

Abstract

The purpose of this research is to determine the most accurate form of marketing to Generation Y through social media. The motivation for this research is to reinforce the unique characteristics of Gen Y to guide the use of social networking in marketing strategy. In this study, a two part survey was used to gather responses from the target generation. The survey was distributed for three weeks and administered through email and social media outlets. The number of surveys returned with completed responses was 125, for a response rate of 62.5%. Preliminary findings suggest that marketing approaches that employ more direct vs. mass marketing strategies are better suited to capture the attention of Generation Y. These findings are especially significant to practitioners needing to explain the entertainment pattern of Gen Y, and to researchers interested in appropriate methods to research Gen Y characteristics.

Introduction

The modern era has truly transformed the format in which relationships are created. The idea of creating relationships without physical contact was not possible a hundred years ago; however, today the idea is a common reoccurrence. The modern generation also known as Generation Y or the “Millennial” generation is a technology-savvy group that utilizes social media as a platform for wide-scale networking. This platform allows participants to network worldwide in communications ranging from asynchronous modes to synchronous using mobile technology.

Social media sites are most often frequented by Generation Y users. Examples of popular social media outlets are: Facebook, Twitter, and MySpace. In recent years, an increasing number of companies and corporations are beginning to utilize social media platforms to target marketing efforts. However, the most prevalent form of marketing through social media is mass marketing. For example, the long streaming ads on Facebook are a form of mass marketing targeted at Generation Y that is not always sufficient on different platforms. For example, Generation Y is very keen on creating relationships; therefore, there is the possibility that marketers should try another approach to target this generation.

Another form of marketing is direct marketing. Direct marketing, which is marketing via a promotion, is delivered directly to the individual prospective customer (Worldnet). This approach allows for relationship building and emotional connection. However, not all characteristics of Generation Y drive effective outcomes in marketing. Therefore, it is important to examine which form of marketing is more effective at attracting this generation. Therefore, the research question of interest is, *“Is direct marketing through social media more effective than mass marketing in capturing the attention of Generation Y?”*

Literature Review

A New Generation

In the United States, there is a new generation rising. This generation represents a population of about seventy million people born the years between 1976 and 2006 (Bureau of Labor Statistics, 20). This generation has been nicknamed the “millennials” and “echo boomers” due to their new age characteristics. This generation according to Market Watch research and Boston College has been referred to as Generation Y, which currently represents 21% of the workforce. In addition research suggests that 4 in 5 are loyal consumers, and 57% of Generation Y embodies visions of careers with responsibility. Also, this generation currently has a purchasing power representing \$200 billion (Market Watch, 16). With this said, the business world has begun to notice the buying power of Generation Y.

The use of non-traditional marketing is becoming a popular means of marketing to this non-traditional generation. The modern world offers hundreds to thousands of avenues to reach target audiences. However, the issue remains with many large corporations to decide which avenue to choose, as well as which avenue will become the most successful in reaching Generation Y. In addition to this, companies are realizing that Generation Y is very techno-savvy. This level of technical proficiency is forcing many corporations to think differently than in the past when developing marketing strategies to attract the attention of Generation Y consumers.

Social Media and Generation Y

The very essence of marketing to seventy-one million people is a dream for many national corporations. However, according to Business Net, it is important for the corporation to understand that Generation Y is a unique population in that it is a busy, techno savvy and social generation. This being known, business firms are having a hard time choosing the best means of marketing to a generation that is multi-fascinated with today's technology. For example, this generation has several forms of entertainment such as television, digital music, the Internet, mobile/smart phones, gaming, and particularly social networking. Even with a diverse list of entertainment options, social media seems to be the favorite outlet for both entertainment and multiple communication outlets.

As a result, it is particularly important to understand the age demographics of social media users. Figure 1 shows that Generation Y covers the ages of 13-17, 18-25, and part of 26-34. These figures together represent about 69% of all Facebook users. Considering the demographics of this social network, Facebook truly has become a social gathering spot for people represented in Generation Y.

