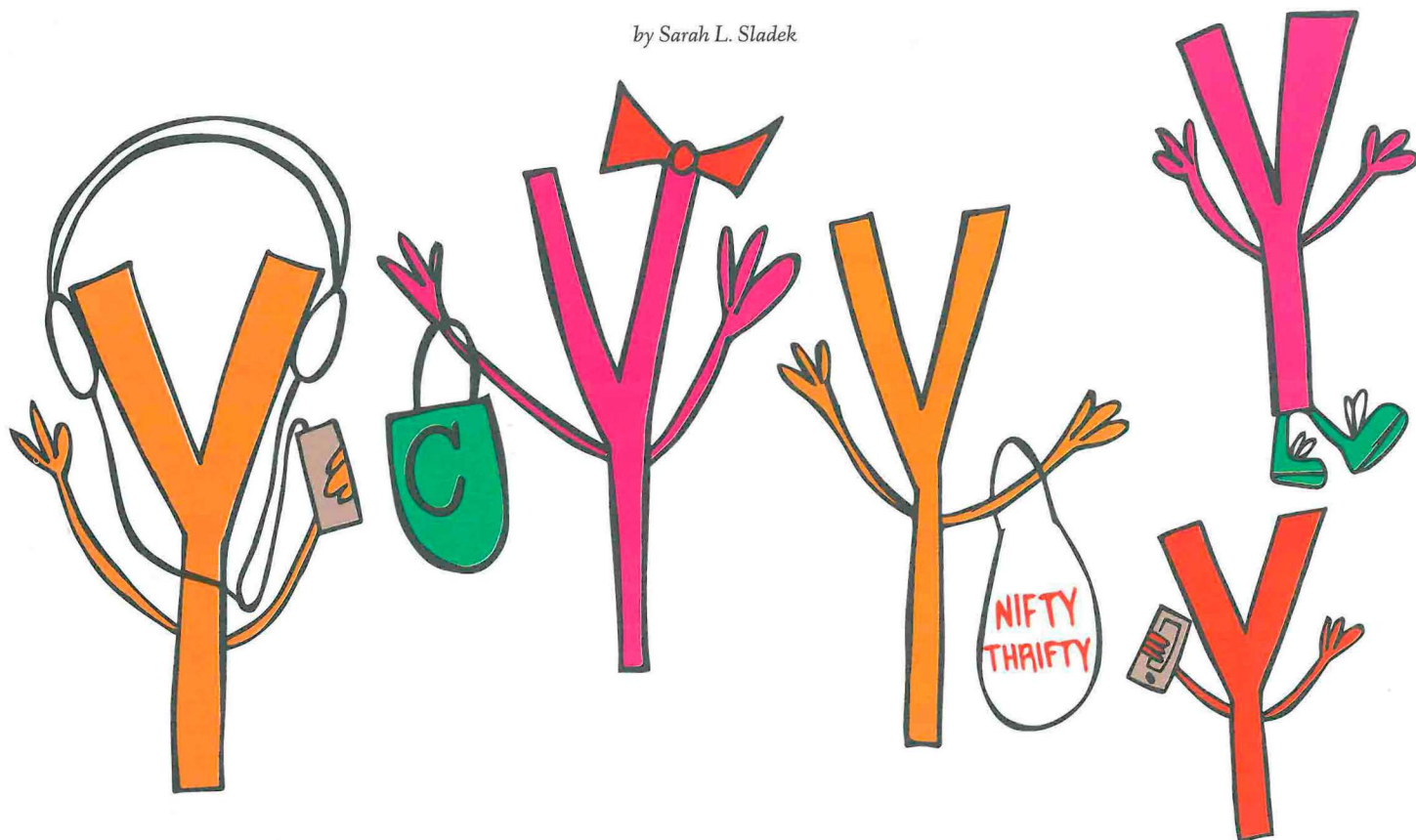


# Understanding the “Why” of Generation Y

by Sarah L. Sladek



**F**or decades retailers have known that young Americans are an indicator of future trends and a key cog in the economic engine that drives consumerism. This is especially apparent with the arrival of Gen Y.

Generation Y (1982-1995) is the largest generation in history and will likely become the majority of the American workforce by 2015.

