



The Reset Generation

A perfect storm of change has created a new generation of empowered and demanding consumers

initiative



THE RESET GENERATION

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METHODOLOGY

Initiative has used its proprietary online consumer panels, the Connections Panels, to seek the values and attitudes of 7,500 consumers aged between 18 and 24 years, in order to understand how the recession has reshaped their mindset, behaviour and expectations, and to deliver insights for marketers. The research covered 15 markets to give a truly global perspective. These were Argentina, Australia, China, France, Germany, Hungary, Italy, Netherlands, Mexico, Poland, Russia, Spain, Sweden, UK and US.

TOMORROW'S CONSUMERS AT A TIME OF AUSTERITY

Young adults are one of the most sought after consumer groups by marketers around the world. Understanding and engaging 'tomorrow's consumers' can have a huge impact on the success of a brand. But what if events happening today are making for a potentially different tomorrow? Does this change our understanding of tomorrow's consumers?

Initiative wanted to find out what impact the recession and post-recession era of austerity and anxiety was having on tomorrow's generation of consumers. Marketing wisdom over the past 20 years has led us to understand the huge difference among young adults around the world, and to categorize and divide this very broad group into segments and tribes. However, while these different segments and tribes are still very prevalent, our global research did not reveal significant difference among young adults. In fact, we found surprisingly similar attitudes and behavior around the world among this group - as a direct result of the changing economy.

And not just the changing economy. The recession is only one of several significant changes around the world that are impacting young peoples' lives. Unique circumstances in technology, employment, politics and the environment are driving the next generation of consumers to refocus their lives and realize their opportunities in ways unlike previous generations before them. This commonality and collective change of thinking among such a very broad and diverse group has led us to understand these young consumers as "The Reset Generation".

Crucially for marketers, the instant adoption of social media, and the affordability of devices that facilitate it, have meant that The Reset Generation have become the most empowered and demanding consumer group ever.



INTRODUCING THE RESET GENERATION

They only know a world that is digital

The Reset Generation comprises adults born between 1986 and 1992. It is the first generation to truly provide a picture of tomorrow's consumer - they are the most technology-literate generation in history, and are widely described as 'digital natives'. They have spent their formative years in the digital age and have achieved independence and empowerment through technology.

Having grown up in the age of digital technology, The Reset Generation is at a pivotal period in their lives when they are making decisions about their future, either through furthering education, starting their first job or making their first career decisions. Alongside this, they have been heavily impacted by the greatest recession of our time.

From the sample of The Reset Generation that we spoke to, 43% are full-time students. This group are more cocooned from the full effects of the economy, and as a result they have fewer worries and lower anxiety. A total of 11% are unemployed or seeking their first job. This group are 50% more likely to show high/severe levels of anxiety as a result of the economic crisis, and, of their generation, are the least optimistic about the future. Understandably less anxious are full-time employed and self-employed young adults – 25% of The Reset Generation - who enjoy higher financial independence. The Reset Generation is evenly split between single and married/in a relationship: 52% versus 47%.

ECONOMIC CONDITIONS HELP SHAPE THE RESET GENERATION

Initiative found that the recession has made anxiety the norm for many young adults around the world. A massive 85% are experiencing some level of anxiety due to the effects of the economy. Young adults in the Netherlands and Australia are faring the best, with 76% and 58% respectively, stating they have 'no' or 'low' levels of anxiety.

At the other end of the spectrum, 19% of young adults describe their anxiety as 'high' or 'severe'. Worst affected are Italy and Hungary, with 44% and 39% respectively, in this high anxiety category. Unsurprisingly, anxiety appears to have a direct correlation with unemployment, as those with high anxiety are 54% more likely to be unemployed. They are also 42% more likely to be seeking their first job and 21% more likely to be paying a mortgage.

