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# Generation Y and Z

Is marketing to the young all about  
technology?

## Generation Y and Z

*More than half of the world's population today was born at the height of the digital technology boom – making technology not a want but a need. However the world's younger generations - Y, Z and the emerging Alpha Generation – tend to embrace different lifestyles, values and needs from their predecessors, going beyond just technology literacy. Understanding the needs of these segments will be vital to mass-market success in the coming decade.*

### From Hippies to Google Babies

Media technologies and the internet have changed consumer behavior. Making up 60% of the world's total population, Generations Y, Z, and the emerging Alpha Generation have created a new conversation among marketers about how to sell to the young. These new consumers are seen as being more technology-dependent, multi-taskers and bigger spenders than their predecessors.

**Years born, age and population of age-groups from 1901 to the present**

Generation <sup>1</sup>	Year born <sup>1</sup>	Age now (2010)	2010 Population (in billions) <sup>2</sup>	% population
<b>Generation Z</b>	1995-2009 <sup>3</sup>	1-15	1.80	26.57
<b>Generation Y</b>	1977-1994 <sup>4</sup>	16-33	2.25	32.85
<b>Generation X</b>	1965-1976 <sup>1</sup>	44-34	0.95	13.87
<b>Baby Boomers</b>	1946-1964 <sup>1</sup>	45-64	1.30	18.98
<b>Silent Generation</b>	1929-1945 <sup>1</sup>	81-65	0.43	6.28
<b>G.I generation</b>	1901-1924 <sup>1</sup>	86-109	0.10	1.46

Sources: Wikipedia<sup>1</sup>, U.S. Census Bureau<sup>2</sup>, The Sunday Telegraph<sup>3</sup>, and Wuest, Beth<sup>4</sup>.

<sup>1</sup> Wikipedia, Generations, 15 November 2010

<sup>2</sup> U.S. Census Bureau. "World Population." Website retrieved on 9 November 2010

<sup>3</sup> The Sunday Telegraph, "Babies born from 2010 to form Generation Alpha", 15 November 2009

<sup>4</sup> Wuest, Beth, et al. Exploring Consumer Shopping Preferences: Three Generations, Vol. 100. Journal of Family and Consumer Sciences, 2008

Generation Y, also called the Echo Boomers and the Millennials, were born from 1977 to 1994<sup>5</sup>. At present, they are between 16 to 33 years old. They have witnessed the advent of modern technologies such as cable TV, console gaming, the internet, mobile phones, digital cameras, e-commerce and personal computers<sup>6</sup>.

Generation Z or the Net Generation, are those born from 1995 to 2004<sup>7</sup>, and are presently aged 6 to 15 years old. These kids are used to internet interactivity, and they download music and create online content with ease. Technology usage is second nature to them – they grew up with e-books, music downloads and websites. Having late Baby Boomers and Generation X-ers as parents, this group was trained from an early age to be social-media savvy by parents who witnessed the shift from analog to digital technologies<sup>8</sup>.

Finally, there is the Generation Alpha or Google Babies – who are being born in the digital age of wireless connectivity and might never know that CDs, cassette tapes and analog devices existed.

## **China's consumers**

The corresponding segments in China are just as interesting. There are those born between 1980 and 1989, the products of the country's one child policy. Those living in the cities are characterized by optimism, consumerism (indulging

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<sup>5</sup>ibid

<sup>6</sup> Raghuvansi, V. Impact of New Emerging Technology in Influencing Consumer Behavior, 8 October 2010

<sup>7</sup> Wikipedia, Generations, retrieved November 15, 2010

<sup>8</sup> Bystrom, Angela Cross. "What you need to know about Generation Z." 20 August 2010.

in the occasional buying spree<sup>9</sup>), entrepreneurial traits<sup>10</sup>, drive and high technology literacy.

*In China, those born in the 1980s show optimism, consumerism, entrepreneurship, drive and high technology literacy.*

These segments have helped propel the Chinese consumer market towards increased spending on apparel, followed by personal digital products and food<sup>11</sup>. Chinese consumers now prefer modern retail formats and shopping for leisure and entertainment<sup>12</sup>, at least in the cities.

The youth living in rural areas are a different emerging segment. They are less comfortable with information technology. In terms of advertising, they show more affinity for open spaces and outdoor advertising. They also prefer local brands and rely more on word of mouth.

## **Marketing to Gen Y, Z and Alpha**

The pervasiveness of the internet has created a borderless world – the world where Generation Y, Z and Alpha thrive. Consumption is no longer limited to what is physically nearby. The younger generations use the internet heavily, spending over three hours of personal time online each day while multi-tasking<sup>13</sup>.

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<sup>9</sup> Wikipedia, Generations, retrieved 15 November 2010

<sup>10</sup> Ibid

<sup>11</sup> Forbes Magazine, China's New Pragmatic Consumers, 14 October 2010

<sup>12</sup> Ibid

<sup>13</sup> Marketing Interactive, Gen X as top spender, 10 March 2010

For these reasons, Generation Y and Z are able to process information faster. Their tastes can change very quickly and they are wary about deliberate advertising<sup>14</sup>. Yet they are bigger spenders, indulging in “shopping as entertainment.” And, interestingly enough, they tend to be brand loyal<sup>15</sup>.

## **Engaging the Y-ers and Z-ers: What they want, and how they want it**

*Gen Y-ers and Z-ers are bigger spenders and tend to be brand loyal.* While Generations Y and Z can be fickle and impulsive in certain shopping contexts, and while they can be price sensitive<sup>16</sup>, they tend to be characterized by brand-consciousness. They would prefer credible brands that fit their lifestyle. These generations have considerable influence on household purchases and enjoy a great deal of financial independence.

