



- SEND MESSAGES TO OTHER MOBILES
- COOL DESIGN
- EASY TO USE COMPASS KEY
- IMPRESSIVE TALK AND STANDBY TIME

Wooing

Gen.Y



"Gen.Y are avid consumers; they use brands as badges to identify themselves"

Today's kids can make or break a product. Call them Screenagers, Echo Boomers or Generation Y; as trendwatchers try to catch the spirit of these new consumers, global brands must redefine their communications to reach the smart set of tomorrow

The '80s wasn't a great decade to be young. Unstable economies and dire job prospects loomed on the horizon for graduates the world over; an unattractive start at the bottom of the ladder – MacJobs as they became known – was often the only alternative to unemployment. Writer Douglas Coupland coined the terms Generation X and MacJobs to define his contemporaries who weren't going anywhere fast, opting for either skepticism or idealism.

Today, this picture has changed completely. The babyboomers that initially resisted making way for Generation X have now spawned Generation Y. Pampered by their parents, growing up with a positive outlook on the future thanks to the economic upswing of the early '90s, Generation Y is ready to hit the new century with mucho gusto. The babyboomers' offspring have money to burn, whether it's large sums of pocket money or wages from summer jobs. In 10 years' time, there will be 35 million of these 'echo boomers' in the U.S. alone.

They couldn't be more different from their less optimistic predecessors. In fact, one study shows that the affluent echo boomers are by no means rebellious teens – a concept that started with James Dean. The people they admire most are mom and dad, the people they most trust are their grandparents, and the people they trust least are Generation Xers. They hardly seem to be the counter-culture stuff that their babyboomer parents were made of. But that doesn't make them an easy target. In fact, they are so media savvy that they often slip under on the mass marketing radar. These kids are smart; they know what they want thanks to the internet and their friends at school. Whether virtual or real, their communities can have the last say in making or breaking a brand.

Volvo hot rods

Needless to say, getting in touch with these mighty consumers has become the top priority for corporations all over the world. They are spending billions of dollars researching global youth culture, but even that's not much compared to the US\$ 122 billion Gen. Y spent in the U.S. alone last year. As CEO of Young & Rubicam's New York-based Brand Futures Group, Ira Matathia is one of the world's leading trend watchers and has spent the last 10 years studying the highly desirable youth market and the changes it went through. "Generation X grew up among real turmoil; they

questioned everything and they fell outside the range of consumption. But Gen. Y are avid consumers, they use brands as badges to identify themselves. They are not couch potatoes who passively receive media messages, but they like to interact with the brand, or influence each other in internet chat rooms."

For 19-year-old Californian Eric Vorkoeper, internet is not the first place he picks up branding messages. "That's more something my little brother would be into. If I spend money on something it's not just because the commercial is cool, but because I've seen others with it. The first time I saw the GAP ad for cargo pants I thought they were terrible, but after a while they started to grow on me. When people start talking about something, that's when it becomes cool. For instance, I heard [rapper] Dre mention Zepco [car stereo equipment] in a song, so you think 'that must be tight'.

Kids in California spend thousands of dollars on cellphones and car stereos – looking for speakers that make the beats thump."

His friend Clint Follenwaider, also 19, thinks credibility is a key factor when it comes to advertising. "I loved that commercial [Philips' Leon's Party ad for CD-R] because the music's so cool. A catchy song always works in commercials. But I couldn't care less about one if the product's no good. If Volvo came out with some hot rod cars, it wouldn't work, because they have a family car tradition. Jack in the Box made some great commercials, but nobody goes there

because they're terrible. If I walk into a store, I often know what I want already, because I know which brands have a good reputation for delivering quality."

Through the line

As part of the global team at Philips' advertising agency, Euro RSCG, Niels van Campen witnessed the shaping of last year's global brand campaign and the soon-to-be-launched follow-ups. Euro's Paris-produced commercial for the surround sound boombox, 'Neighbors', was the first Philips commercial ever to win a prestigious Lion award at the annual worldwide advertising conference in Cannes. "Part of our job is to rejuvenate the brand - and then it's important to distinguish between the marketing target audience and the target you want to communicate with," says Van Campen. "A commercial may be aimed at a younger, smaller demographic, but research shows that it actually appeals to a much

Meet Gen.Y

- the children of the '60s babyboomers;
- born between 1979-1984;
- weaned on technology;
- upbeat about their future;
- use brands to identify themselves;
- able to make or break a brand.