The recession has had a clear and direct impact on The Reset Generation. More than half (54%) of young adults have been directly affected, such as dropping out of school early due to lack of funds or losing their job. In the UK, one in six 18-24 year olds (18%) are classified as NEETS - "not in employment, education or training". And, significantly, The Reset Generation is choosing to delay two transitional milestones to adulthood – marriage and having children. While many countries have seen declines in both of these for many years, the recession does appear to have accelerated this trend.

Young consumers now want pragmatism and value-for-money from brands

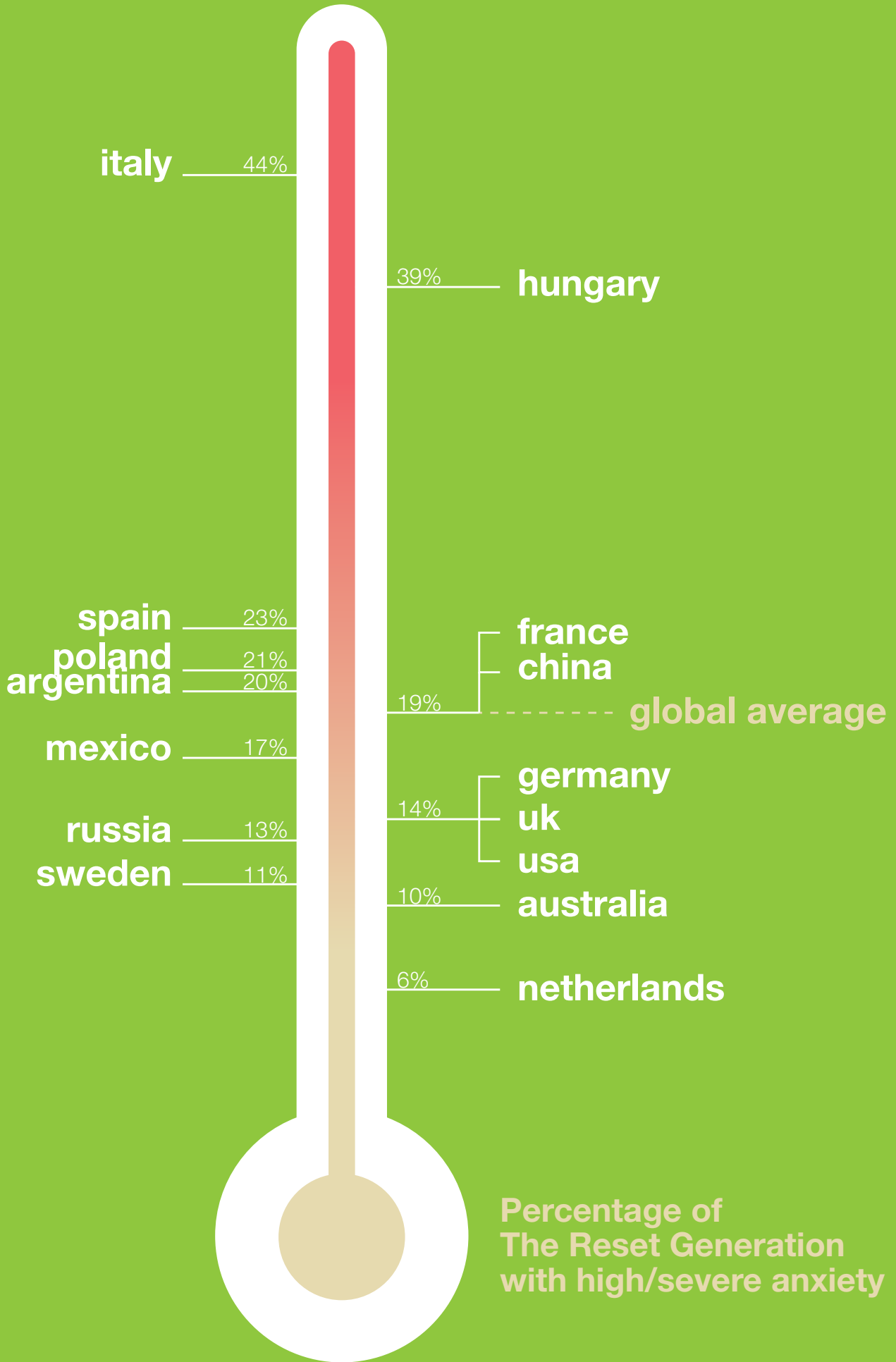
RESET GENERATIONS AROUND THE WORLD

In the USA, the birthrate fell to 13.5 births for every 1,000 people in 2009, down from 14.3 in 2007. The marriage rate also fell in 2009 to 6.8 marriages per 1,000 people in 2009 from 7.1 and 7.3 marriages per 1,000 people in 2008 and 2007 respectively (New York Times). Italy has seen a slightly sharper decline in the marriage rate, from 12% in 1999 to 7% in 2010. Families with young children declined from 8% in 1999 to 6% in 2010. Sweden has seen a significant increase in the number of 18 – 24 year olds becoming students, up from 36% in 1994 to 54% today. However, Sweden is experiencing a more rapid recovery in the economy than other parts of the world and has a very robust welfare state. In China, parental pressure to get married and have a child is still very high and the global recession has done little to change this. However, in larger cities, such as Shanghai and Beijing, this is starting to shift due to the pressure on young adults to achieve financial stability and their desire to take time to search for the right spouse.

The Reset Generation's key worries are driven by the economic conditions, with their career being the largest concern among this group. Nearly all young adults (94%) are worrying about their career, and 51% say they are worrying about it more than before the recession. The other key things people are worrying about more as a result of the financial downturn are the economic climate (41%), security (39%), wealth (37%) and education (37%).

