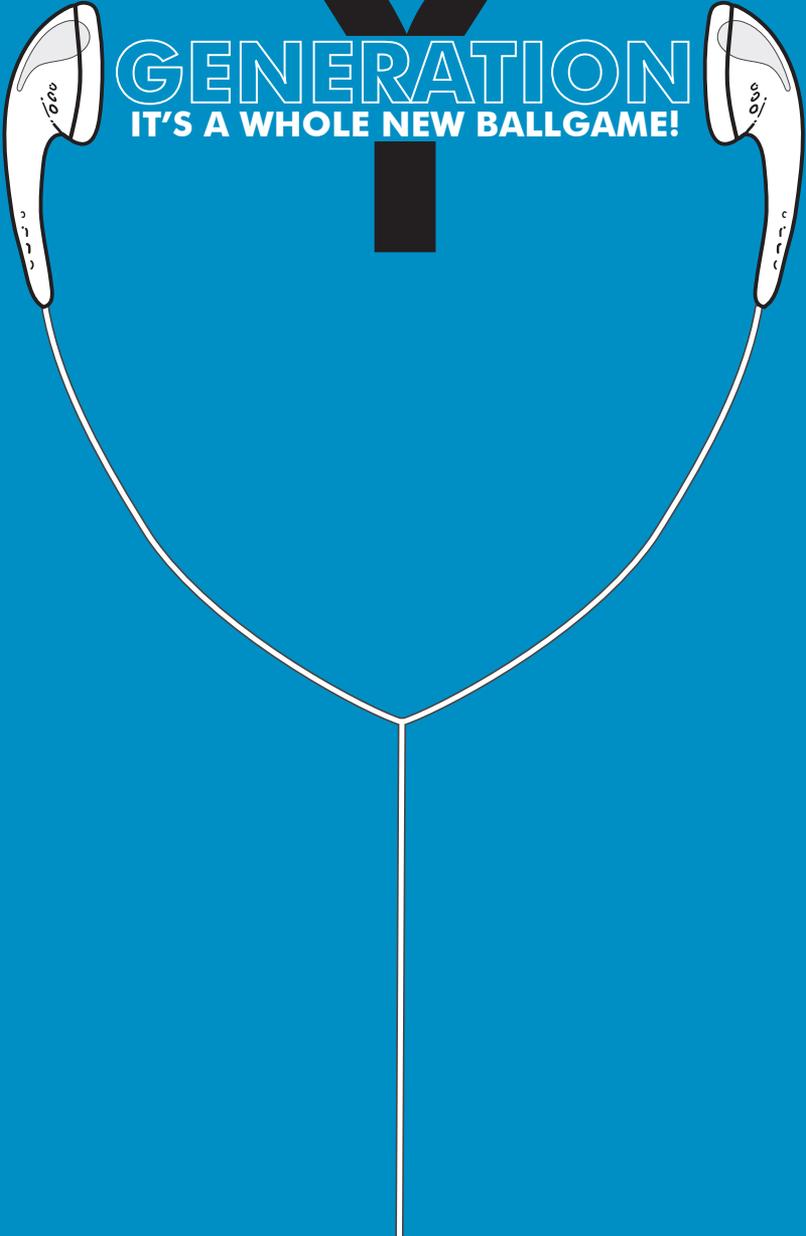


Y

GENERATION
IT'S A WHOLE NEW BALLGAME!



Move over Baby Boomers, there is another generation on the scene that numerically is almost as large. This is Generation Y. Did you know there are almost as many Y'ers as Boomers? And Y'ers are an economically empowered generation—they have money and they aren't afraid to use it.

If the furniture industry is to grow and ultimately thrive, manufacturers and retailers must ensure that a substantial portion of this money goes toward the purchase of furniture. But to make this happen, the traditional marketing and selling paradigm must be thrown out the door. For instance, why should a chair only be something to sit in? Why can't it have many more uses? How do we reach this generation? It is going to take a more sophisticated strategy than advertising in the local newspaper. Generation Y is very different, and we have to give them the types of products they want and present these products in ways that are meaningful to them.

In the next few pages is advice from the “experts” about how to reach this very large and affluent group of people.

Who is Generation Y?

These are the most media savvy, educated, and wired people to have ever walked the earth. The “Gen Y” term typically refers to the 25 percent of Americans—over 70 million young people—who were born roughly between 1980 and 2000. To put this in perspective, there are about 76 million Baby Boomers. This means that Gen Y will be as significant of a trend-setting population as were their parents. Moreover, this group spends money. It is estimated that each member of this generation, on average, has \$100 a week in disposable income.