Out: Nike, Levi's, Gen. X, anti-establishment.

In: Adidas, Tommy Hilfiger, extreme sports, Mom and Dad.

wider group. Sometimes it's hard to explain why these groups can be different, but at the end of the day, advertising is an emotional tool and has to be extremely focused. You can philosophize all you want, but the consumer either loves it or he doesn't."

In the case of Philips' global campaign, the consumers obviously loved it. The TV and print ads have significantly jacked up brand awareness in the U.S. and Asia, while they convinced European consumers – who are more familiar with the company's history – that Philips is a young, innovative brand. A further wave of ads is ready to launch in September. "The first ones were quite a departure from Philips' traditional style of advertising, and they worked," says Van Campen. "Now it's important to keep coming up with new ones in the same vein. If you follow-up with a new series, you make a real statement, giving consumers a more in-depth feel for your brand and showing them a consistent face that emphasizes your own style. It allows you to go to a new level, because consumers become more interested in the feeling they get from your brand/products rather than the technology behind it. Technology can be copied, brands are tougher!"

The idea is to broaden the campaign with similar communication in-store. If you want to show one face to the customer, then you should do that above, below and through the line. There are different moments and places where you can catch the consumers' attention."

Tribal lifestyle

Véronique Favreux, European marketing manager for Philips Consumer Communications, has new print ads in the pipeline for the playful Savvy GSM phone, with its innovative features like emotion icons and a biorhythm calendar. Favreux emphasizes below-the-line marketing with retail point-of-sale material including yo-yos, glitzy pens and Chupa Chups lollypops. "We're riding piggy-back on advertising by the operators, who are spending tens of millions on commercials. It's encouraging to see that some of them are featuring the Savvy in their ads. It is already a big success with the operators, who want to widen their customer base with younger people and to increase airtime – which is possible with the extra features. The Savvy is really an entertainment package rather than just a mobile phone. It fits very well with our target group, which is the Amuse-Me of the Navigator consumer study. Young people like it because it emphasizes their tribal lifestyle; it makes life more fun, just like the pager did previously."

Another Philips business that targets today's and tomorrow's kids is the Consumer Electronics division's Portable Audio unit. "In the past couple of years, we have started to communicate with young people more," says Gerard van Dobben, senior marketing manager Sound at PCE. "We focus on sound quality – they want their beats to sound really impressive – and on the use of colors and materials. The consumer likes to have a feeling of individuality and they are willing to spend money to show that they're not one of many."

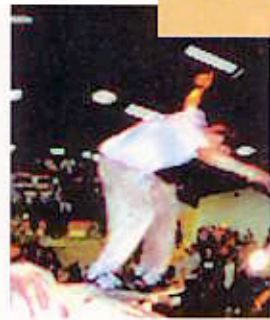
Asking what young people want is part of André Verschoor's job as marketing manager for Portable Audio. "They're not going to

tell you what they want, so we make sure to always be aware of new developments. We don't just look at trends in electronics, but we also keep track of other factors, such as clothing, sports, games and music. For example, we noticed that certain kinds of rubber are popular in rollerblades, so we let that inspire our translucent Activ range."

Old skool

Not being alert cost Nike and Levi's their leading market positions; Gen. Y has enough buying power to call the shots. "Gen. Y can jump on a brand's bandwagon, breathe life into it, or proclaim it dead," says futurist Ira Matathia. "Nike fell out of favor because their image – with their focus on famous athletes and their excellence – was too much about exclusion. By contrast, Adidas made consumers feel more inclusive and as a result, they embraced the brand. And then Reebok fell completely to the side, because they never took the fashion route."