The biggest concerns of The Reset Generation is all focused on problems relating to their current circumstances – their ability to keep up with the cost of living and paying for monthly bills (both at 52%). Interestingly - and demonstrating a new maturity beyond their years - this generation's next key concern is the cost of healthcare (48%), followed by finding a job (44%). Of those that say they are very worried, finding a job is the biggest concern (26%) – the effects of the economic climate on those who need a job are immediate. The Reset Generation is 'least worried' about getting out of debt (39%). This would demonstrate a mature and sensible realism that there is no point worrying about debt until the other immediate concerns are sorted out.





Percentage of The Reset Generation with high/severe anxiety



RESET TO A MORE CONSERVATIVE WAY OF THINKING

The Reset Generation is more interested in how they live, than what they have

While The Reset Generation is youthful and seeking to enjoy life, it is also having to cope with harsher realities than previous generations. This means that in order to survive – and prosper in the mid to long term – these young adults are having to adopt a more pragmatic mindset and behavior. This is driving them to refocus their priorities through a more conservative lens.

In most instances, this generation has reset their definition of success. For them, being happy (68% strongly agree), having a career that you love (58%), being able to provide for yourself (57%), having friends and families that love you (57%) and living debt free (51%) are more prestigious badges than wearing designer clothes (11%) or owning an expensive car (14%). The recession has taught young adults that there is more to life than material possessions.

The things that are most important in the lives of The Reset Generation are rooted in simple values. When asked to rank the three most important things in their lives, the top answer given was “relationship

with family and friends”, with 67% of young adults ranking it in their top three, and 32% ranking it as the most important. Following this, the key area of life importance was “health” ranked by 58% in their top three, and 26% as number one. This really shows the shift in mindset of this generation, placing importance on issues and values that have traditionally been associated with older and more risk-averse age groups. “Love and romance” ranked the next most important thing in life, with 47% placing it in their top three, and 15% as the top priority. This is followed by “career”, with 35% ranking it in the top three, and 8% ranking it first place.

