

Seducing Gen Y

How the next generation of French consumers
thinks, behaves and shops

Findings from our study on the digital consumer
conducted in France and in the United States

December 2014

SUMMARY

Our study shows that to seduce the next generation of shoppers, brands need to build a convincing and engaging digital presence. Gen Y consumers are at once more open and more wary shoppers than their Gen X equivalents. They are prepared to engage meaningfully with - and buy from - brands who offer a great experience, online and offline. But these brands must also inspire trust by taking care of personal data.

Smartphones have become a primary shop window for your brand – and this is particularly true for Gen Y consumers. Under-25s access the internet via their phones several times a day, via apps or websites: if your brand does not have an app or a responsive website that loads quickly, you will potentially lose younger customers.

Gen Y consumers are open to communication from brands. They actively want to receive content from the brands they follow, and unlike Gen X consumers, naturally view communication as a two-way process: they are keen to engage in discussions and share their opinion.

In addition, the combination of more social networks, more time online, and more friends means that Gen Y has a huge online influence compared to Gen X. Content can be (and is) shared rapidly, among large numbers of like-minded people, creating a multiplier effect. Add to this the fact that Gen Y consumers are willing to engage with brands under the right circumstances, and the opportunity for brands to reach new customers, and remain top of mind for existing customers, is enormous. In order to do so, they need to create interesting, relevant content that facilitates “sharing” and takes account of the specificities of each of the main social networks (e.g. by using ultra-short video clips, images and teasers under 140 characters) and the stated needs of under 25s to feel informed and share their opinions.

Comparing Gen Y and Gen X shopping behavior through the prism of a customer journey (or experience cycle – see box) highlights the stages where it may be useful for brands to differentiate strategy, and areas where a one-size-fits-all approach is appropriate. Online behavior varies the most at the beginning (Need desire and awareness) and the end of the experience cycle (Sharing experience), with more frequent internet and app access via smartphones, declaration of digital media as influential touch points, and heavier use of a range of social networks by Gen Y shoppers. Their behavior may also differ at the purchase consideration phase, as they discuss ideas and concerns with friends on social networks. On the other hand, Gen Y consumers are not significantly more likely to make their actual purchase online than Gen X.

THE EXPERIENCE CYCLE

Consumers typically go through six distinct stages when making a purchase:

- Need, desire or opportunity
- Search for information
- Store visits, alone or accompanied (NB this can also be a visit to an online store)
- The purchase consideration phase
- The act of purchasing
- Sharing experience

Each of these stages can be influenced by marketers, through activation of a range of touch points.

Digital has made the experience cycle more fluid, preventing bottlenecks, and enabling consumers to move easily from one stage to the next. However it has also disrupted the cycle, giving previously less important stages (e.g. sharing experience) much more weight, and putting information at the heart of the customer journey. As Gen Y represents the most digitally-savvy generation, it can be seen to be at the vanguard of this disruption of the experience cycle.

SEDUCING GEN Y

HOW THE NEXT GENERATION OF FRENCH CONSUMERS THINKS, BEHAVES AND SHOP

Target

Men and women, 15-69 years old, taken from national representative samples. Quotas set for gender, age, social class (France) or household revenue (United States), region, household size.

Sample sizes

France: 1834 interviewees
US: 1496 interviewees

Data collection methodology

On-line

Data collection dates

France: October 10 to 21, 2013
United States: October 17 to 23, 2013

Questionnaire length

22 minutes

INTRODUCTION

At the end of 2013, we carried out a major study into consumer behavior and spending habits in two developed economies, the US and France. Set against a backdrop of rapid digitalization, our intention was to identify the habits of the “digital consumer” – how people today use digital devices and platforms to engage with brands and make purchases. We published the headline results of this study in February this year, in partnership with Enjeux les Echos.

These headline results, however, masked major differences in consumer attitudes and behavior. One of the key themes to emerge was the different – and sometimes surprising – differences between “established” shoppers and the “next generation” of consumers. The former, over the age of 25 and economically independent (working, and living outside the parental home), account for the largest proportion of consumer spending. However, to ensure future success, brands must know how to attract the “next generation” – the much-cited, frequently misunderstood Generation Y.

For the purposes of this research, we have defined this emerging consumer group as under the age of 25, although we are aware that “Generation Y” as a label can be used to describe consumers born after 1980. For this reason, we will take as our most frequent point of comparison not the next immediate age group (25-34), but the group commonly known as Generation X: 35-49 year olds. To avoid complexity, we have also focused our study on France.

MILLENNIALS - ONLINE AND ON THE PHONE

The under-25s are the most digitally equipped consumers with 9 out of 10 owning at least one smartphone or tablet computer and a third owning both. More surprising is the fact that this is the first generation where there are no real differences between men and women in terms of digital equipment. Whereas Gen X men are as third as likely again as Gen X women to own a smartphone or tablet (and more than twice as likely to own both), 19-24 year old men are only slightly more likely than women of the same age (92% vs 87%) to own one of these digital devices.

Gen Y men and women also access the internet via smartphones in similar proportions, with around 3 in 4 accessing the internet at least once a day via their phones: Gen X are not only much less heavier users, but the gender difference is much more marked, with 62% of 35-49 year old men accessing the internet via smartphone at least once a day versus 42% of women.