Nike, Reebok and Levi's failed to notice trends flowing from street culture into the mainstream. They underestimated the impact of urban hip hop and extreme sports cultures, such as the oversized jeans and the emergence of retro sports looks from Adidas and Puma, both German brands that were big in the '70s. Vorkoeper and Follenwaider, who classify themselves as West Coast hip hop, think that Nike is trying too hard with their drastic high-tech designs and colors. They prefer khaki pants and the Adidas and Puma 'old skool' look, which is more low-key than the extravagant, colorful East Coast look.





American youth culture is still a dominant source of inspiration for kids all around the world, but they are now mixing that with homegrown elements. Having studied youth culture in 40 countries around the world, Ira Matathia invented the term 'glocalness' to describe this phenomenon. "There is a duality at work between global images that more people have access to through media, TV and internet on one hand, and local influences on the other. Kids everywhere are thinking: 'What's happening in my street, where are my borders, what are my traditions?'"

"Some of the differences I noticed are that American kids identify themselves primarily through brands. When I asked some of them to give me information about themselves, 95 percent told me what kind of brands they buy. However, the Europeans seem to balance things better – sending me more personal stuff, like diary entries or travel stories. And then if you look at Chinese kids, they seem to have a real resistance to advertising, which they associate with controlled media. They like to rely on word-of-mouth and new technologies."

Going 'glocal' in Russia

A good example of 'glocal' marketing is Philips Consumer Electronics' collaboration with MTV Russia. Noting the ground-zero effect of last year's economic crash, the division's Moscow-based marketing team decided the time was right to reintroduce Philips as a young, hip brand to Russia's Gen. Y. Their first major expenditure since the crisis was a joint promotion with MTV Russia

called Message to the Future '99. When the economy collapsed, Russian consumers were quick to notice which multinationals pulled out of the market fast and which ones showed they

were there to stay. So in this case, creating brand awareness has the additional task of addressing national pride. Even though young Russians may not have very deep pockets at the moment, they certainly have long memories.

For Message to the Future young graduates were invited to contribute their thoughts – in the form of songs, poems, videos or digital art – about life at the turn of this century, to graduates of the year 2099. The winners were announced live on air on June 25 during the Graduation Ball in Moscow, a heavily Philips-themed event. "We want to show there is a link between future generations and Philips CE – that our audio, video and digital star products are ready for the next millennium – and to prove that Philips CE is committed to Russia," says PCE marketing manager Sergey Krouty.

Philips was the first electronics company to approach the one-year-old Russian MTV channel and Krouty hopes to continue the relationship. "The Russian youth market is difficult because it's a long-term investment. As the Navigator consumer study shows, there is almost no brand loyalty here, which is all the more reason to invest in it, because bad times come and they go. The new ad campaign coming up in September will support our branding efforts even more."

Creating desire, not derision

With global kids taking their cues from Tommy Hilfiger and whatever's hot in their own backyard, it's hard to define a single rule of thumb. Gen. Y is sophisticated enough to spot hot air and false messages a mile away. You either get it right or you don't. Marketing is about creating desire, not derision.

In short, kids know when a brand is sincere, so reaching out to them may not always be about chasing their latest crazes, but about appealing to their sensibility and intelligence as well. "They have never known an environment without technology," comments Ira Matathia. "If they can see the relevance of an idea, then they can cope with information that comes with it. They can relate to the technology, but it needs to be 'gezellig' [Dutch for 'coziness', expressing a positive community feeling]. You need to put technology in easy reach for these kids."

Figure it out

- Last year, Gen.Y spent US\$ 122 billion in the U.S. alone, of which US\$ 14.4 billion was pocket money;
- Gen.Y currently comprises 26 percent of the U.S. population;
- By 2010 there will be more than 35 million Americans aged between 13 and 19, the most in the country's history;
- MTV research found that 64 percent of 300 14 to 30-year-olds they interviewed would give up food rather than music for a day;
- 45 percent says CD-R is the next piece of consumer electronics equipment they will buy;
- Almost 100 percent of U.S. Gen.Yers believes they'll achieve their lifetime goals;
- 91 percent hope to have an average of three children.