



**T**hey're young, diverse, proven spenders, and in the near future increasing numbers of them will have jobs and ever-larger amounts of disposable income.

Collectively, they've also been dubbed "Generation Y" and the "millennial generation." They act and think much differently than "Generation X" before them, and the divergence is even greater when compared to the "Baby Boomer" generation. As a group, Gen Why includes youngsters born between roughly 1980 and 1995 (sources vary on the dates). This puts the oldest Gen Why members in their mid-twenties and the youngest at about 11.

Who are these credit union members and potential members among us? How do they think? What makes them tick?

#### **Here are a few key takeaways...**

They will fuel online banking. Gen Why spends a lot of time online. Overwhelmingly, they are on high-speed broadband connections.

According to a recent forecast report by Forrester Research, today's younger tech-savvy generation will fuel EBPP (electronic bill presentment and payment) growth as they seek the ease and convenience of online services. By 2010, approximately 47 million U.S. households will pay bills online, which is a 75% increase from the end of last year, according to the report. For consumers under the age of 30, EBPP adoption will soar 219% as Gen Why's wealth and spending habits mature.

This is a key window of opportunity that credit unions cannot afford to ignore – after this period of rapid adoption, annual EBPP growth rates will slow dramatically. The year-over-year growth rate is predicted to decline to just 7% in 2010. Comparatively, growth in online bill payment among baby boomers will be just 32% over the remainder of the decade. While writing checks at the kitchen table may be time consuming, for baby boomers, old habits die hard. It doesn't cause enough pain to persuade many of them to move online. A generation gap in electronic bill payment adoption will emerge over the next five years as Gen Why leads the way.

**Security questions.** As the first generation to have grown up not knowing a world without the Internet, Gen Why members understand security threats and prefer straight answers to glib dismissal of vulnerabilities. They want claims backed up with real-world, verifiable proof. Any tendency by marketers to dismiss the reality of security threats (or not address them) is apt to run up against a wall of generational distrust.

**Good financial instincts, but financially smart?** After witnessing the financial insecurity that beset earlier generations stung by layoffs and the dot-com bust, today's Gen Why entrants into the workforce are more aware than Gen X members when it comes to money and savings. They care about such benefits as 401(k) retirement plans, for example.

But Generation Why has difficulty transitioning from school to work. In fact, some social scientists predict that as many as one in five members of Generation Why will never hold a living-wage job. A key indicator of the future is that teen employment recently has been at its lowest rate since the 1940s at just 36.7%.

The 20-somethings who do enter the workforce are jumping in later and staying for a shorter time with each employer. They have very different attitudes toward work, life and careers than their parents did. They wear flip-flops to work, listen to iPods at their desk and have a tendency to question everything.

But a universal theme among Gen Why is a desire to make lots of money. Many express the desire to run their own businesses, and anything short of being a millionaire doesn't cut it. Their heroes include the billionaire founders of Google, Larry Page and Sergey Brin. But Gen Why is also falling short on some basic skills, according to a recent national survey by the American Institutes for Research (AIR). The study found that 20% of US college students in four-year programs, and 30% in two-year programs, have only basic quantitative skills.

Financial education is very important to teens. Thirty-seven percent of

*Credit unions need to do a better job of marketing their online services to Gen Why.*

Gen Why members expect to start saving for retirement before they reach 25, with 46% of those already working indicating that they are doing so, according to a survey by Purchase, N.Y.-based Diversified Investment Advisors. In addition, 49% say retirement benefits are a very important factor in their job choices. Among those eligible, 70% of the Gen Why respondents contribute to their 401(k) plan.

Gen Why knows financial options are not limited to savings accounts. E\*Trade, the online broker, has reported that its highest growth category of investors is the 25-and-under age group. Gen Why members are not only aware of the stock market, but also willing to balance their portfolios with international stocks.