The Reset Generation admires strong, successful global brands, such as Coca-Cola, Apple, Nike and Sony. Their role models for success include business leaders, such as Bill Gates (the most popular role model around the world), British entrepreneur Alan Sugar and Mexican businessman Carlos Slim Helu. While these figures all rank among the wealthiest people in the world, they also display benevolence and strength in uncertain times. US actress and philanthropist Angelina Jolie, US President Barack Obama and US talk-show host Oprah Winfrey are also identified by this generation as symbols of hope.

Implications for Marketers

- The attitudes and requirements of The Reset Generation present an opportunity for marketers to target the precise tribes and segments of young adults with more granularity and accuracy. Using a brand’s own databases along with third-party resources, such as social graph, targeting can produce more refined and productive audience engagement.
- The Reset Generation now arrives at retail environments filled with product information, relative prices and peer recommendations. They also use mobile devices to learn more and check prices in the aisles. Therefore, marketers should use all relevant channels to send consumers to retail environments, online or offline, with a benefit and a purpose regarding their brands. Marketers should also employ design tactics, such as rewarding mobile check-ins, to enhance the value of loyalty programs, to keep consumers focused on buying their products even in light of so many other easily available alternatives.

RESET: YOUNG IN BODY, MATURE IN MIND

Economic uncertainty is forcing more young people to live at home and to take their lives more seriously

The convergence of economic and social forces that are causing young adults to refocus their priorities through a more conservative lens is producing behaviours and attitudes that are maturer than those exhibited by their predecessors.

Young adults are being forced to consider their future as a current priority and are therefore more likely to be risk-averse than previous generations. The Reset Generation is placing great importance on achieving financial independence (66% stating it is very important) and establishing a career (54%).

Young adults in The Reset Generation exhibit higher optimism about their own personal prospects versus the economy - recognition that they are the solution. Young adults have become willing to make sacrifices (65%) as well as changes in their daily lifestyle. On average, one third of young adults said they were cutting back on non-essential expenditure in order to save money, the key cutbacks being made on expensive purchases such as luxury items/goods (46% doing this less), the latest technology (39%), the cinema (37%), and eating out (36%). In turn, The Reset Generation is watching more movies at home (35%) and staying in more (29%).

In an era of uncertainty, many in this generation are longing for greater permanence and stability. To cope with their day-to-day challenges, The Reset Generation cocoons in a variety of safe spaces until better days arrive. Over half (52%) of young adults are living in their parent's home, rising to over 70% in the more family orientated markets of Spain, Italy, Mexico and Argentina. For those in full-time employment this figure is still significant at 43%. And, over half expect to be at home for two years or more.

Unlike previous generations, young Reset adults are tending not to contribute to household finances, with 48% of those living at home not paying rent (this is even the case for 41% of those working full-time and living at home). Parents also subsidize them in other ways: two thirds expect their parents to help them out in a financial emergency, half expect to get help with debts, and nearly half (46%) expect to get help for important purchases. There is also a smaller but significant group whose parents would be prepared to pay off most of their student loan (32%), contribute to a deposit for buying a first home (30%), and fund holidays (29%).



If finances are available, nearly 25% of young adults are extending their education until access to the workplace - preferably in their field of choice - is available. Just under half (43%) are in full-time education. The Netherlands has the highest number of full-time students within The Reset Generation (56%) and Argentina, the lowest (27%).

One quarter of The Reset Generation is in full-time employment. While 42% say they are in the career of their choice, 43% have 'good enough for now' employment, either having taken the first job that came along or the only job they could find. The non-working Reset Generation remains hopeful – these young adults have a clear idea of the jobs they want (51%) and 59% believe they could get full-time work within six months.

Implications for Marketers

In surprising contrast to the past decade's focus on celebrity, reality TV and the like, The Reset Generation is seeking substance, not the superficial. While many young adults still want cool and fun, they are looking beyond badging and packaging. Therefore, brands need to balance their messaging between brand building and product efficacy, value and benefits. The channels that marketers use are just as important, making consumer relationships that are earned and owned as important as the ones they pay for.