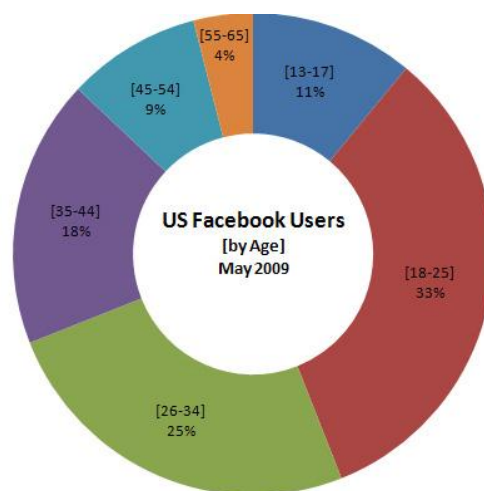


Figure 1. Demographics of US Facebook Users

Trends shown in Figure 2 represent the one-year growth rates from April 2008 through April 2009 for certain social media outlets. It is important to notice the change in growth rate for Twitter which was recently created in 2006. In addition, this social network has more visitors from different ethnicities as opposed to other social media outlets (iStrategyLabs). This has been especially useful to corporations, because it has now enables them to reach a more diverse audience.

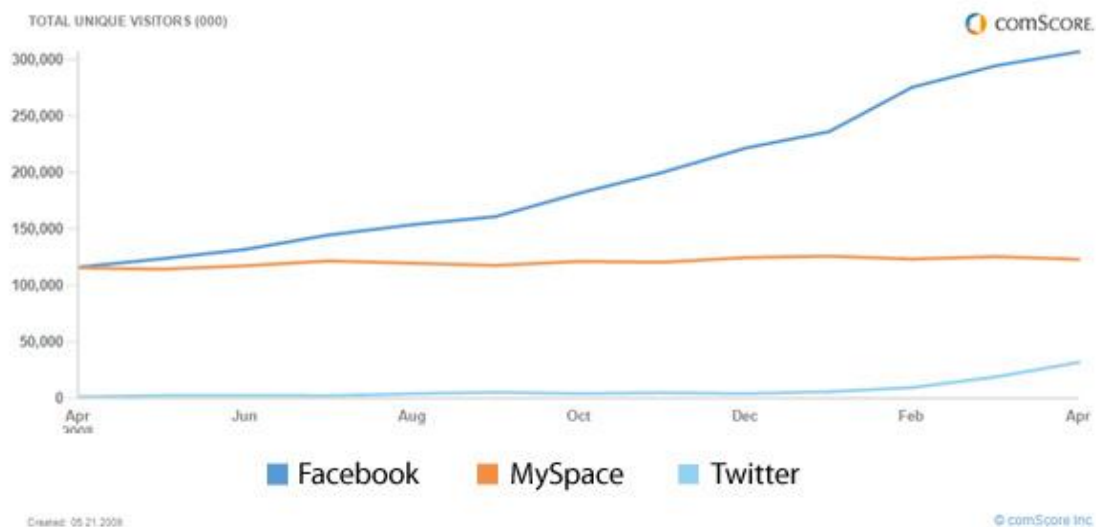


Figure 2. Comparison of Social Media Site Usage by Unique Visitors

This data suggests that the bulk of twitter users are from Generation Y which accounts for 78% of all Twitter users (E-Zine). According to this source, people from Generation Y are more information driven, ambitious, and strive to get ahead. Additional research conducted by iStrategy lab suggests that 82% of Twitter users do not have children (iStrategyLabs). This is an important characteristic to consider in that it could represent the amount of free time available to this user group. Free time is crucial for using Twitter or Facebook. This information further entails this generation values socializing because they have the time available to interact on

social networks (E-zine).

Additional information exposes a significant amount of information about this demographic. According to Social Media Marketing and Twitter Demographics, Generation Y makes up about 82% - 85% of all Internet use (). Yet, what is especially significant is that many financial institutions are ignoring or even turning away from advertising to this segment (). This is especially important to recognize considering the future of all financials is Generation Y. In addition, financial institutions believe that this younger demographic is financially limited to credit cards, checking accounts, and loans, as opposed to counter generations that have access to mortgages or brokerage accounts (Phillip, 2010).

