

Companies struggling to attract, serve Millennials

Most companies are struggling with how to adapt their businesses to serve a new wave of consumers from the Millennial Generation (Generation Y). This is according to a new global survey by the Economist Intelligence Unit and Genesys, an Alcatel-Lucent company.

The global survey looked at how consumers born between 1982 and 2001 will impact the customer experience, asking C-level and senior executives from around the world how they are creating a customer experience to attract and retain Millennials.

Three key findings

Three key findings emerged:

1. Investment strategies are shifting to favor Millennials: companies are debating heavily whether to invest more in catering to aging baby boomers versus next-generation consumers, with 42% saying they should tilt toward younger customers, while 39% would shift toward Baby Boomers and Generation X.
2. The time to act is now: most companies (54%) have not yet set their strategies or marketing for Millennials even though they overwhelmingly agree that such steps are needed, with 75% saying Millennials will impact their organisation as consumers in the next three years.
3. It's an Enterprise 2.0 world: Most companies have a sophisticated understanding of what it would take to adapt, but are not ready to change their customer engagement model by leveraging social networking, peer marketing, better online support, text messaging, and blogging.

The report highlights the urgent need for businesses to invest in new modes of customer communication and to tailor their approaches to match customer preferences. The research is part of an ongoing set of thought leadership initiatives by Genesys designed to help leading enterprises respond to key challenges they face and enable them to improve the overall customer experience.

Who participated?

Of the 164 executives who took part in the survey, 29% came from North America, 31% from Europe, 30% from Asia-Pacific and 10% from the rest of the world. Participants represented 19 different industries. One-third of respondents' organisations had annual revenue greater than US\$1 billion and just over one-half (51%) had less than US\$500 million in revenue. Board members and CEOs comprised 30% of respondents. CFOs, CTOs and other C-level executives made up an additional 19%. The remainder was split among other senior and middle management functions.

Who are the Millennials and why do they matter?

The Economist Intelligence Unit found that, unlike the baby-boomer generation, a group studied closely for decades, the Millennial generation, and its influence on consumer spending and corporate attitudes, is just beginning to be understood. The Millennials, or Generation Y, include approximately 80 million individuals born between 1982 and 2001 in the US alone. The millennial generation outnumbers baby boomers today, and its ranks will continue to grow in influence as the majority of Millennials reach adulthood in the next decade, the report said.

How will companies balance between Millennials and older consumers?

Largely as a result of the Baby Boomers, executives overwhelmingly agree (81%) that each generation has specific work and marketplace needs, but they are split on which demographic group should receive the greater share of market investment. A surprising 42% believe that a bigger share of investment in marketing and service should go toward catering to Millennials, while 39% favor older consumers. As a result of this split, the research found few companies have cemented their approach or yet implemented a strategy.

Have companies set their strategies to court them?

The survey found that 75% of companies believe that in the next three years they will need to have a millennial strategy in place, with 30% expecting a major impact that will lead to change across the organisation, and 45% expecting a more modest impact. Despite this, 54% of respondents say they have yet not set their strategy for targeting, attracting, or retaining Millennials, while 32% say they have done so.

For example, most companies have not kept pace with the Millennials' preference for interacting through newer, community-based technologies, as most firms continue to rely on telephone, email and store/office-front points of contact.

How will companies try to attract more Millennials?

The Economist Intelligence Unit found the proliferation of blogs, podcasts, videos, chat rooms, social networking sites and other online interactive communication has changed the corporate-customer relationship. In the past, customers tended to go directly to the company to enquire about a product, make a purchase or raise a complaint today they increasingly go online. On the web, they learn, shop and share their experiences, both positive and negative.

The survey identified key features and motivating factors that companies expect to resonate with Millennials, which revolve around issues such as convenience, customisation, and community.

For example, when it comes to purchasing products and services, corporate reputation and brand are less important with the Millennials than peer recommendation and viral marketing (such as online promotional communications passed from one customer to another). Moreover, respondents say it is convenience more than price that drives millennial purchasing decisions. Others include “fast, reliable service,” “frictionless interaction,” “tailored approach,” “honesty and trust” and a “personal touch”.

A complete copy of the research is available upon request by going to <http://genesyslabs-registration.com/?p=ECGG> to register and download, or email .