Not only are these “kids” affluent, but they’re also a tough bunch. This group came of age experiencing Columbine, September 11, the launching of AMBER alert, the wars in Afghanistan and Iraq, and the War on Terror. They’re plagued with concerns for their personal safety as images of violence worldwide appear on their computer screens minutes after it occurs. This explains their toughness and their cynicism.

In addition to being tough and worldly, this group expects a great deal out of the companies from which they make their purchases. Reaching Gen Y consumers is critical for a company’s long-term success. Management has to think five years ahead: establish your brand, get their attention now, prove they can trust you. Then they’ll be your customer for

life. One of the best examples of this type of marketing strategy can be found in Toyota’s new FJ Cruiser. Toyota is known for quality and reliability, but not for “fun.” The FJ Cruiser is designed explicitly for the Generation Y driver and is pitched as a “fun” vehicle to drive. The strategy is clear—hook the drivers while they are young, and by the time they place quality and reliability over “fun,” you will already have their loyalty.

It Really is a Wired World

The first rule in attracting Gen Y’ers is simple: approach them on their own terms. You must capture their attention. This means that your company’s message—the advertisement, if you will—has to be slipped in and must become a part of their communicative activities and integrated life. This group is remarkably busy—one reason they multi-task—and deeply resent messages that interrupt their lives and intrude on their time. Instead, the message must become a part of their daily experiences.



The second rule is equally simple: it's (almost) all about the 'net.' The internet is the communication/information channel that is most familiar to Generation Y. Members of this generation are very good at using the web to generate significant buzz with "word of mouse." This is often called viral marketing and is a very effective way to create a sense of community among young consumers—and this is a very communal group of consumers. Generation Y probably depends more on recommendations from their peers than any previous generation.



Along with gathering opinions from their peers, this group does not hesitate to offer their opinions. Gen Y'ers are very open and vocal about a product or service they like (or dislike). "Buzz marketing" refers to developing commercials, slogans, product names, and so forth, that get the attention of these individuals and, in turn, make them want to share it with their friends. The speed by which a popular video on YouTube spreads is a perfect example of how buzz marketing works. For example, Listerine—which isn't usually thought of as a "cool" or "sexy" company—has produced a series of videos shown on this web site.

Buzz marketing can be especially helpful when Gen Y gets advance or sneak peeks

at products before the retailers even stock them. The internet's ability to generate buzz is likely to increase in the coming years. Currently, magazines signal trends to Gen Y consumers, which then lead them to search the Internet and engage in "word of mouse." However, in the future, trends are likely to begin on the Internet.

And A "Wired-Less" World, Too

Rule number three is that it isn't all about the net. Companies should not limit their marketing campaigns to the internet. Generation Y consumers are attached at the ear to their cell phones. Although not common at this point, there are reasons to believe that companies can use SMS (short message service, also known as text messages) to create the sense of community just mentioned. For example, using text messaging via SMS, why not ask the members of every fraternity at Mississippi State University to answer a factual question? The fraternity that has the greatest number of correct answers could win a living room suite, or something similar, for the fraternity. The company not only could use this contest to generate "buzz," but it would also help expose the product to an audience that otherwise might never have been exposed to it. Another significant benefit of this approach is that it plays to one of Gen Y's strongest characteristics—these consumers love to play games and to win something.

Having said this, keep in mind that Gen Y'ers need to be in control of their communications. This means that mobile spamming alone will not only be ineffective, but it may very well create a hostile audience. So use this need-for-control to your advantage. We know Generation Y consumers like interactive components in their activities. So for the sofa/fraternity promotion described above, first run an ad in the college newspaper informing students of the upcoming contest. This ad should provide a number to call, or an e-mail address to respond to, so the students can “opt in.” Such an approach puts the Y'ers in control of the communication and provides a ready-made list of phone numbers and e-mail addresses for the company to use in the promotion.