Somewhat surprisingly, Gen Y consumers are only slightly more likely to have at least one brand or retailer app than their Gen X equivalents (57% vs 52%), demonstrating the widespread adoption and appreciation of apps. However, the fact that Gen Y consumers use their smartphones to access the internet much more frequently implies that the level of interaction with apps may be higher.

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TAKING ADVANTAGE OF THE MULTIPLIER EFFECT ON SOCIAL NETWORKS

The last few years have seen an explosion of social networks. If Facebook is now a standard, with grandparents and children alike posting and liking content, other social networks are gaining tract. Instagram and Pinterest are now entering “established” territory, with newcomers such as Snapchat and Pheed being rapidly adopted by (and sometimes specifically targeted at) a younger demographic.

Our research confirms that under-25s are significantly more social than older shoppers. The issue is not social versus non-social – in fact most people under the age of 65 are signed up to at least one social network. But young people are much more likely to be on multiple networks. Whereas there is a large drop-off for Gen X and baby boomer users above two social networks, one in five Gen Y consumers is signed up to three networks. They are also much more likely to be “heavy” users, with 88% accessing social networks at least once a day (versus 64% for 35-49 year olds and only 45% for 50-64 year-olds). Perhaps unsurprisingly, given the amount of time they spend online, they have more friends and followers, with an average of 206 versus 89 for 35-49 year olds.

It is interesting to note that Twitter has gained a large following among the under-25s (41% for 19-25 and 45% for 15-18 year olds): this is far from the case for older generations (only 25% among 25-49 year olds), who tend to view the medium as a business tool. Increasingly this is likely to pose a dilemma for brands, who can no longer control two separate channels to provide corporate information for investors and fun brand content to young shoppers. It has never been possible to hide online, but with Twitter, brands must be aware that all content is actively pushed to all users.

Overall, young people's engagement with brands on social networks represents a major opportunity. The under 25s are relaxed in their approach to commercial content, and are far more likely to genuinely engage with brands on social networks than Gen X consumers: on average, they follow more than 8 brands online, and are less likely than older generations to follow brands simply in order to get a discount: their principal reason (73% for 19-24 year olds vs. 54% of 35-49 year olds) is to "follow the brand's news" and 38% of 15-18 year olds follow brands online in order to share their opinions. They are also significantly more likely to have liked, shared or commented on content shared by a brand.

Brands also need to be aware when putting together a social marketing strategy that, when it comes to following brands on social networks, young men are significantly more active than women: 37% of 19-24 year old men follow more than 10 brands online (versus only 21% of women of the same age). They are also more influential at the purchase consideration and share experience stages of the experience cycle. Around 24% (versus 15% for young women) use the "share" feature on social networks to tell friends they like, or have actually bought a product or brand.

Gen Y is less likely than older generations to follow brands simply in order to get a discount: follow the brand's news, share their opinions are important motivations. They are also significantly more likely to have liked, shared or commented on content shared by a brand.

ONLINE SHOPPING: IT'S (MORE) A MAN'S WORLD

Perhaps surprisingly, when it comes to the act of purchase, there are few differences in behavior between Gen Y and Gen X: both mix online and offline shopping, with in-store purchases more popular than online purchases in most categories (the notable exception being train and plane tickets, for which online has almost completely replaced in-store purchases). The fact that the generations demonstrate the same behavior reflect wide understanding of the conveniences and limitations of online shopping, together with the fact that while Gen X may be less digital-savvy, they tend to buy more articles (resulting in a greater overall number of online purchases).

In fact the split is much more by gender than by generation: men are much more likely to shop online than women, particularly in categories such as books and music, and electronic products. This gender bias is slightly less visible among Gen Y shoppers than among their older equivalents – but it still exists.

Whether shoppers look for information online before buying is also determined by gender rather than by generation: men are also much more likely to look for information online before making a purchase. This gender gap is even more marked among Gen Y shoppers: for alcoholic drinks, for example, 35% of 19-24 year old men will seek information online versus 12% of women (for 35-49 year olds the ratio is 25:14); and for food, 33% of young men will seek online information versus 19% of women (the 35-49 year olds' ratio is 21:14). This may be as much to do with young male insecurity and the need to make the "right" choice to achieve the desired image among friends. In addition, for some categories (notably furniture and food), behavior is likely to converge as people grow older, and are more likely to live with a member of the opposite sex.

SAME REASONS TO SHOP ONLINE, DIFFERENT CONCERNS

Reasons for shopping online versus in-store are clear-cut. People shop online to get the best prices (53%), or convenience, whether this is expressed as “saving time” (30%), “being able to shop where I want, when I want” (31%), or because “it’s easy” (21%). By contrast, shopping in-store is associated with “buying something that completely meets my expectations” (44%) and low / no risk (23%).

These contrasting motivations do not differ significantly between generations. More 19-24 declared internet shopping to be “easy” (27%) than any other group, and young people aged 15-24 were overall more likely to see shopping in store as a way to have fun with their friends (around 1 in 5 of those interviewed, more than twice the number of over-25s).