Interactivity, participation, entertainment, accessibility and social & environmental consciousness are the key dimensions on which to engage Generations Y and Z.

### ***Interactivity***

Generation Y and Z are the heaviest internet users in the world. They engage in a wide set of online activities, including social networking and entertainment consumption (think music downloads and streaming video). In order to appeal to this segment, marketers need to enhance their virtual presence, describing in detail how and where to purchase their products.

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<sup>14</sup> Wayne H., Macinnis D., Consumer Behavior, 2009

<sup>15</sup> Wuest, Beth, et al. Exploring Consumer Shopping Preferences: Three Generations, 2008

<sup>16</sup> Financial express, Gen Y are shopaholics, Gen X eyes quality, 20 May 2010

One way of raising the interactivity of brands is via social media. Facebook, the most popular social media platform, has 500 million members.<sup>17</sup> Pepsi's PepsiFreshProject, that targets teenagers and early adults, has its own Facebook fan page with more than two million followers<sup>18</sup>. Its competitor, Coca-Cola, has more than 19 million followers overall<sup>19</sup>.

### **Participation**

Embracing technology-based marketing and sales channels such as text, mobile and internet has been found to yield results with younger segments. For example, Shiseido, a cosmetics company, launched the Puretext club in the UK in 2002. This campaign was aimed at promoting its Pureness skin care range to teenagers via text messages<sup>20</sup>. McDonald's promoted its McFlurry product through text messaging. To engage teenagers who may dislike overt marketing activity, McDonald's sponsored an interactive game, "The Lost Ring". The game was a global, multi-lingual alternate reality game that united players in a quest to recover ancient Olympic secrets<sup>21</sup>.

### **Entertainment**

To appeal to Gen Y and Z, advertisements need to appeal to their sense of humor and emotions, using "real people" in real-life vignettes, set against innovative music. Rather than focusing on features and product specifications, ads should be about lifestyle and fun. Once their interest is captured, Y-ers and Z-ers can easily retrieve technical information about the product from the internet or from their friends.

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<sup>17</sup> Tech crunch, Zuckerberg Makes It Official: Facebook Hits 500 Million Members, 20 July 2010

<sup>18</sup> Facebook, Pepsi Fresh Project, retrieved on 15 November 2010

<sup>19</sup> Facebook, Coca-cola, retrieved on 24 November 2010

<sup>20</sup> Grail Research, Consumers of tomorrow Insights and Observations on the Generation Z, 2010

<sup>21</sup> The Lost Ring Case Study, Retrieved on 24 November 2010

## **Accessibility**

Since Gen Y and Z use the internet for shopping and accessing information, 24/7 access to information and services is a big advantage. The new breed of consumers expects complete information and round-the-clock service. Tracking online purchases or offering technical support via internet chatroom can be important advantages for these consumers. One example of this is the domain and webhosting company Startlogic. Customers who purchase from Start logic can access 24/7 chat support from anywhere in the world<sup>22</sup>.

HP has been recognized for its strength in online customer service. Using social media technologies, HP utilized a customer support forum where global customers could exchange insights and tips to enable them to resolve issues themselves. This participatory platform has helped 13 million customers to resolve issues<sup>23</sup>.

## **Social & Environmental Consciousness**

Being born in a time of environmental crisis, Gen Y-ers and Z-ers do consider a product's environmental impact<sup>24</sup>. "Green" products and services are attractive to them, like solar powered cell phones, LED lighting and hybrid cars.<sup>25</sup>.

*Using Twitter, GM asked customers for proposals about modernizing the electricity grid.*

As an off-shoot of its corporate social responsibility efforts and targeting younger consumers, GM and IBM utilized social media to engage customers on issues of sustainability and social responsibility. Using Twitter, GM's "Ecoimagination Challenge" elicited proposals from customers

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<sup>22</sup> Startlogic, Startlogic Support, retrieved 15 November 2010

<sup>23</sup> HP Press Release, HP won an award for social technologies in online customer service, 19 November 2010

<sup>24</sup>Wayne H., Macinnis D., Consumer Behavior, 2009

<sup>25</sup> Grail Research, Consumers of tomorrow Insights and Observations on the Generation Z, 2010

about modernizing the electricity grid<sup>26</sup>. IBM has a Smart Planet program that amplifies the voices of their Twitter followers on existing core themes.

On the concept of recycling, Nike has a “Reuse-A-Shoe<sup>27</sup>” project that asks customers to return old footwear, which is then used for manufacturing basketball courts and football pitches. Nike is also designing goods containing fewer rare raw materials<sup>28</sup>.

These efforts aim to forge brand engagement, and thus loyalty and retention, among the younger generation.

## **Conclusion**

Being positioned as the segments of the future, Generations Y, Z and the Google babies will push marketers to raise the bar on attributes like interactivity, accessibility and social & Green impact. And since Gen Y and Z-ers have more spending power, a lot will ride on who wins the battle for the hearts and minds of these consumers.

However it is vital to note that technology is only a means to engage these consumers. Using technology in marketing is a means to an end and should never be allowed to become the end in itself. Distinguishing between these two approaches will make all the difference between true marketing success versus merely embracing the latest marketing fad.

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<sup>26</sup> Warc News, “GE, IBM, Starbucks lead green social media efforts”, 20 November 2010

<sup>27</sup> <http://www.nikereuseashoe.com/>

<sup>28</sup> Warc News, “Nike, Toyota target green innovation drives”, 15 November 2010