Considering the current positions held by financial institutions, there could exist a misunderstanding regarding the power and opportunities that exist in marketing to this demographic, especially through social media. Also, research has found that recent college graduates, at a rate of 60%, will typically keep their current financial institutions. This finding suggests that individuals from Generation Y are normally loyal consumers. This is important for financial institutions to understand that although marketing to this generation might seem unrealistic today, the pay off could be significant in the near future (E-Marketer, 13r).

The extant research also provides data as presented in Table 1 which suggests an increase in the use of online financial services as indicated by an increase in the number of minutes logged by Internet users (Philips, 2010).

Table 1. Usage of Finance-Related Web Sites

Usage of Finance-Related Web Sites by US University Internet Users, by Category, 2005 & 2006 (average minutes per visitor and % increase vs. prior year)			
	February 2005	February 2006	% change
Banking	5,043	5,746	14%
Personal finance	5,388	5,442	1%
Financial information/advice	2,227	2,395	8%
Taxes	1,654	1,965	19%
Online trading	587	635	8%
Total Internet audience	13,269	14,240	7%
<i>Source: comScore Media Metrix, April 2006; iMedia Connection, April 2006</i>			
071906	www.eMarketer.com		

These statistics show a steady increase of university Internet users spending time on financial institution websites. However, the issue remains regarding whether companies will invest more into marketing to this generation. In this study, the interest is in the marketing approach (direct vs. mass marketing) that will effectively capture the attention of the future generation of an ever-increasing techno-savvy generation.

The idea of marketing to this generation is becoming increasingly attractive to corporations, although some organizations, such as financial institutions may not fully comprehend the possibilities of Generation Y. Therefore this research opportunity provides practitioners and researchers as well with insight that can be used to create new and innovative approaches for marketing to a generation that could, due to its size and use of technology, if approached without effective and ethically responsible marketing strategies, could financially challenge future economies.

Direct Marketing in Social Media

There are many different forms of marketing for different types of segmentation. Though some forms of marketing will not suffice equally for Generation Y, this generation is an emotional group that enjoys creating relationships. The idea of building relationships is very keen within this segmentation. Therefore this generation is known to be very social. This social generation is more connected to each other than any previous generation. This generation builds relationships from several forms of communication: through the Internet (social media, blogs), cell phones (texting, calling, music sharing) and of course personal relationships. This generation is very big on connections and especially emotionally driven connections. With this said, it is important to understand that marketing to this generation involves creating emotional relationships.

To support this idea, Mashable, an online social media research company, has conducted research within the idea of creating relationships on Facebook. This process of creating relationships is also known as direct marketing. Their site has recently published an article with the title “*10 Musts for Marketing to Women on Facebook*”. This article explains several formats for marketing to a target audience through Facebook.

The ten formats for marketing are all very well thought out and supported. However, a few of them are absolutely critical for businesses to successfully market to Generation Y. For example, their second recommendation is to “Create an Emotional Connection”. The article uses the Dove Company as an example. This company uses Facebook to create posts that their fan base can relate to. As a result, their fan base will start responding and creating a relationship with Dove. Another top choice their research encountered is recommendation No. 4: Give fans a voice. This simple suggestion can be vital to their fan database. For example, their choice-example includes the H & M company asking their fans what price they would pay and for certain items.

Mashable’s recommendations indicate the importance of understanding the target market. Therefore, it is important to study populations and the demographics of individual consumers to identify interactions within the group. For example, one finding from this study is the importance of understanding the habits of women as part of Generation Y. Furthermore, according to iStrategieslab’s research from 2008 - 2009 over Facebook demographics, Generation Y doubles every six months in the number of users. This figure consists of the ages 25 - 34. Also, the data indicates that those between ages 18-24 are the largest segment representing 40.8% of all Facebook users. In addition to this information, 55.7% of all Facebook users are female. Of those 55.7% of users, 67.5% are Generation Y users and also accounted for about 120% of all growth in Facebook users.

In summary, the world of marketing continues to find avenues in which they can successfully market to Generation Y. Social media is beginning to be the main avenue to reach this demographic, a demographic that has quickly adopted social media as a way of life. However, although the use of social media is wide-spread, the use of this channel in marketing continues to be a relatively new idea and phenomenon.

