report on their experiences.⁹ They value the opinions of strangers online as much or more so than they do those of immediate family and friends.¹⁰ Their trust of marketing and branded communication is commensurately down; they won't buy unless their communities of friends agree that it's a good idea.¹¹ So successful branding starts with campaigns intended to develop understanding and consensus on the subjects related to their business activities. They communicate facts and context with these communities, either directly or through the experiences reported by their satisfied customers or consumers.

HOW VISA CAN HELP

Exploit the everywhere of tech. Almost *half* of all Gen Y consumers don't have land lines but instead rely exclusively on their mobile phones.¹² Technology for them isn't just everywhere but embedded in their lives (mobile makes their communities a part of every moment, for instance). Tech is therefore an *expectation* and not necessarily a benefit, and it means automatic payments and subscription models are popular with Millennials. (One Gen Y blogger claims to have a "coffee fund" for automatic savings contributions to cover the cost of her daily lattes!¹³) Offering Visa as a payment option makes it easier for your customers to transact with your business, pure and simple.

Enable better customer conversations. In an era of 140-character Tweets and the information overload made possible by the rest of the Internet, Gen Y values simplicity and have a low tolerance for mistakes. Simplicity is a synonym for *authenticity* and is a core motivator of *action*, as if they apply Occam's Razor to every brand communication and subsequent purchasing decision.¹⁴ So the fact that products or services bought with Visa are guaranteed to clear means that your conversations don't have to get sidetracked with such issues. They can focus on engaging with your community on the content that matters to them...and to you.

Focus on your core business. Visa solutions also allow you to focus on that all-important engagement with your Gen Y consumers, through providing such benefits as improved cash flow (purchases made with Visa post faster than those made with checks) and improved processing efficiencies (reduced time spent processing checks). This frees time and resources in your organization that are necessary for the engagement, conversation, and support that will truly differentiate your brand from the competition.

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Footnotes

¹ *The Millennial Consumer*; Christine Barton, Jeff Fromm, Chris Egan; Boston Consulting Group; April 16, 2012 https://www.bcgperspectives.com/content/articles/consumer_insight_marketing_millennial_consumer/

² *Inside Blog Demographics*; Sysomos; June, 2010 <http://www.sysomos.com/reports/bloggers/>

³ *Generation Y's steep financial hurdles: Huge Debt, No savings*; USA Today; April 23, 2012 http://www.usatoday.com/money/economy/2010-04-23-1Ageny23_CV_N.htm

⁴ *Soundbites: Trends and Gen Y Values*; Ford Motor Company; undated http://media.ford.com/article_display.cfm?article_id=35060

⁵ *Why Gen Y delays homebuying*; Blanca Torres; San Francisco Business Times; June 3, 2010 http://www.bizjournals.com/sanfrancisco/blog/2010/06/why_gen_y_delays_homebuying.html?page=all

⁶ *At Work, Generation "I" Has High Expectations*; Ned Smith; Business News Daily; May 3, 2012 <http://www.businessnewsdaily.com/2463-generation-career-expectations-entitlement.html>

⁷ *Why Gen Y may face least secure retirement*; Jennifer Leigh Parker; CNBC.com; April 20, 2012 <http://www.usatoday.com/money/perfi/retirement/story/2012-04-22/cnbc-gen-y-financial-hurdles-retirement/54446740/1>

⁸ *Fear of Commitment, Economy Drive Generation Y Shopping Patterns*; Danielle Kurtzleben; U.S. News; April 24, 2012 <http://www.usnews.com/news/articles/2012/04/24/fear-of-commitment-economy-drive-generation-y-shopping-patterns>

⁹ *How Generation Y Will Change The Future*; Kiplinger; December, 2010 http://www.kiplinger.com/slideshow/generation_y/2.html#top

¹⁰ *Why Millennials Rely on Friends' and Online Strangers' Advice Equally*; Lani Rosales; AG Beat; February 13, 2012 <http://agbeat.com/real-estate-sales-marketing/why-millennials-rely-on-friends-and-online-strangers-advice-equally/>

¹¹ *Talking to Strangers: Millennials Trust People Over Brands*; a white paper published by Bazaarvoice and The Center for Generational Kinetics; January, 2012 <http://www.bazaarvoice.com/talking-to-strangers-millennials-trust-people-over-brands>

¹² *36 Facts About Generation Y in the Workplace and Beyond*; TheEchoBoom; October 5, 2010 <http://theechoboom.com/2010/10/36-facts-about-generation-y-in-the-workplace-and-beyond/>

¹³ *Feed The Pig*; Emily Jasper; From the Gen Y Perspective; March 1, 2012 <http://www.emilyjasper.com/gen-y/feed-the-pig/>

¹⁴ *Gen Y Gives Thanks: Simplifying My Life*; Sharalyn Hartwell; Examiner.com; November 2, 2010 <http://www.examiner.com/article/gen-y-gives-thanks-simplifying-my-life>