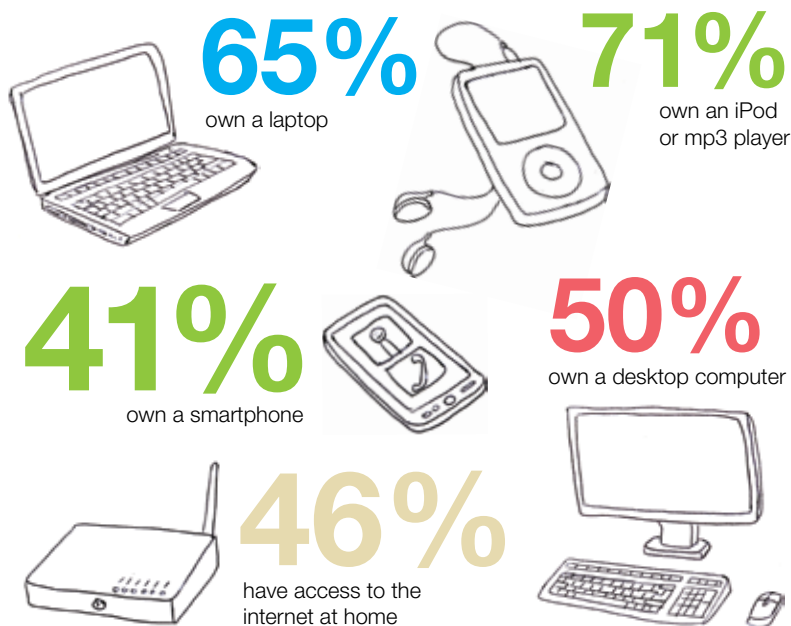


RESET GENERATION ARE DIGITAL NATIVES

The Reset Generation has grown up with digital technology and social media. As such, digital technology is not considered cool by this generation; rather that it is one of life's essentials. The availability and affordability of digital devices have meant that The Reset Generation has become the most demanding and empowered consumer group ever. And the recession has only served to accentuate this as young adults use the latest technology to manage their lives.

Digital devices are highly prevalent amongst this group, with 71% personally possessing an MP3 player/iPod, 65% owning a laptop, 50% a desktop computer, 46% having home access to broadband, and 41% having a smartphone. Global social media study Wave 5, conducted by sister agency UM, shows that The Reset Generation has deeply ingrained social media behavior: 88% use social networking sites, 74% post on forums and 63% are active bloggers.

Young people participate with brands online and in social networks because digital tools are affordable and accessible



As we have already identified, friends and family have become increasingly important for The Reset Generation, and this only heightens the importance of social media as a tool for life. Unlike many of their older counterparts, they are not social media voyeurs; they are posting, tweeting, updating and identifying their likes and dislikes reaching hundreds of people with one click.

The Reset Generation comprises information hungry consumers who show an increased interest in the products they buy, and an accelerated need to find out everything about them prior to purchase. The technology tools already at their disposal are being increasingly used to fulfil this need. Online social spaces are heavily used for finding out information about brands, with 34% using social networking sites, 43% consumer review sites, and 33% blogs and forums.

As digital natives, young adults in The Reset Generation expect brands to give them the tools to participate in brand building, and want to engage directly with brands. Less than one third (30%) agreed that they make a point to avoid brand communication. If permission is not granted, The Reset Generation will simply engage and communicate on their terms.

Implications for Marketers

- Engaging consumers in social media such as Facebook and Twitter requires detailed thinking and specific tactics. Much of The Reset Generation say social sites like Facebook and Twitter are off limits to brands and often initiate their own “by invitation only” policy. Entice consumers to join or follow you by giving all brand behavior (on/offline) a social extension and provide a benefit and a purpose to the messaging.
- Marketers need to track and apply new metrics for retweets, tweet backs, replies, links and posts, which are as valuable as reach and frequency.

