

Chasing Cash-Poor Consumers.

by Joe Average,
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Generation Y? Why bother!

In February 1999 BusinessWeek carried a cover story dealing with a new phenomenon ... "Generation Y".

"Born during a baby bulge that demographers locate between 1979 and 1994, they are as young as five and as old as 20, with the largest slice still a decade away from adolescence. And at 60 million, more than three times the size of Generation X (born between 1965 and 1980), they're the biggest thing to hit the American scene since the 72 million baby boomers."

Advertising gurus and marketers were beside themselves because they **"haven't been dealt an opportunity like this since the baby boom hit."**

Whereas Generation X had gone one up on their baby boomer parents by instantly embracing Atari 2600s and personal computers, Generation Y has left them both for dead in adapting to breathtaking advances in new high-technology. Clutching a mobile phone (which is also a camera, delivers movies and music, sends emails and SMS, and goes online) in one hand, their Ipod in the other, these young people are the new **"savvy consumers"**.

They are proud that they can **multi-skill**, doing up to five things at the same time such as check their emails while they listen to music, download MP3, do their homework, and browse YouTube for the latest outrageous video. Problem is...although researchers agree that **Ys are quick to juggle many tasks at the same time, it seems they perform many of them badly.** And the attention span of many is measured in minutes leaving them easily bored and restless.

There is no doubting that Generation Y played a large part in making YouTube the amazing success it was. Launched in February 2005, YouTube... which has just been acquired by Google for \$1.6 billion... was started by three young men in their 20's and funded by credit card. One of the trio left the company early to pursue an advanced degree at Stanford...I wonder how he feels now?

Anyhow, it would now appear that marketers are having a rethink.

"End of the LOVE-IN".

"Marketers and advertisers are realising pursuing the spending power of the fickle youth market is not worth the effort. The chase is on for an older demographic"; Simon Canning and Lara Sinclair (marketing writers).

“For the past five years, baby boomers and generation X have been marketing poison. They have been ignored by television and advertisers in favour of sexy, young generation Y, the reality generation that will do anything for 15 minutes of fame: the marketers dream.

But the dream is over. Critics may say that generation Y is morally broke, happy to have sex under the quilt on *Big Brother* during the wee hours. Marketers have discovered generation Y is also financially broke, a generation of teenagers and twentysomethings with little or no income and no spending power beyond keeping their mobile phones charged.

With the financially strapped Ten (television) network admitting yesterday it needs to attract an older audience with more financial clout after years of courting generation Y, the boomers and generation X are back in control. [*Hooray says Joe...about time!]

Social researcher Mark McCrindle says... ‘I think part of the problem is that gen Y groups are so fickle... I mean we are talking about a very fickle, self-obsessed and fast-moving life stage...there is no loyalty, very little beyond themselves and their social networks.’

...while members of generation Y are big buyers of entertainment products and devices (such as the internet, pay TV and mobile devices), advertisers of most other products need to take a wider view.

“If you’re advertising cars, whitegoods, furniture and most other things, you need to include generation X and baby boomers.”

The AUSTRALIAN, October 20 2006.

Baby Boomers Join the SKI Club.

Many of the first wave of baby boomers now reaching retirement age have belatedly come to the sad realisation that their retirement savings are woefully inadequate to maintain them in the manner and lifestyle to which they have become accustomed. Many now see themselves as likely to outlive their savings.

Unlike previous generations, this group is also more likely to still have a mortgage on their home.

Instead of being able to look forward to buying one last new car, renovating and upgrading the comfort of their home, or travelling frequently, many boomers are faced with the prospect of a frugal, boring, Spartan existence in their twilight years.

The solution? Spend the Kids Inheritance!

The banking and finance industries have been quick to capitalise on this trend. Banks have been running ads encouraging boomers not to hold back on living their dreams. Go on that trip; buy that fishing boat, etc... “You owe it to yourself”.

Our biggest bank recently ran an ad showing a leather-clad boomer couple riding off into the countryside on the back of a Harley with the narrative... “Remember how worried you were when your son first brought home his motorcycle?....Now it’s payback time!”

Retired boomers pop up in front of TV cameras on lifestyle programs that show them sitting on an idyllic beach somewhere watching the sun set, feet up, sipping champagne and sending a message to their kids back home... “Hey kids...if you were counting on being left an inheritance... forget it”.

One character went so far as to boast how he’d promised his kids that he’d be trying real hard to ensure he spent his last dollar just before he expired his last breath.

What a charming legacy. Perhaps some of these members of the SKI club might consider working a few years longer instead.

Retirees & Reverse Mortgages.

“Reverse mortgages swell dangerously.”

“Reverse mortgage craze to hit New Zealand.”

Retirees, not wanting to be left out, are also joining in the rush to buy more of the creature comforts today's consumer driven economy offers. They are doing this by using reverse mortgages where they borrow against their home, swapping equity for income.

The reverse mortgage was virtually unheard of three years ago in Australia (population 21 million), but is expected to grow to around \$10 to \$15 billion by 2010, having more than doubled the past 18 months.

Consumer associations are concerned that some elderly borrowers may not be fully aware of the possible dangers in unlocking the equity in their homes. Many contracts are confusing for seniors, and although most have a “no negative equity guarantee” (i.e. clients cannot be evicted from homes even if the balance of the loan exceeds the value of the house), some contain clauses which invalidate the guarantee e.g. if borrowers don't adequately maintain their property in good condition.

Nick Coates, a senior finance policy officer expressed some concerns; **“You don't want to be in a situation where a lot of financial institutions are exposed to a large amount of credit risk and see that these legal loopholes as the only way out of a very difficult situation.”**

How sad would it be to see the elderly evicted from their homes should some financial crisis suddenly occur to unleash mayhem in financial or property markets.

10 Year Olds are the New 16.

Jack Nicholson is quoted as having said: “Our generation are the new old. I remember what someone of 60 looked like when I was a kid and they didn't look like me.”

He was referring to the modern day phenomenon some researchers call **“human age-shifting”**. Example... “Fifty is the new 30.” Most of us today admit to doing what we can to hold back the years. We try to eat well; we often exercise to stay in shape. We try to look good, dye our hair, use an array of facial cosmetics, and whiten our teeth. Billions are spent each year as many go to further extremes by having Botox injections or going under the knife.

What is a little disconcerting, however, is that marketers are now recognising “six to ten year olds as the new fifteen to sixteen”.

Some parents have reacted angrily to this aspect of human age-shifting, complaining that consumerism is now going too far with too much pressure being brought to bear upon young immature minds. “Let these kids have a childhood! Stop selling items like make-up, sexy dolls (whatever happened to Barbie?), or matching glitzy panties with padded bra to six year olds! This is consumerism gone mad!”

I've heard it said that **consumerism today is a scourge that works to make us unhappy with what we have, unhappy with who we are, and unhappy with how we look.**

What a shame. The global standard of living has certainly gone up for many in the Western world ... unfortunately, the standard of loving may have gone down.

All the best, Joe.
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