

Marketers Must Get To Know Digital Natives

 cmo.com/features/articles/2015/2/20/digital_natives.html



On a recent Saturday, brothers Aidan Rioux-Jones, 12, and Coel, 10, were engrossed in Forza Horizon 2, an open-world video racing game for the Xbox One. The racecourse features scenic European towns, freakish challenges, and cars based on real Lamborghinis, Camaros, and Ferraris—all depicted with razor-sharp 3-D graphics. The game even enables players to change the cars' radio stations.

"It feels like I'm in the game," said Coel, who recalls using technology for the first time at age 4—a screen-based painting and drawing application that connected to the TV.

Aidan, a sixth grader, also shot and edited a movie on an iPhone last year. He manages all of his homework assignments from an online portal provided by his New York City public school. Teachers post homework assignments on the portal, and students complete them online by logging into various areas of the site.

Welcome to the world of digital natives, who have grown up toggling between technologies—homework portals, video games, apps, YouTube videos, Netflix, Snapchat, Instagram, etc.—with ease. Moving seamlessly from screen to screen is second nature to this group of consummate multitaskers. They, in fact, are pioneers: They've created and promoted the sharing economy, apps for everything, product ratings and reviews, social media, co-creation, and more.

And in their spare time, they've managed to acclimate digital immigrants, including their parents and grandparents. "We're translators between different generations," noted Ben Guttman, the 25-year-old partner and co-founder of Digital Natives Group, a boutique digital marketing agency.

Digital natives have come of age with technology, Guttman told CMO.com. “Because we grew up with iPods, GameBoys, PlayStations, and instant messaging, we’re wired in a way that we can pick up new technologies and trends in a way that’s very natural. We don’t necessarily see that in other generations ... We’ve been growing up at the same rate as technology.”

Marketers: Pay Attention

Precise definitions of “digital natives” vary, though most experts consider them to be anyone who was born after the widespread adoption of digital technology, beginning with Millennials—those born in 1982 to 2002—and through “Generation Z”—born from 1996 to 2009.

Regardless, it’s a generation marketers and experts are only just beginning to get a handle on. But they must. Marketers that don’t learn how to engage with this group in an authentic way will miss a huge opportunity to earn their respect early on and, ultimately, lose access to their budding earning power.

Millennials are truly at the precipice of cultural and economic influence. The U.S. Bureau of Labor Statistics estimates Millennials will make up 75% of the workforce by 2030. Digital ad agency Barkley estimates the group’s annual buying power at \$200 billion. Research by Accenture in 2013 put annual spending among Millennials in the U.S. even higher, at \$600 billion. By 2020, Accenture forecasts that annual spending power to reach \$1.4 trillion.

In contrast to data on the Millennial part of digital natives, there’s a dearth of research on Generation Z’s potential spending and earning power. But here’s a start: Research by boutique agency sparks & honey found that Generation Z receives \$16.90 per week in allowance, which translates to \$44 billion a year.

Where media consumption is concerned, research from Deloitte projects that North American Millennials will spend \$62 billion on media content in 2015—that’s about \$750 per person. Nearly half of that spending will go toward paid TV services, music, computer games, and movies, Deloitte said. However, experts point out that digital natives are notorious for wanting everything, especially content, for free.

In addition, Boston Consulting Group finds that Millennials are spending less money on purchasing high-end brands and visiting restaurants and more on organic food and environmentally friendly products and services. A Harris Interactive survey finds them more interested in spending money on experiences than stuff.

“This generation ... gravitates to new experiences they didn’t have as children,” agreed Sarah Sladek, CEO of XYZ University, a management consulting firm, and author of “Knowing Y: Engaging the Next Generation Now.” They also favor brands that have charitable giving in their DNA, such as Toms Shoes, which makes a contribution to a cause with each shoe sale, she said.

Attitudes And Values

Also noteworthy, digital natives are growing up in a time of continuous economic uncertainty—the oldest Millennials have gone through the biggest recession since the Great Depression and are saddled with debt. The youngest are in college or just entering the workforce. Many live at home and are partially or wholly supported by their parents.

Despite the economic woes they've seen their parents go through, digital natives represent the most provided-for group in history. "They are very protected and have had very structured childhoods from a young age," Sladek told CMO.com. Helicopter parenting, Sept. 11, the sharp rise in school shootings, and other acts of violence and terror have had a powerful impact on a generation that expresses itself through technology and social media, both of which enable sharing emotions and experiences instantaneously.

