

Y It's Different: Understanding Gen Y Consumers, Ways Non-Profits Can Reach Them & How Visa Can Help



by Jonathan Salem Baskin—Author of *Tell The Truth: Honesty is Your Most Powerful Marketing Tool*, columnist for *Advertising Age*, and president of Baskin Associates, a marketing decisions consulting firm.

UNDERSTANDING GEN Y CONSUMERS

They're a huge consumer segment. You wouldn't know them by how they dress, since they wear mainstream brands. They don't stand out as obviously different than Boomers or Gen X consumers. But don't be fooled: Gen Y, or "Millennial" consumers are nothing like any other customer segments. They're everywhere. At 79 million, Gen Y consumers—people between the ages of 16 and 34—already outnumber Boomers.¹ Their giving power still trails that of their elders, but the math is simple: as they advance in their careers and lives, so will their importance to the philanthropic community. By 2030, their numbers will exceed all other consumer groups combined.

Their attitudes and influences are the new normal. Understanding this consumer segment isn't just about the numbers. As the first generation to grow up utterly immersed in technology, it's a fair guesstimate that they won't be the last. Their attributes, such as constituting the majority of online bloggers,² will be reflected in the predispositions of the consumers who follow them. The qualities of Gen Y will indeed become the new normal, and that will require a deeper understanding of why and how they give.

WAYS NON-PROFITS CAN REACH THEM

Marketing symbols of smarts, not success. Since their tastes and sense of entitlement came from their parents, Gen Y consumers find themselves caught between expectations for the material well-being of their elders

and an inability to afford it in the challenging economy that has defined most of their own adulthood (they're also called "Echo Boomers"). They're the first generation in a century that won't likely do better financially than their parents.³ This has changed the way they buy and give, requiring that non-profit messaging focus on smart and innovative solutions instead of simply relying on associations with a good cause; don't just invite them to help make a difference, but convince them that they can do so via specific, unique activities. In the corporate world, one major car brand says this means reaffirming marketing in terms of product functionality, not status alone.⁴

Turning wants into needs. Gen Y consumers tend to delay traditional large purchases and giving bequests, though often in lieu of expenditures on life experiences, such as travel or graduate degrees.⁵ They don't share the sense of frugality and symbolism of personal accomplishment evidenced by their parents and grandparents. Money is a tool to them, nothing more, so they're less concerned about how they come by it. One study suggests that more than half of recent college grads rely on their parents for financial help,⁶ and another reveals that over a third carry more college debt than their parents did.⁷ This has changed how some non-profit messages are targeted, often focusing on the parents of Gen Y consumers—not the Gen Y consumers themselves—in hopes of inspiring them with the possibilities of making contributions or investing in membership as gifts for their adult kids. It also prompts new content marketing approaches that educate Gen Y consumers on the necessity of such behaviors, since they may be leery of making additional big ticket actions,⁸ but they'll do so if and when brands and non-profits make the case for those necessities.

Selling first to the community. Various networks of friends, associates, and like-minded interest groups loom large as primary influencers of Gen Y. A vast majority of them use social networking to vet decisions and report their experiences.⁹ They value the opinions of strangers online as much or more so than they do those of immediate family and friends.¹⁰ Their trust of marketing and branded communication is commensurately down; they won't buy unless their communities of friends agree that it's a good idea.¹¹ So successful non-profits start their communications with campaigns intended to develop understanding and consensus on the subjects related to their activities. They also communicate with these communities throughout their relationships, either directly or through the experiences reported by their members and donors.

HOW VISA CAN HELP

Exploit the everywhere of tech. Almost half of all Gen Y consumers don't have land lines but instead rely exclusively on their mobile phones.¹² Technology for them isn't just everywhere but embedded in their lives (mobile makes their communities a part of every moment, for instance). Tech is therefore an expectation and not necessarily a benefit, and it means automatic payments and subscription models are popular with Millennials (one Gen Y blogger claims to have a "coffee fund" for automatic savings contributions to cover the cost of her daily lattes!¹³). Offering Visa as a donation option makes it easier for your members and donors to sign-up for recurring donations.