The overall picture is of a generation with a sophisticated understanding of the dangers and opportunities involved, and who sees the digital world as something to be negotiated and managed for personal benefit.

Where significant differences did emerge in our research was, however, between men and women. More than any other group in the survey, Generation Y women are overwhelmingly motivated by price (82%) when they shop online, in contrast to men (66%); they also believe it saves time (82% versus 57% for men). This has implications for brands targeting young women, including offline: if women shop in-store, they expect an experience that “justifies” a higher price point.

An important difference between Gen Y and Gen X shoppers is in their attitude to data privacy. Whereas one might expect older generations to be more cautious, in fact the reverse is true.

Those aged 19-24 are more likely than any other group to post photos of themselves on social networks (44% versus 23% of 35-49 year olds), but they do so with full awareness of the risks involved: 82% are scared for the safety of their online information; 86% have put restrictions on their personal profile; and 89% choose not to publish certain pieces of information for privacy reasons. The overall picture is of a generation with a sophisticated understanding of the dangers and opportunities involved, and who sees the digital world as something to be negotiated and managed for personal benefit. Opting out is not a serious option. The key here is reassurance: brands that manage to convey they treat data responsibly, and only make use of it for the customer’s own benefit, will gain trust.

TOUCH POINTS

Our research also encompasses a review of the most influential touch points in consumer decision-making. We studied five categories in-depth: insurance, small domestic culinary appliances, cars, shampoo and chocolate bars. These categories were selected as a result of the need to study categories and markets that invest heavily in marketing and communications, and which are represented by strong brands.

A touch point can be defined as each time a brand comes into contact with consumers. Traditionally, these touch points are grouped into 8 “families”:

- Mass media (TV, magazines/ newspapers, posters, radio etc.)
- Indirect (article appearing in the press, expert or third - party opinion)
- Digital (advert, brand website, official social network page or channel, social media activity etc.)
- Sponsorship
- Recommendation
- Point of sale
- One-to-one (loyalty card, promotion, email newsletter)
- Product (samples etc.)

A comparison of touch point relative influence between Gen Y and Gen X customers yielded a marked contrast. In all categories studied, Gen Y consumers in both the 15-18 and 19-24 age groups were the most heavily influenced by digital touch points (around 25% for all categories excluding shampoo, compared to <20% for other age groups). Yet influence by “mass media” was not out of line with other age groups (around 30%), and still higher than for digital. Contrary to popular belief, the under-25s have not deserted the TV in favour of smartphones: in fact they consume both.

The one touch point that has major traction among Gen Y consumers is sponsorship. Consistently in double-digits as an influential touch point, versus low scores for other age groups, sponsorship represents a clear way for brands to attract this specific consumer group.

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Over time, it seems likely that for this social media – connected generation, recommendations to friends online will gain greater weight in the “recommendations” touch point. As this is already the most important touch point family in most categories, it represents an opportunity for brands to influence a touch point previously considered outside brand control. Ways in which brands are able to exert greater influence in this domain include providing shareable content that might “prompt” recommendations among friends; monitor social networks for negative comments and seek to proactively address them in a way that inspires confidence among other users; and actively inviting online shoppers to “share” the fact they have bought a product, provide ratings, or write (and share) a review.

MEASURE YOUR MARKETING EFFECTIVENESS

CUSTOMER JOURNEY & TOUCH POINTS

Strategic research offers a number of tools to help you measure the effectiveness of your marketing activities, both tactical and strategic.

Understanding the customer journey has become essential. It involves identifying the pain points in the customer experience and the paths the brand can adopt to address them. Visualization of the customer journey, “customer journey mapping”, makes bringing together all parties involved in the customer satisfaction chain considerably easier, thereby enabling the brand to make the right decisions.

The return on investment of marketing initiatives has become central to managers’ concerns. Never has the mantra “you cannot manage what you cannot measure” been more relevant. We have developed the touch point model with our specialist partners in ROI. This tool, which is based on more than 10 years’ experience, enables you to optimize marketing spend by selecting the most profitable touch points, those that offer the biggest contribution to brand equity and best serve the brand’s strategy.

ABOUT STRATEGIC RESEARCH

Strategic Research is a marketing studies and strategy consulting firm founded in 2004 by Michaël Bendavid, former Vice President of Research International (WPP).

We help our clients make the right decisions

Research can serve a multitude of purposes. We focus on research that helps clients make decisions on subjects crucial to their business. This focus at Strategic Research can be seen in our:

- Understanding of client issues
- Ability to select or devise the right methodology to generate the data essential to a decision
- Production of outputs geared towards decision-making.

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We deliver studies with strong added value for clients

Research has become commonplace, and market research service offers have mushroomed. The result is a market schism between clients who use commodity-type research, and more demanding clients who look for research with real added value.

Strategic Research is positioned to serve these demanding clients, exploring questions that require strong expertise in terms of technique and project design and management.

We always put together the right team for the job

Our core team is composed of research experts, some of whom have a background in strategy consulting. Around this core team, we have built an ecosystem of experts, internationally recognized in their area of expertise, who get involved depending on specific project requirements.

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