Y It's Different: Understanding Gen Y Consumers, Ways Life Insurance Can Reach Them, and How Visa Can Help

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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. And they’re everywhere. At 79 million, Gen Y consumers—people between the ages of 16 and 34—already outnumber Boomers.1 Their buying 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 life insurance marketplace. 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 purchase life insurance (not to mention insurance in general).

WAYS LIFE INSURANCE 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 work and live, requiring that life insurance messaging focus on smart and innovative solutions instead of simply relying on the basics of math or tradition; don’t just invite them to consider options, but rather convince them of your offering’s specific and unique attributes. In the corporate world, one major car brand says this means reaffirming marketing in terms of the deeper necessities of product performance, not relying on the obvious symbols of status alone.4

Turning wants into needs. While Gen Y consumers tend to delay traditional large purchases, they often do so in lieu of large 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 contributes to a hesitation to make purchases such as life insurance, unless they’re convinced it’s necessary.8 The challenge is to communicate to Gen Y the critical nature of the problems they need to solve or opportunities they should embrace. Therefore many companies are less focused on selling traditional cost/benefit equations—making the case for “it’s worth it”—and more on turning wants into needs by educating Gen Y buyers on the necessity of such purchases, or “here’s why you must do it, and do it now.” Viewing these purchases as affordable can follow almost naturally if the right mechanisms, including the ease of automatic or regular bill pay solutions, are in place.
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 on their experiences. They value the opinions of strangers online as much or more so than they do those of immediate family and friends. 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. So successful life insurance branding starts with campaigns intended to develop understanding and consensus on the subjects related to their activities. For example, one insurer provides content on estimating life event risks and costs to various social media platforms without expectation of immediate payback. The rationale is that if the community learns and endorses the ideas first, it can then revisit the conversation with more specific marketing intended to drive applications.

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. 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, recurring payments 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!) Offering Visa as a payment option makes it easier for your customers to transact business.

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 purchasing decision. So the fact that life insurance purchased using a Visa card is guaranteed to clear 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 consumers, by providing such benefits as improved cash flow (purchases 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 program from the competition.

Footnotes

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