Although the idea has recently caught on with Generation Y, this phenomenon has taken some time to reach older generations. However, the time has come; what is interesting is older generations are trying to reach the younger generation through the same social media outlets. Although the use of this technology is not relatively new, research suggests that the Internet and social media together have captured the unique attention of young and old alike.

Generation Y is a unique and important generation. This is a generation that will soon be making more financial decisions to impact the American global economy – hopefully, making a positive contribution to society. Therefore, the right marketing strategies for this generation must be critically accurate, which is a need that several individuals and companies have taken time to research. With this said, there are many other corporations that currently are not taking full advantage of social media as a way to reach millions of Americans, using a process that literally takes seconds. In noticing this, those seconds of social media marketing can also turn into millions of dollars in revenue.

Methodology

Data Collection

The research method used in this study is a quantitative research approach. Data collected will be handled through a survey instrument. Survey approaches are common in marketing research and provides a convenient means of sampling from a larger demographic. The participants in the survey include those in Generation Y from any geographical location, ethnic background, or beliefs. The target number of individuals identified as willing to participate in the study was one hundred. The following are representative samples of questions presented to participants and the rationale behind the questions:

☐ How do you feel about "ADs" placed on social networking sites such as Facebook or MySpace? (from Social Media Survey II)

 Annoying

☐ What ADs?

☐ I like them, and respond frequently

☐ I like them, and sometimes respond

☐ I don't know

 Other (please specify)

This question is to understand the emotional connection between the audience and the advertising.

3. Are the Ads relevant to your interest? (Social Media Survey II)

☐ Yes

☐ No

☐ Sometimes

 I've never noticed

This question is an example of obtaining an opinion from the participants in regards to the Ads from social media.

Promotion of the Survey

The full survey will be hosted through an online survey host. The survey will also be promoted through several online formats. These include Facebook, Twitter, and E-Mail. In addition, a pre- setup Facebook Fan Page will be used.

Distribution of the Survey

The surveys will be held online therefore the surveys will be accessed online. The participants will have access to a link in which they can take a five minute survey. The link will be easily reachable and maybe passed around through Internet outlets.

Collection and Analysis of Data

The data will be collected throughout the process. The data itself will not be ready until the end of the survey distribution. The surveys will be opened for data collection for three full weeks. This will allow enough time to collect data and analysis. This data will be analyzed through graphs as needed.

Time Frame:

- Start the survey Tuesday June 1st, 2010
- End the survey Tuesday June 25th, 2010
- The analyzing of the data Tuesday June 27th, 2010 – Sunday June 25th, 2010

Study Characteristics

The Social Media Surveys I & II were administered in response to the literature. In addition, the survey was created in response to the research question to determine if participants were more responsive to direct marketing as opposed to mass marketing. Throughout this survey there were 125 participants. These participants were from an array of backgrounds and geographical locations. The demographics of the participants are provided in the data analysis section as follows.

Results

Preliminary data was collected through a two part survey titled, “Social Media I & II”. The total numbers of respondents were 125; these include responses from different ethnic groups, genders, and geographical locations. The survey offered 16 questions to participants to assess the appropriateness of Direct Marketing strategies through Social Media to market products and services to Generation Y. The following information below is a summary of results from this surveys as noted in Table 2.

Table 2. Demographics

Gender	Male: 16.4%; Female: 83.6%
Age	<18: 5%; 19-21: 35%; 22-26: 8.3%; 27-29: 13.3%; 30-35: 38.3%
Geographical Location:	NE: 3.2%; South: 61.3%; MW: 12.9%; SW: 12.9%; NW: 1.6%; West: 9.7%;
Ethnic Background:	Afro -American/Black: 34.4%; Asian: 3.3%; White: 13.1%; Hispanic/Latino: 9.8%; Louisiana Creole/Cajun: 45.9%; Native American: 9.8%; Mixed Race: 14.8%

Table 3 shows results from regarding which form of entertainment is preferred.

(Social Media Survey I)

Question: What is your main source of entertainment?