**Engaged like never before, but hard to reach.** Gen Why is difficult to reach through traditional mass media. Not only are they highly fragmented in their viewing habits – surfing the Internet and playing videogames are favorite activities – but coming of age in the Information Age has made them skeptical of “hard sell” tactics, and technology such as TiVo and spamblockers enable them to block out messages they haven't invited.

So how can marketers tap into this critically important demographic? The

## Product Breakdown for Gen Why

### \*Checking:

17% of 16 - 17-year olds

60% of 18 - 19-year olds

### †Credit Cards:

42% of 18 - 19-year olds own at least one

37% 18 - 24-year olds own three or more

### ††Stocks/bonds:

18% of 12 - 17-year olds

\*Source: CUNA  
[http://buy.cuna.org/download/gplx\\_030319.htm](http://buy.cuna.org/download/gplx_030319.htm)

†Source: Find Articles  
[http://www.findarticles.com/p/articles/mi\\_m4021/is\\_2001\\_Sept\\_1/ai\\_78426787/pg\\_3](http://www.findarticles.com/p/articles/mi_m4021/is_2001_Sept_1/ai_78426787/pg_3)

††Source: Find Articles  
[http://www.findarticles.com/p/articles/mi\\_m4021/is\\_2001\\_Sept\\_1/ai\\_78426787/pg\\_3](http://www.findarticles.com/p/articles/mi_m4021/is_2001_Sept_1/ai_78426787/pg_3)

answer often lies in nontraditional marketing events that enable marketers to reach Gen Why face to face, putting products and services into interactive lifestyle activities. Data from a survey commissioned this year reveals that Gen Why consumers respond strongly to live marketing events, which they prefer over traditional media advertising.

**They are participants.** Generation Why doesn't just want to observe, it wants to experience. Interactive media, extreme sports and even reality-based TV shows are all part of it. To market to Generation

Why effectively, a question that needs to be asked and answered is “How can they be engaged?”

- Nearly 80% of teens say experiential marketing would increase purchase consideration, while 65% say it would lead to quicker purchase.

- 72% of 18- to 23-year old consumers say experiential marketing would make them more receptive to the brand/product advertising; 59% say it would lead to quicker purchase.\*

Using word-of-mouth, peer-to-peer marketing campaigns is extremely effective when combined with the “cool factor.” Likewise, engaging with these young consumers by staging innovative events or recruiting them to actively participate in the credit union by asking for their feedback and providing them with special offers and incentives proves successful and generates word-of-mouth advertising.

Generation Why constitutes a large, but unique demographic segment – one that is fickle, competitive, ever-changing and constantly on the move. But credit unions that can capture the minds of Generation Why and establish brand loyalty now are launching decades of positive yields. This generation represents a continual challenge. It is potentially an incredibly lucrative market, but is definitely not for the faint of heart, and not easy to crack. Are you ready to give it a try?

## 10 ways to improve your marketing message to Generation Why

- 1 Avoid the hype, clichés and sales babble – be real
- 2 Think in sound bites, strong images, short phrases
- 3 Use “cool” graphics, bright colors, stylish designs
- 4 Keep the tone of your marketing low-key and sincere
- 5 Show concern – for the environment, for a cause; stand for something
- 6 Understand that Gen Why expects instant gratification
- 7 Appeal to their sense of being technologically astute
- 8 Be realistic; offer practical information
- 9 Emphasize quality and value
- 10 Stay up-to-date with trends and changing needs and wants



**How do you market to an audience that is skeptical of traditional advertising, very media savvy, and possessed of short attention spans?**

*"We wanted to do something that was relevant to Generation Why and decided to focus on music. We worked with D.*

*Hilton Associates to come up with a fun, colorful campaign that reached out to younger members and potential members in a way that really tried to speak to them. The colors, the tone, the message: all of it was well received."*

\*Source: Jack Morton's 360° Newsletter  
[http://www.jackmorton.com/360/industry\\_insight/jun05\\_industryin.asp](http://www.jackmorton.com/360/industry_insight/jun05_industryin.asp)