But it's still a “Real World.” Although electronic media are clearly Gen Y's preferred communication channels, there is growing evidence that these consumers respond very well to experiential marketing (or what is also known as event marketing). According to preliminary studies, participating in an event makes these consumers more receptive to a brand's or product's advertising. Moreover, those who



participate in a live marketing experience say they are likely to tell others about it (“word of mouth” to go along with “word of mouse”). For furniture manufacturers and retailers, this suggests that giving potential consumers the opportunity to sit, touch, feel and look is better than simply showing them pictures of your product. But here again the advertisement must be directed at the audience. This means taking furniture to where the young consumers are, not waiting for these consumers to come to where the furniture is (as in a store). One way to do this would be to set up an “outdoor store” in a mall parking lot. Consumers could

be invited to sit in several recliners and then vote for the one they find most comfortable. Of course, since you're asking Gen Y'ers for something—their time and opinions—they will expect to receive something in return. Remember this generation is especially fond of incentives, discounts, and free “stuff.”

Don't Forget the Message!

While the media are important, your message is still the critical component. This is a very savvy, worldly group of consumers. All of their lives they have

been surrounded by slick advertisements and suave commercial messages. They are very distrustful of advertising in general. This means the successful message must describe the product with an honest approach. Generation Y consumers react very negatively to ads that appear to over-promise or that seem less than genuine and honest. They also reject ads that leave too many questions unanswered. These consumers grew up in the information age, and they tend not to buy products that leave them feeling confused or annoyed.

More importantly, Generation Y'ers do not like to be left in the dark. This means that approaches which leave out certain bits of information, in an effort to create an illusion of mystery, simply won't be effective. Similarly trying to add drama to a message by prolonging the facts is a bad idea. This generation grew up with the world at their fingertips (literally) and is known for a short attention span. They will only become frustrated and bored with your advertisement, and may forget it altogether. The bottom line is that the message must be direct, complete, and honest.

The message also has to be made for and directed at this group. For instance, a picture of a traditional family sitting in a traditional living room doing traditional things probably won't work. After all, the majority of these consumers have mothers who work outside of the home. Additionally, just over 25% of them were

raised in single-parent households. Promotional campaigns that emphasize the traditional homemaker mother may fail, and even be offensive, to the desired audience. Instead of traditional images, you must stress things that are new, advanced, and computerized—images that are directed at Gen Y'ers. It also helps to include people in ads who resemble the targeted audience—Gen Y'ers like seeing other Gen Y'ers in advertisements and promotions.

Another way to tailor the message to fit the audience is by stressing how the product can simplify life in new, innovative ways. An excellent example of this is the cell phone—which allows the user to talk to others, take pictures, and play music. Innovations to existing products that make things more integrated are highly valued by these young consumers. For instance, why does a sofa have to be a sofa? Can't it be more than just a place to sit? Why can't it be "electrified" so a young consumer can recharge his or her cell phone by plugging it into a sofa arm?

Although commonly voiced as a criticism of younger consumers, this group loves to be entertained. This means your message—your advertisement or promotion—must be "fun." Members of Generation Y are especially fond of spoof, and enjoy things that make them laugh (but they don't like ads that make fun of other people). And as noted earlier, these kinds of things are

readily shared with their friends. Also, remember that online gaming is a form of entertainment perfected by those in Generation Y. Starwood Hotels, Toyota, and Ford are just a few of the companies whose products now appear in online computer games. Why can't furniture brands also be included?

Finally, this

group has a strong social consciousness. They believe in helping others and in giving their time, service and money to assist those in need. Gen Y'ers also are "green." This is perhaps our country's most environmentally-conscious generation. These admirable social traits provide companies with

donate \$1 to a children's charity for each plush toy sold in its stores.

excellent opportunities to gain and retain customers. For example, the IKEA Christmas web site emphasized that this furniture company would donate \$1 to a children's charity for each plush toy sold in its stores. Also, IKEA stores in San Francisco charge customers an extra \$0.15 if they want their purchases in a plastic bag (which are very harmful to the

environment).

IKEA's actions not only are socially responsible and highly commendable,

but they are also brilliant marketing efforts. Generation Y consumers are extremely loyal to companies that share their values. Your message must demonstrate that you both understand and share these values.

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Now, What Does This All Mean?

Companies cannot continue advertising and marketing their products in the traditional way. Gen Y'ers are a large, affluent group who, very much like Baby Boomers. They demand that things be done in the way they want them done. Organizations, such as furniture manufacturers and retailers, that meet these demands will have loyal customers who will follow them for decades. Those that do not, will eventually face a "lose-lose" situation by doing things the same way and expecting different results. Reaching these young consumers will be difficult and will require a fundamental rethinking of how products are marketed. But the rewards will be great and long-lasting.