BRANDS HAVE A BIG PART TO PLAY IN THE LIVES OF THE RESET GENERATION

The Reset Generation knows a better day is coming, but they need help getting there. That is where brands can play a meaningful role in their lives. Young adults are looking for brands to play a part in facilitating change, to enhance experiences, and to add real value to their lives. Brands that can promise value through saving time, relevant services or preferred delivery methods, can expect The Reset Generation's hearts and minds, and, importantly, their custom. Now more than ever, young adults are asking 'What do I really need?', 'What product does it best?', 'What does this product do for me that I can't already do myself?' They are showing marketers what 'on my own terms' really means.

Brands are at the heart of the experiential way young people like to live their lives



Given this questioning behavior, it is important to understand the dynamics of influence that prevail among The Reset Generation. Unsurprisingly, the personal experiences of other people are most influential when it comes to making decisions about brands across all categories. Friends and family are the key sources of influence (43% say they are 'very influential'), along with other earned media such as online consumer reviews and endorsements. However, traditional paid media still plays a vital role for this group, especially TV (23%), brand events (22%) and mobile applications (22%), and even more so for lifestyle, low risk categories. Brand websites come into their own for categories where detailed information is required, such as credit cards and cosmetics.

So, what needs must brands meet to satisfy The Reset Generation? ‘Value for money’ comes out top at 63%, followed by reliability (56%) and trustworthiness (54%). These values indicate that The Reset Generation only wants to purchase brands that are tried and trusted. Having grown up with rapidly changing technology, this generation also demands that brands ‘innovate’ – 36% rank this as a key brand quality. However, young adults can only really afford to prioritize more innovation and lifestyle-driven qualities once a brand’s reliability and quality has been ascertained (brand for me - 28%). Notably, young adults are often categorized as trendsetters and early adopters due to the ease with which technology is integrated into their lives. However US trend company, Iconoculture argues young adults are ‘innovative adapters’: they feel empowered to evaluate the usefulness of products and choose how, if at all, they will integrate them into their lives. Unsurprisingly, “fun” (15%) was the lowest ranked quality.

When we look at brand qualities by category, we see little variance across the various consumer-facing industries. However, flagged up by The Reset Generation is the importance of ‘trust’ within the credit card industry and the power of brand ‘image’ for lifestyle products, such as beer and cosmetics. The more pragmatic values like ‘value for money’ and ‘reliability’ dominate regardless of industry.

Overall, we found that loyalty will be granted to brands and products that are so useful that The Reset Generation cannot live without them. To achieve this status, marketers will need to focus on delivering quality products and fulfilling real life needs, before crafting lifestyle-driven brand communications. If their needs aren’t met, a brand’s deficiencies will travel quickly across the globe by this connected generation, who we know are eager to share both their positive (82%) and negative (75%) experiences.

Implications for Marketers

- Brands should invest in mechanisms that allow them to listen and respond to what The Reset Generation does naturally – publicly voicing their concerns, criticisms, demands and support. PR, customer services and marketing need to inform one another more than ever before.
- The Reset Generation actively takes surveys and provides feedback on brands and products. Brands should use consumers who participate as a vast, and highly efficient, ongoing focus group and test lab.



CREATING LONG LASTING CONNECTIONS WITH THE RESET GENERATION

Marketers looking to generate loyalty among The Reset Generation need to give them something to believe in. They must be prepared to trust their audience, to handover their brands in order to foster a genuinely two-way relationship. This could be a wake-up call for some marketers who are used to controlling the marketing process from start to finish. Young adults are eager to help shape and model the brands that they consider to be their own.

The Reset Generation wants to share their opinions with brands. While 41% say that they really enjoy the way brands communicate with them today – much of which is one-way communication – they also express an interest in developing two-way, mutually beneficial relationships. Currently, their primary ways of engaging with brands are ‘reading information about brands/products from experts’ (26%), and ‘reading information on social media sites’ (20%). Half say that having the opportunity to talk directly with a brand would encourage them to take a greater interest in, and subsequently buy, the brand’s products or services.