While retailers may have first thought about Generation Y and dreamed of dollar signs, it quickly became clear this wasn't going to be an easy sell. Gen Y's buying habits are noticeably different from the generations that have come before them.

For starters, Generation Y doesn't seem to enjoy purchasing things and they hate to be sold anything. This generation spends a whopping \$200 billion annually yet ignores advertising.

For many retailers, this is their worst nightmare. They desperately need to convince America's largest population — 80 million 18 to 31 year-olds — to buy.

Here are the trends and tactics to keep in mind when targeting the Gen Y consumer.

## Recessionistas

Having incurred the largest credit card and college debt of any other generation and faced the highest jobless rate since the Great Depression, Ys have had to scale back and hunker down. As such, they tend to live in the moment.

Ys have emerged as 'Recessionistas' — a term used to describe a group of informed shoppers who stick to tight budgets while still managing to stay trendy.

With a desire for luxury, Generation Y will drop all of their disposable cash on a Coach purse. At the same time, they will linger over the best deals at a discount store, reuse and recycle, and sell their used goods on Craigslist.

Since the end of World War II, cars and houses have powered the U.S. economy, yet Gen Y seems to have lost interest in both. In contrast to their Boomer parents, Ys would rather have a less demanding job and live within their means.

As a result, the largest generation in American history might never spend as lavishly as their parents did.

## Digital Natives

As the first generation to be raised with access to technology, the typical Y owns multiple tech devices and constantly multitasks across these platforms. They are using those platforms to buy products, too. In fact, social commerce sales are expected to climb to \$14.25 billion by the end of 2013.

Generation Y values trust, and they don't trust a marketer's effort to sell them anything which is why they frequently consult user-generated review sites like TripAdvisor and Yelp.

Ys also value the opinions of their peers, managing social networks of hundreds of 'friends' whom they trust more than any expert, corporate, or academic mouthpiece. This makes it all the more important for retailers to engage customers in meaningful interactions, whether it's sharing photos of products and inviting a response, announcing daily specials, or posting interesting news about the business.

Gen Y grew up accustomed to instant gratification, so convenience is vitally important to them. In retail, this is the equivalent of quicker checkouts, mobile purchasing options, fully stocked inventory, clearly marked prices, and easy-to-navigate websites.

## Social Awareness

Generation Y frequently cites improving education, ending poverty, and saving the environment as their top concerns. They like to see businesses being in the business of helping others.

They respect TOMS as a brand that is making the world a better place along with Starbucks' fair trade coffee, Nike's shoe recycling, and Coca Cola's plant bottles. As an indie, you can also introduce this feel good attitude into your business model.

Companies that connect people to something bigger than themselves through their product or service will make a bigger impact with Generation Y.

## Trophy Generation

Generation Y has been referred to as the Trophy Generation because they have always been rewarded for participation and not achievement. As children, they were lavishly praised and often received trophies to avoid damaging their self-esteem. As a result, Ys crave structure, affirmation, and positive reinforcement.

Not surprising, this desire for attention and guidance applies to Gen Y's buying decisions. The concept of 'meCommerce' puts the consumer first and its cornerstones are happiness, rewards, and service.

Take Zappos.com, the online shoe retailer that built its business on massive inventory, free shipping, and real-life-human customer service. The result is a customer base that doesn't just buy shoes because they need them, but shops at Zappos because the entire experience is a positive one.

Generation Y always want to know how a product or service will make their lives better and how their purchase will 'reward' them by providing something of value to themselves or to others.

The arrival of Gen Y has ushered in an entirely new era of consumerism. All of this change can be boiled down to one simple fact: the value of acquiring and owning "stuff" has been diminished while the value of doing "stuff" has increased.

We can't identify with certainty what this means for the future of consumerism and the American economy, but we do know that retail will probably never be the same.

We also know that when it comes to the future of your business – and the health of our nation's economy – we all really need Gen Y to buy.

*Written by Sarah Sladek, CEO at XYZ University. Sladek and her team work to deliver expert, future-focused management consulting with a specialization in helping organizations engage Generations X, Y and Z. Learn more at [xyzuniversity.com](http://xyzuniversity.com).*

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