Marketing to Gen X and Gen Y

March 2011
Australia’s Generations

<table>
<thead>
<tr>
<th>Description</th>
<th>Born</th>
<th>Age</th>
<th>Pop’n (mill)</th>
<th>% of Pop’n</th>
</tr>
</thead>
<tbody>
<tr>
<td>Builders</td>
<td>1925-1946</td>
<td>62+</td>
<td>2.9m</td>
<td>14%</td>
</tr>
<tr>
<td>Boomers</td>
<td>1946-1964</td>
<td>44–62</td>
<td>5.1m</td>
<td>25%</td>
</tr>
<tr>
<td>Generation X</td>
<td>1965-1979</td>
<td>29–43</td>
<td>4.3m</td>
<td>21%</td>
</tr>
<tr>
<td>Generation Y</td>
<td>1980-1994</td>
<td>13–28</td>
<td>3.9m</td>
<td>19%</td>
</tr>
<tr>
<td>Generation Z</td>
<td>1995-2009</td>
<td>Under 13</td>
<td>3.7m</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: ABS 2008

With rising life expectancy, and younger people living at home (around 50% of Gen Y still live with their parents), we face an era of multi-generational living.

Research from Anchor, the care home charity, suggests that by 2030 one in four families will live in a four-generation family.
We are all a product of our time

<table>
<thead>
<tr>
<th>Description</th>
<th>Baby Boomers Aged 40s-50s</th>
<th>Generation X Aged late 20s and 30s</th>
<th>Generation Y Aged: Teens and 20s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influencers</td>
<td>Evidential Experts</td>
<td>Pragmatic Practitioners</td>
<td>Experiential Peers</td>
</tr>
<tr>
<td>Purchase Influences</td>
<td>Brand loyal Authorities</td>
<td>Brand switchers Experts</td>
<td>No brand loyalty Friends</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>Mass/traditional media ABL</td>
<td>Direct/targeted media BTL</td>
<td>Viral/electronic media Through friends</td>
</tr>
<tr>
<td>Financial values</td>
<td>Long terms needs Cash and credit</td>
<td>Medium term goals Credit savvy</td>
<td>Short term wants Credit dependent</td>
</tr>
</tbody>
</table>
The mood of the moment:

Collaborative
Participative
Creative
Playful
Intuitive
Consecutive generations can differ greatly in their values

In his book *Engaging Generation Y*, Michael McQueen observes that the biggest gap in a century of generational studies is between Gen X and Gen Y.
Gen Y and Gen X: fundamental differences in attitudes and behaviour

**Truth** - For Gen X, things were more clear cut; for Gen Y truth is relative - they’ve seen evidence (economic and environmental) that conventional wisdom isn’t always right

**Respect** - Gen X tend to respect experience, while Gen Y only give respect when it’s earned

**Patience** - no longer a virtue for impatient Gen Y

**Work ethic** - Gen Y don’t assume they need to put in the hard yards; with talent, this ambitions generation expects to leapfrog to more senior positions quickly. In fact, 86% of new employees expect a promotion within 2 years.

**Communication** - Gen Y particularly value concision and real time.

Sources: Michael McQuen and McCrindle
The Boomers follow Gen Y in many behaviours and attitudes

Curious boomers follow trends set by their grandchildren, adopting many social technologies.

According to a new report from Pew, more seniors are hooking into Facebook while teenagers are falling out of love with blogs.

Source: GPY&R’s global Brand Asset Valuator (BAV), Pew
Gen X, meanwhile, are sandwiched between Gen Y and the Boomers

In the workplace, Gen X, now entering their 40s are waiting (patiently) for senior leadership roles.

Yet the still vigourous Boomers, who are living longer and healthier lives, are not going anywhere anytime soon...
...and Gen Y are impatiently looking to leapfrog Gen X.
Gen X mums are powerful influencers

Mum bloggers are powerful and active and are the primary source of information for a wide range of child-rearing, baby products, diet and health products.

There are 1.1 million Australian mums on Facebook, who spend a staggering 7 hours a week on the site (the average time spent is about 8 hrs 20 mins a month)
Who are Gen Y?
**Parenting**
Permissive, inclusive, encouraging questions

**Schooling**
Year 7 - taught to write a formal letter
Year 12 - text speak allowed

**Entertainment:**
1994 Playstation
1995 DVD
1998 Reality TV
2001 iPod
2001 Napster file sharing

**Fragile Planet**
2001 Sept 11
2004 Tsunami

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**Generation Y**

- **The Net Generation**
- **The Dot.Com Generation**
- **Playstation Generation**
- **Google Generation**
- **Cynical Generation**
- **Millennials**

- **KIPPERS! (Kids in Parents Pockets Eroding Retirement Savings)**
Highly social and networked via technology, but technology is the facilitator not the end goal. Human connections and real experiences are more important.

The opinion of peers is always within easy reach. They make choices based on what’s collectively seen as cool (irrespective of brand)

Do not want to be seen as out of touch – crave the latest gadgets but many will wait until the bugs have been ironed out.

Environmentally and socially aware - volunteering is the new status

Have a strong marketing orientation, having grown up surrounded by communications. They know when they’re being marketed to and are happy to comply, provided there’s something in it for them.

They want to be entertained, acknowledged and heard by brands. In exchange they will participate and support brands.
Highly educated, career minded. The most educated generation in history, their top priorities are keeping fit and having a successful career. They’re not “planning” to have children, but also not deliberately putting off having families the way many Gen X did.

Spending in a more considered way. Prior to GFC they were spenders, not savers: having grown up in a period of economic prosperity they were cockily optimistic, but the GFC and a trend towards more considered spending (e.g. using their money where possible to demonstrate their values) has tempered their spending. The Commonwealth Bank’s *Viewpoint* report indicates that the growth in spending among 25–34 year olds in Australia was 2% below the rate of inflation in 2009.
They’re highly socially connected

The average Facebook user has 200 friends - for Gen Y it’s even higher.

A Facebook impression
Technology assists, but it’s not about the technology: it’s all about real connections

“As digital natives, the youth market has grown up online but are increasingly seeking to balance their online world with offline contact. They’re starting to question the authenticity of social networks such as Facebook and Twitter.

They want technology to assist – rather than dominate – the way they communicate.”

Lifelounge, July 2009
Gen Y are seeking more local, authentic events - niche, visceral experiences

Live poetry events

Millennials are also buying into the wine market at an earlier age than Gen X did. (Mintel)
They expect brands to be windows not walls
Brands are actively listening in order to be more responsive and relevant

Gatorade’s “Mission Control”
Social monitoring centre
Brands are creating live, visceral events and cultural exchanges, promoted through social media.

The Smirnoff Nightlife Exchange Project promoted dance culture in major cities. Facebook users used a Smirnoff app to suggest their ideas for a dance event that best represented the dance culture of home country. The winning idea was transformed into a live event.

www.facebook.com/smirnoff
Red Bull’s entire marketing effort is based on live experiences, which enables the brand to create engaging content for redistribution.

The prime motivation for 16-24 year olds to engage with brands is to entertain them (66%), according to research by GlobalWebIndex.
Gen Y may not be passionate about insurance but they care about their cars. Brands are hooking into these passion points.

GPY&R helped Just Car to build a community around modified cars. With Cavas to Kickass audiences were invited to help build the most kickass street machine, generating content for video and TV.
Nike connects runners in your locality and across the globe

What if that casual run you went on today could be continued by your friend, and what if this relay linked to a friend of a friend of a friend who is a person you don’t know, and what if this same run flew out of Japan to someone in New York, over to Paris, then Istanbul, then to Manchester, to Wayne Rooney, maybe. With no boundaries, an invisible sash connects over and over. Competing against runners around the globe in the quest to create the longest Ekiden Relay Team. Come, let’s make this “if” a reality. Step forward and be the first runner.

THE GLOBAL EKIDEN RELAY – RUN Fwd:
Gen Y are ambitious, independent and believe in self-determination

96% of Gen Y women worldwide list “being independent” as their most important life goal.

87% of those surveyed defined success as “being able to shape their future.”

Source: Levi’s “Shape What’s to Come” study/Strategy One, women 21-29, qual and quant across 5 countries -Latam, US, UK, August 2010
They achieve their goals with the help of their networks

While they might not desire a prescribed path, Millennial women do express a need for perspective from other women. They are re-imagining traditional mentorship - transforming it into a communal exchange that’s multi-way, rather than one-way.

94% of young women agree that “the best mentors are people you can both give advice to and receive advice from.”

88% agree that “a mentor is someone who helps them shape their future, regardless of their age or professional experience”

Source: Levi’s “Shape What’s to Come” study/Strategy One, women 21-29, qual and quant across 5 countries -Latam, US, UK, August 2010
Brands help them connect with mentors
Brands help them realise their ambitions

GPY&R helped Melbourne Football Club reverse their fortunes through recruiting 2 special team members from the ranks of their fans. With minimal media investment the initiative was socialised through Twitter and Facebook.
The new status is in giving and volunteering

Conspicuous consumption has fallen out of fashion, particularly for Gen Y.

80% of US consumers said cause marketing made them likely to switch brands, and 19% were willing to pay more for a pricier brand that participated in a positive social or environmental cause (Emarketer, September 2010).

In our office currently at GPY&R, the majority of Gen Y give their own holiday time to volunteer.
Gen X still take their holiday to go on holiday.
Sydney Story Factory encourages volunteers to help kids with literacy

Kids collaboratively create their own story book during the course of a class using a variety of props to fuel their imaginations.
Brands are making it easy to give

In August 2010, American fashion label Cynthia Rowley launched a set of limited edition band aids in collaboration with Johnson & Johnson.

One USD from the sale of each pack went towards the charity Design Ignites Change, which allows students to address social issues in their own communities.
Gen Y are lost without their friends - and expect to access them constantly in real-time

A shift is taking place from blogs and forums to real-time sharing such as status updates and tweets, with 10% of internet users around the world updating their status daily.

'This radically changes the impact of social media, primarily creating an ongoing shared agenda and conversation towards reacting or interacting with live events and discourse.'

Source: GlobalWebIndex
Decision making is social

Gen Y confer and make decisions in groups, using technology to access their friends’ opinions in real time at any time.
In April 2010, Levi's (http://store.levi.com/#store/friends) integrated its online store with Facebook, allowing shoppers to socially interact with friends and create a 'like minded shopping' experience. People can share products with friends through the Friend Store, 'Like' them or search for 'Top Liked' products within Facebook.
Social TV - whereby people watching TV share comments about what they’re watching in real-time, via Twitter or Facebook - is a current global trend.

"Coke Bubbles" was a pioneering commercial Joost widget in social TV in 2007. It let you choose a clip on Joost and then send it to fellow Joost users, with an accompanying note.
Gen Y are somewhat narcissistic

A recent study of 16,000 18-19-year-old US students showed 30% were narcissistic in psychological tests (displayed an inflated sense of self, lacked empathy, were vain and materialistic and had an overblown sense of entitlement), compared with 15% of youth of the same age in 1982.

“This is clearly a generational shift,” said Jean Twenge, professor of psychology at San Diego State University.

She said permissive parenting, celebrity culture and the internet are among the causes.

Some resulting social trends were a greater interest in fame and wealth, more plastic surgery, and an increase in attention-seeking crimes, such as beating someone up and putting it on YouTube.
They create their own channels to promote themselves

“Haul videos”
Gen Y girls sharing their stash of clothes’ purchases

“Bro Food Movement”
Gen Y guys sharing their Go Large recipes, taking a cue from the TV show “Man vs. Food”
Brands play to their desire for fame and recognition
How we’re developing social strategies for clients

A Social Strategy needs to guide a brand’s behaviour, tone of voice, audience, content and define what success looks like in the social space.

Consider how we can best influence the conversation for the mutual benefit of brand and consumers.

Define:
- Social objectives in relation to brand/business objectives.
- Success metrics and how these relate back to brand/business metrics e.g. grow fan base, -
- SOV vs defined competitors, engagement index, learnings, advocacy, brand health
- Social proposition
- Target Audience / Segments
- Social vehicles e.g. Facebook, Twitter, live events (bought, owned and earned media)
- Brand personality and Tone of voice
- Content strategy i.e. what we’ll talk about through which channels and how it will drive our social objectives. We need to entertain and engage the audience, encourage participation and consider how we encourage brand advocacy.

Draw up a Social calendar of activity.
An example of a content strategy for Artline

- Encourage greater brand advocacy: Fan of the month.

- Identify loyal fans & learn from them: VIP club

- Grow fan base for ongoing CRM: Engagement ads, Competitions, loyalty programs.

- Explore tactical opportunities to drive relevance: Social campaigns eg. Valentines Day

- Drive engagement: Monthly competitions, Status updates, Inspiration Thursdays, Interviews.
Examples of how this is being brought to life

Engaging fans with regular content that provokes conversation

Reward loyal fans and Encourage Advocacy with Fan of the Month

Tactical - The Mighty Artline “Love Translator” turned Valentine’s Day messages from Stupid into Cupid (live event + Facebook translator)
Consider to what degree the audience is participating

Source: Forrester segmentation
Different tactics can be used to engage different segments

**Creators** - Give them a creative outlet e.g. design competitions. They will spend more time to write/create than other segments.

**Critics** - Inspire them with regular, engaging content. Make it quick and easy for them to contribute their suggestions and opinions.

**Collectors** - give them exclusive content to tag, Like and share. Enable them to vote on others’ creations. As conduits they will spread the word, so incentivise them to pass on your message - e.g. Heinz (UK) recently launched a balsamic-vinegar-ketchup variant by selling the first 3,000 bottles exclusively on Facebook to people who were prepared to "like" the product and recommend it to their friends.

**Joiners/Spectators** - provide content (written/podcasts/video) for them to read and Like, give them access to customer reviews. Make it easy for them to receive regular updates e.g. via email or Twitter.
Both Gen X and Gen Y are highly active in the social space but Gen Y are creating more and critiquing more.
Appendix
Facebook and Twitter global users

![Facebook and Twitter Global Users](image)
Facebook usage in Australia
(total of 9.2m users)

Facebook accounts for over 29% of all time spent online by Australians (Nielsen)