Consumers expect brand value in exchange for their participation. They will reward this value with their loyalty

Initiative found that the greatest opportunity for future dialogue is through ‘participation in direct discussion with the brand to help shape the future products’ (+33%), ‘special branded event attendance’ (+32%), and ‘participation in conversations about the brand/product with experts’ (+12%).

When creating brand participation plans, marketers must take into account the market and category differences that are driven by a country’s economic climate and cultural preferences. For instance, we found that Russia (80%), China (74%), and Mexico (74%), had the highest brand participation levels among young adults in our study. The Netherlands had the lowest number of young adults interacting with brands (35%). We also found that The Reset Generation is most involved in both one-way and two-way relationships with cosmetics brands, ahead of categories such as mobile, quick service restaurants (QSRs) and credit cards. They are already reading information about cosmetics from experts (42% more than the all category average), following cosmetic brands on social media sites (35% more), and participating in conversations about cosmetics on social media sites (26% more).

Implications for Marketers

- Marketers should expand loyalty programs to reward consumers for the publicity and transactions they initiate through talking, sharing and recommending a brand.
- Make it easier for The Reset Generation to include your brand on their short list. Give them the tools to engage in fluid, two-way dialogue throughout the purchase cycle.
- Marketers should take advantage of consumer participation by allocating budgets to social media, branded mobile applications and experiments to allow consumers to create and share brand content. New standards for success need to be calibrated to the impact that consumer participation can generate.

WHAT MARKETERS SHOULD DO NEXT

Marketing to The Reset Generation requires new methodologies, optimized for the intersection of human behavior, technology and business growth.

ALLOCATIONS

Reassess how budgets and resources for creative, content, production and media are allocated

- Adapt the roles of PR, customer service and marketing to listening and responding
- Empower brand representatives that can communicate through Twitter and other social media
- Allocate budgets to social media, branded mobile applications and experiments

ORGANIZATION

Invest in and coordinate people, ideas, data and technology to address new ways of interacting with consumers

- Give The Reset Generation the tools to engage in fluid, two-way dialogue with your brand throughout the sales cycle
- Employ staff to seed the marketplace with content and functionality and to react to consumer demands on social, mobile and digital channels

PLANNING

Rethink how your brand participates with consumers through paid, owned and earned content

- Incorporate the role of consumers in the way brands produce, accumulate and curate content
- Expand loyalty programs to reward consumers for the publicity and transactions they initiate
- Extend offline campaigns by engaging consumers in social media and response-driven channels such as mobile

MEASUREMENT

Set up the facilities to collect, manage and optimize outputs from the continuous streams of data

- Add new metrics for retweets, tweet backs, replies, links and posts
- Update brand marketing and consumer databases to accept new forms of data from consumer interactions, tracking all the way to increased leads and sales
- Use consumers who participate as a vast, and highly efficient, ongoing focus group and test lab

About Initiative

Initiative (www.initiative.com) is a media communications company that transforms media exchanges into marketing results through a commitment to performance.

Initiative believes that all marketing should be performance-driven. Data, analytics, insight and innovation are central to all our services, and we hold ourselves fully accountable to client business goals.

This commitment to performance is the heart of Initiative's unique process and culture. Owned by the Interpublic Group, Initiative is part of media management group Mediabrands and a partner of Magna, IPG's centralized media negotiation entity. Initiative employs more than 2500 talented professionals, working in 91 offices across 70 markets, worldwide.

Initiative's comprehensive range of performance-led communications services include: research and insight, media planning and buying, digital communications solutions, content creation, and evaluation and accountability services.

About the Connections Panels

The Connections Panels provide everything a marketer needs to know about consumer behaviour in order to build truly engaging brand activity. They provide a single source for information on touchpoints, consumers and purchasing. Panellists can be contacted anytime, in any place to obtain fast, fresh insights on just about any topic. We currently have Connections Panels in 45 countries, comprising more than 175,000 individuals.

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