"They carry the digital world with them, and their first instinct is to share something online, tweet it, or take a video of it," said Will Seymour, senior technology analyst at Future Foundation, a global trends agency. "[Digital natives] have a need to be constantly projecting the perfect self. They're in a constant state of improvement. They want to be in control of all of life's little variables."

Seymour told CMO.com that this generation has acute pressure to live up to a social media persona, which is almost interpreted as a personal brand challenge. The control they seek lead Seymour to suggest a "death of risk" with this generation. The risks inherent in making decisions about hotels, activities, consumer technology, as well as other kinds of products can be minimized by thoroughly evaluating ratings and reviews and sharing them to minimize risk for others.

But perhaps the most standout characteristic of digital natives is their need for instant gratification. "When they press or swipe something, they expect a response," said Lindsay Pollack, a Millennial consultant, in an interview with CMO.com. That expectation, experts said, might be part of the reason why the group gets a bad rap for seeming "entitled."

"It's not a stretch to say the natives are tethered to digital media 24/7 via an array of devices that enable them to navigate," said Carla Hendra, global chairman, OgilvyRED, a strategic advisory practice that employs many digital natives.

Digital technology has influenced the group's need for immediate gratification in the form of feedback and rewards in a knowledge-based economy. Digital natives derive social status and currency when they rack up rewards for offering reviews and feedback and by doing good. They are also willing to share their personal data in exchange for special offers and access to events. Marketers that equate "doing good" and giving back with brand purchases can win the loyalty of digital natives.

Impact On Marketers

It goes without saying that digital natives are having a significant impact on brand marketers in all categories, transforming the way they do business. Digital natives expect to have a two-way relationship with brands, offer feedback and input on products and services online and off,

receive rewards for that feedback, and help create the next iteration of a product or service via their reviews. In essence, they expect to co-create with brands.

The engrained instinct to share everything makes them influencers among their friends and family. Their opinions, shared instantaneously on social media, often influence purchase decisions in real-time. Digital natives, particularly Millennials, have the power to make or break a product launch in a matter of hours.

“Millennials want and expect a two-way, reciprocal relationship with companies and their brands,” according to Christine Barton, lead author of Boston Consulting Group’s 2014 report [“The Reciprocity Principle: How Millennials Are Changing the Face of Marketing Forever.”](#)

In addition, digital natives want to have an authentic dialogue with the brands they choose to bring into their lives. “You can’t just put an ad out. It’s constant relationship-building,” XYZ’s Sladek said. “They like trying new brands, especially if their peers recommend them—there’s a high trust factor among peers.”

Also key: “The idea of continuous commerce where retailers and brands have to reach and engage at every point of contact,” OgilvyRED’s Hendra told CMO.com. “It might be about priming the sale with customized content, and everything must be integrated across all devices.” A new kind of marketing needs to be invented, she said, that’s built around experiences and content, and “there’s a million different kinds of content that have to be created to fulfill this task.”

Digital natives expect personalized offers and promotions, and a shopping experience online and off, that’s tailored specifically to their needs. They want to be actively courted by brands via mobile offers. And they treat brands the same way as they treat their friends on social media, meaning they’ll “like” or “unlike” and comment. They’re competitive and enjoy earning rewards, badges, and prizes for racking up the most product reviews, for being “first,” or in an exclusive group.

“[But] it’s not just transactional loyalty and rewards [that are important]--there has to be an emotional component,” Hendra added.

Marketers that ignore digital natives’ needs and desires risk becoming irrelevant.

“People don’t get it. We’ve catered to Baby Boomers’ desires, and this generation is going to be bigger than that one,” consultant Pollack said. Not only do digital natives want to co-create the product, but then they expect marketers to thank them with a coupon, a donation to charity, a badge to enhance their status on social media, or an invitation them to review the product—to which the brand must respond.

“Sharing and being able to spread messages is woven into their being. They’re much more apt and able to share messages socially [than other groups],” said Dounia Turrill, senior vice president, insights at Nielsen, adding that brands that don’t “get them” are ditched

immediately--no second chance. Marketers need to be on all nascent media platforms, even if they don't quite understand them, she said.

But perhaps the best way to work with Digital Natives is for marketers to think of themselves as people and ask: "If a brand is a person, would I want to hang out with that person? What kind of person is your brand and how can that person be friends with the target market?" Digital Natives Group's Guttman said.

See what the Twitterverse is saying about digital natives: