



Gen Y is Here

*How They Think,
Why They're So Challenging
and
Why You should be Interested in them*

Baby Boomers have held the marketers' spotlight for years but attention is being focused to Generation X and Generation Y. Marketers need to pay attention and understand their influence as well as how these markets differ in values and preferences since their earning power will start to increase over their careers.

Baby Boomers are strong in numbers at approximately 78 million and represent \$1.6 trillion in buying power. Their stage in the product life cycle is more supportive of experiential product categories rather than home furnishings. The opportunity exists to target their kids who have considerable purchasing power.

Generation X is not a very lucrative marketing -segment due to its smaller size (approximately 44 million with spending of \$125 billion) comparatively. This group's furniture style has been noted as luxurious and in neutral tones. Branding influences Generation X's buying decisions and they will pay a premium for most products if they see it as enhancing their standard of living.

Generation Y is the most lucrative segment going forward. It is important to attract and maintain them as customers and create a positive brand image. Brands to attract these customers need to be socially conscious, fun and trendy. Once something becomes "main-stream" or a "fad" it is no longer attractive to this segment. Creative marketing and advertising strategies are required to create a "buzz" without bombarding this consumer group.

Baby Boomers	Generation X	Generation Y
Born 1946–1964 Ages 36–55 78 million	Born 1965–1976 Ages 26–35 43 million	Born 1977–1994 Ages 8–25 73 million
Diversity as a cause Idealistic Mass movement Conform to the rules Killer job Became institutions TV Have technology Task-focused Ozzie and Harriet Other boomers	Accept diversity Pragmatic/cynical Self-reliant/individualistic Reject rules Killer life Mistrust institutions PC Use technology Multitask Latch-key kids Friend—not family	Celebrate diversity Optimistic/realistic Self-inventive/individualistic Rewrite the rules Killer lifestyle Irrelevance of institutions Internet Assume tech Multitask fast Nurtured Friends = family

Source: Enterprisingmuseum.com

Generation Y - 1980-1994 +

Currently there are approximately 70 to 80 million Generation Y customers in North America and will make up 34 percent of the U.S population in 2015. When immigration trends are incorporated, Generation Y is estimated to be the first group to total over 100 million and will become the next dominant generation of Americans has already impacted the economy."

GEN Y ADULTS BORN 1977-1983 AGE 18-24

GEN Y TEENS BORN 1984-1989 AGE 12-17

GEN Y KIDS BORN 1990-1994 AGE 7-11

Spending

Generation Y represents the largest consumer group in the history of the United States.

According to a Harris Interactive study based on 57 million Americans, they have annual incomes totaling \$211 billion. The study found that Generation Y spends \$172 billion per year, saves \$39 billion per year and drives many parental purchasing decisions.

Marketers recognize the large disposable income today's child control and with changing family dynamics. Smaller families including childless couples, one-child couples, single parents and lone homeowners rose, as did the divorce rate, as per the most recent Statistics Canada figures from 1999. Time-starved families feel guilty for not spending time together and as a result a lot of emotion and energy is now being spent on the only child. With regards to the Generation Y's in their early 20's, they suffer from high unemployment and debt loads and in the past have not contributed much to domestic planning.

THE VENTURE CATALYSTS

Sparking Business Growth

601 Beresford Ave, Toronto, ONT M6S 3C2

Phone: 416-769-3186

IP Phone Number 1.002.647.0002

Fax: 416-762-7082

Email: info@theventurecatalysts.net

Web: www.theventurecatalysts.net

Diversity is the Norm

Gen Y attitudes reflect an interest in and acceptance of diversity in all areas of life - in the private realm as well as in the public arena. Gen Y is also remarkably diverse. About one-third minorities, predominantly African-Americans and Hispanics. They are noticeably tolerant. One in four teens lives in a single-parent home; every high school student seems to know someone who's gay. Neither is a big deal. Even so, traditional values and parental approval are important, more so than for Gen X before them.

Gen Y Psychographics

The rise of Generation Y underscores the fact that "demographics are no longer destiny." While demographics show how and where to find these people, they reveal nothing about their behavior, which can be difficult to categorize or decode.

They are optimists, but they are also realists. Sports, fashion, music and other forms of entertainment are important to them. They are addicted to motion, change and constant activity. They are technologically savvy: accomplished multi-taskers who watch television while seated at their computers listening to MP3s, burning CDs and instant-messaging with a group of friends. They value education, and they value fun. The implosion of companies such as Enron and WorldCom has only amplified Gen Yers' mistrust of mega-corporations, and they find institutions generally irrelevant.

How to Connect

- **Make your products cool for the kids as well as their parents.** "Offer pop clothes at good prices with a brand that will appeal to 30- to 50-year old soccer moms and dads but that Gen Y is not loathe to adopting," Cooper says.
- **Exploit contests and promotions.** "Gen Y is unbelievably enthusiastic about winning free concert tickets or cars or ski weekends," he says. "Marketers need to generate teen excitement with radio and mall tie-ins, advertising, discounting, promotional kiosks – anything that's cool and has cachet."

- Become "hip." Yes, I'll explain. It means a combination of location and concept, Cooper says. "You have to be present where teenagers want to spend time, in skateboard parks, at concerts, in malls. Older marketers are not as comfortable doing that."

A Good Cause is Key

In its second annual survey of Gen Y buying habits, which queries online users age 12 to 17, Cone/Roper found in 2000 that:

- 91% of today's teens value companies and products that support good causes.
- 89% of teens would be likely to switch brands to one associated with a good cause.

Lots of Gen Y choices come from viral marketing – another name for peer-to-peer recommendations. To tap into that, Upoc.com links its digital prowess with its desire for community.

Don't Talk Down

When pitching Gen Y, keep in mind that they've grown up on slick ads and commercial messages. "They don't trust advertising," says Burnett. To get past that scepticism, Burnett suggests:

- Deliver consistent, excellent service.
- Understand the teen/Gen Y group. Do homework and don't make assumptions that they're all one homogeneous group. Acknowledge the differences.
- Don't talk down to them. "The most common characteristic is that they know a lot of stuff. The awareness level is very high," Burnett says.

For the Complete White Paper

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Venture Catalysts Evolves

The Venture Catalysts has recently revised its business structure to meet the needs of its clients.

The Venture Catalysts is now focused on strategy development

Vibe Creative, www.vibecreative.ca, will provide the marketing tactics with the creative work of Jody Brown and his team.

BizToolz.ca is a business development portal that will feature the a variety of Marketing, Sales, Networking and Automation tools for Canadian entrepreneurs.

Need Funding?

The Venture Catalysts has created Canada's Business Funding Directory. An annual publication it lists all public and private funding sources.

Call 416-769-3186 to order a copy or go online to www.theventurecatalysts.net.