Enable better customer conversations. In an era of 140-character Tweets and the information overload made possible by the rest of the Internet, Gen Y values simplicity and have a low tolerance for mistakes. Simplicity is a synonym for authenticity and is a core motivator of action, as if they apply Occam's Razor to every brand communication and subsequent purchase decision.¹⁴ So the fact that donations made with Visa are guaranteed to clear—compared to the risk inherent in ACH donations—means that your conversations don't have to get sidetracked with such issues. They can focus on engaging with your community on the content that matters to them...and to you.

Focus on your core business. Visa solutions also allow you to focus on that all-important engagement with your Gen Y members and donors, through providing such benefits as improved cash flow (donations made with Visa post faster than those made with checks) and improved processing efficiencies (reduced time spent processing checks). This frees time and resources in your organization that are necessary for the engagement, conversation, and support that will truly differentiate your non-profit from the competition.

TO LEARN MORE VISIT
WWW.VISA.COM/CHARITYACCEPTANCE

Footnotes

¹ The Millennial Consumer; Christine Barton, Jeff Fromm, Chris Egan; Boston Consulting Group; April 16, 2012 https://www.bcgperspectives.com/content/articles/consumer_insight_marketing_millennial_consumer/

² Inside Blog Demographics; Sysomos; June, 2010 <http://www.sysomos.com/reports/bloggers/>

³ Generation Y's steep financial hurdles: Huge Debt, No savings; USA Today; April 23, 2012 http://www.usatoday.com/money/economy/2010-04-23-1Agency23_CV_N.htm

⁴ Soundbites: Trends and Gen Y Values; Ford Motor Company; undated http://media.ford.com/article_display.cfm?article_id=35060

⁵ Why Gen Y delays homebuying; Blanca Torres; San Francisco Business Times; June 3, 2010 http://www.bizjournals.com/sanfrancisco/blog/2010/06/why_gen_y_delays_homebuying.html?page=all

⁶ At Work, Generation "1" Has High Expectations; Ned Smith; Business News Daily; May 3, 2012 <http://www.businessnewsdaily.com/2463-generation-career-expectations-entitlement.html>

⁷ Why Gen Y may face least secure retirement; Jennifer Leigh Parker; CNBC.com; April 20, 2012 <http://www.usatoday.com/money/perfi/retirement/story/2012-04-22/cnbc-gen-y-financial-hurdles-retirement/54446740/1>

⁸ Fear of Commitment, Economy Drive Generation Y Shopping Patterns; Danielle Kurtzleben; U.S. News; April 24, 2012 <http://www.usnews.com/news/articles/2012/04/24/fear-of-commitment-economy-drive-generation-y-shopping-patterns>

⁹ How Generation Y Will Change The Future; Kiplinger; December, 2010. http://www.kiplinger.com/slideshow/generation_y/2.html#top

¹⁰ Why Millennials Rely on Friends' and Online Strangers' Advice Equally; Lani Rosales; AG Beat; February 13, 2012 <http://agbeat.com/real-estate-sales-marketing/why-millennials-rely-on-friends-and-online-strangers-advice-equally/>

¹¹ Talking to Strangers: Millennials Trust People Over Brands; a white paper published by Bazaarvoice and The Center for Generational Kinetics; January, 2012 <http://www.bazaarvoice.com/talking-to-strangers-millennials-trust-people-over-brands>

¹² 36 Facts About Generation Y in the Workplace and Beyond; TheEchoBoom; October 5, 2010 <http://theechoboom.com/2010/10/36-facts-about-generation-y-in-the-workplace-and-beyond/>

¹³ Feed The Pig!; Emily Jasper; From the Gen Y Perspective; March 1, 2012 <http://www.emilyjasper.com/gen-y/feed-the-pig/>

¹⁴ Gen Y Gives Thanks: Simplifying My Life; Sharalyn Hartwell; Examiner.com; November 2, 2010 <http://www.examiner.com/article/gen-y-gives-thanks-simplifying-my-life>