Table 3. Source of Entertainment

Television	41.9%
Internet	79%
Radio	11.3%

(Social Media Survey I)

Are you more willing to conduct business with corporations if there was a relationship built, as oppose to “mass marketing” through Ads. For example, if you could talk with the business and form a relationship...?

Yes	65%
No	10%
Maybe	20%
I am not sure	5%

Discussion

The participants in this survey seemed to prefer a direct marketing approach as opposed to a mass marketing approach. These findings suggest that more efficient and effective marketing strategies will use a direct approach in capturing the attention of Generation Y. However, with the information provided from the survey, there are limitations. The uneven balance of gender limits the generalizability of the results. The survey results showed a significantly higher proportion of female to male ratio. In

addition, there were also an uneven number of ethnic backgrounds represented. Also, a geographical limitation exists in that the highest concentration of survey participants was located in the South.

The results help to support findings in the literature reviewed for this study. We have information from our survey that supports direct marketing in social media. There is a belief that our participants may be more in favor of direct marketing as opposed to mass marketing for several reasons. The majority of the reasons have connections with relationship building.

These responses are from participants of the Social Media Survey I and II. The responses indicate that the current marketing strategy through social media is not as active as it could be. The following information provides sample responses that are critical in analyzing results from this survey.

Critical Responses Social Media Survey I:

1. Do you use Social Media (MySpace, Facebook, Twitter, Blackplanet.com, MiGente, etc)?

☐ Yes

☐ No

2. Which of these Social Media sites are you most likely to use, or use most frequently?
? Facebook

☐ MySpace

☐ Twitter

3. What is your main source of entertainment?

☐ Radio

Other (please specify)

4. How many hours do you spend on the entertainment past time you choose from the previous question a week?

Less than 5

☐ 6 - 10

☐ 11 - 20

☐ 20+

5. How do you feel about "ADs" placed on social networking sites such as Facebook or MySpace?

☐ Annoying

☐ What ADs?

☐ I like them, and respond frequently

☐ I like them, and sometimes respond

☐ I don't know

Other (please specify)

6. Are you more willing to conduct business with corporations if there was a relationship built, as opposed to "mass marketing" through ADs. For example, if you could talk with the business and form a relationship, are you more willing to conduct business with them in the future?

☐ Maybe

☐ No

☐ I am not sure

7. What race or ethnicity do you consider yourself?

☐ African American/African Origin/Black

☐ Asian American

☐ European Origin/Caucasian/White

☐ Hispanic/Latino

☐ Louisiana Creole/Cajun

☐ Native American/Native Alaskan/Hawaiian

☐ Mixed Race

Other (please specify)

8. Where is your geographical location?

☐ North East

☐ South

☐ Midwest

☐ Southwest

☐ Northwest

☐ West

- ☐ Alaska
- ☐ Hawaii
- ☐ Puerto Rico/USVI
- ☐ Guam

9. What is your sex?

- ☐ Male
- ☐ Female

10. What is your age?

- ☐ under 18?
- ☐ 18 - 21
- ☐ 22 - 26
- ☐ 26 - 29
- ☐ 30 - 35

Done

Social Media Survey II:

1. When you are visiting your social networking site, such as Facebook, do your AD's match your interest?

- ☐ Yes
- ☐ No
- ☐ Sometimes
- ☐ Not Sure

2. If you have clicked on the AD is the information easy to navigate and understand?

- ☐ Yes
- ☐ No
- ☐ Maybe
- ☐ I've never clicked on the AD before

3. Are the Ads relevant to your interest?

- ☐ Yes
- ☐ No
- ☐ Sometimes
- ☐ I've never noticed

4. How often do you purchase things online?

- Frequently
- ☐ Rarely
- ☐ Sometimes
- ☐ Never

5. There are many interest pages for business on Facebook. Do you interact with them and do they interact back?

For example, conversations through comment boxes, etc.

- ☐ Yes
- ☐ No
- ☐ Sometimes
- ☐ I do not interact with these sites

6. How do you believe marketing can be executed through social media?

How do you believe marketing can be executed through social media?

Done

Citations

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