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RAISING BRAND EQUITY TO GENERATION Y

Violet Lazarevic and Sonja Petrovic-Lazarevic

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Abstract

The paper points to the relevance and possible ways of increasing perception of brand equity for generation Y consumers. Generation Y is a cohort in today's market who does not accept traditional marketing methods; it is disloyal to brands; and has been largely ignored in current academic literature. We propose a theoretical framework to raise brand equity of this young generation based on importance of building relationships with the individuals, using integrated marketing communications to connect with the generation Y consumers emotionally, and segmenting the market properly to ensure that the messages are targeted to the right consumers.

RAISING BRAND EQUITY TO GENERATION Y

INTRODUCTION

Generation Y is a large segment argued to number about 80 million people (Brand Strategy, 2007; Braunstein and Zhang, 2005; Clausing et al 2003). They currently spend around $153-$155 billion a year (Bush et al 2004; Cui et al, 2003; Lippe, 2001; Tsui and Hughes, 2001). These consumers have significant influence upon their parents and younger siblings spending; about 25-33 percent of their overall spending (Glass, 2007; Lippe, 2001; Wolburg and Pokrywczynski, 2001; Gronbach, 2000; Russell, 1996). Choosing to ignore this cohort could be very risky for companies considering that generation Y is the future and will dominate the market when it matures (Neuborne and Kerwin, 1999).

Born between 1977 and 1994, generation Y has a unique attitude towards brands (Sebor, 2006; Bush et al, 2004). Its consumers have been raised in a time where just about everything is branded, making them more comfortable with brands than previous generations and thus responding to brands differently (Merrill, 1999).

There are many similarities between the individuals that make up generation Y. Generation Y individuals are very well educated and very self-assured (Glass, 2007; Clausing et al., 2003; Wolburg and Pokrywczynski, 2001). They have been socialized to believe that they live in a materialistic oriented society and they act accordingly (Bakewell and Mitchell, 2003; Moschis and Churchill, 1978). In this society, material belongings are seen as an expression of who a person is and how important he/she is (Belk, 1985). Generation Y has an ability to act as trendsetters for the rest of the market, as it is not only receptive to new products but actively seeks them out (Sebor, 2006; Morton, 2001). Generation Y consumers act as early adopters to influence other segments of the market (Glass, 2007; Lippe, 2001; Wolburg and Pokrywczynski, 2001; Gronbach, 2000; Merrill, 1999).

The product lifecycle theory argues that certain parts of the market adopt new products and then influence the rest of the market to adopt the product (Park and Yoon, 2005; Bass, 1969). Innovators in the market initially take up new products. They then influence the early adopters to try the product (Park and Yoon, 2005; Bass, 1969). Early adopters are those willing to try new things as they come to their attention and then persuade the early majority and late majority to trial the product (Park and Yoon, 2005; Bass, 1969). The last group to adopt the product are laggards who only try after everyone else has (Park and Yoon, 2005; Bass 1969). It is evident from the theory that early adopters are critical to the diffusion of new products to the majority of the market (Park and Yoon, 2005; Bass, 1969). Therefore, having generation Y in this role could increase the speed of market adoption and diffusion for the new product.

Generation Y consumers are difficult to group together as they are very individualistic (Wolburg and Pokrywczynski, 2001). Beverland and Ewing (2005) found that a portion of generation Y known as ‘edges’ oppose marketing and are distrustful of it. They do not like being coerced into buying products and are cynical towards marketing clutter (Beverland and Ewing, 2005). ‘Edges’ prefer getting their product information from credible sources such as friends and trendsetters in their social groups (Beverland and Ewing, 2005). Other researchers argue that the entirety of generation Y consumers is anti-marketing because they have been marketed to and targeted by advertising more so than other generations (Sebor, 2006; Lippe, 2001; Morton, 2001; Wolburg and Pokrywczynski, 2001; Merrill, 1999). Generation Y consumers do not like being assailed with advertising and marketing tricks, and they prefer marketers who understand that they are knowledgeable and clever consumers who know what they want (Lippe, 2001). Bakewell and Mitchell (2003) found that because of this marketing saturation, one in six generation Y consumers fight against marketing by being uninterested in shopping. The implications of this are that because firms cannot apply traditional marketing methods, they should work harder to appeal to or capture these consumers in innovative ways. This break from tradition seems to be important for marketing to this segment.

Marketers are now in a difficult position to explore new ways to approach generation Y consumers. The difficulty is in finding an approach that does not push away other profitable segments while being involved with generation Y. Tsui and Hughes (2001) propose to maintain the brand's core identity and keep it the same across segments. Further, Keller (1993; 1999) argues that if marketers successfully build up brand equity in the minds of generation Y consumers, it would cause them to value more, be more likely to buy and become more loyal towards the brand.

Reviewing the theories related to generation Y and brand equity concept; we found that the contemporary literature has failed to address this crucial marketing tool to use for the generation Y consumers (Lazarevic and Petrovic-Lazarevic, 2007). In order to fill this gap in the literature, we propose a relevant theoretical framework.

THEORETICAL FRAMEWORK TO INCREASE BRAND EQUITY IN GENERATION Y CONSUMERS

The theoretical framework comprises marketing theories such as segmentation, branding and integrated marketing communications. Segmentation provides the rationale for using a different approach to generation Y and why it needs to be separated from the rest of the market. Both branding and integrated marketing communications are important for getting consumers to initially purchase as well as subsequently purchase (Keller, 1993). We now concentrate on theoretical analysis of each of these theories looking for their applicability in increasing perception of brand equity to the generation Y.

Segmentation

Segmentation is important because it explains why the market must be broken up into sections such as generations. Segmenting allows marketers to know more about the consumers they are trying to target. Marketers communicate with consumers more successfully and more cost-effectively because they target the right group of people. If marketers presume that all segments of the market respond to marketing efforts to increase brand equity in the same way they will waste a lot of resources (Megehee, Dobie and Grant, 2003). This is why marketers split the market up in some way to distinguish between those consumers they want to target and those they do not.

Demographics are used to describe a population by such variables as age, geographic distribution, and structure (FitzGerald and Arnott, 1996). A demographic frequently used is generation, which splits the market by age. A generation refers to a specific group of people who are born within a restricted duration around 22 years (Glass, 2007). Schewe and Noble (2000) argue that grouping consumers by generation is appropriate because each generations' collective nature toward others is influenced by what happens in their lifetimes. Each generation has a set of shared experiences that form values and the way they interpret things (Wolburg and Pokrywczynski, 2001).

It seems important to understand these shared experiences in order to comprehend why generation Y consumers behave differently from previous generations and how this affects their attitudes towards brands (Wolburg and Pokrywczynski, 2001). Once these factors are understood marketers can design their advertising to be more effective at reaching this particular group of consumers.

The branding and integrated marketing communications efforts from companies should be targeted at segments, which can help characterize the target market better and increase likelihood of successful raising of brand equity (Keller, 1999).

Branding and Brand Equity

A brand acts as a symbol that allows consumers to form relationships with multiple products (Keller, 1999). Branding creates a brand image, which when presented to the consumer enables relationship building as a crucial factor for brand equity (Wood, 2004). Brands represent the values behind the product that the consumer can relate to (Keller, 1999). Therefore, building brand equity seems to be important because consumers first value the brand to want to purchase it and then become loyal to it. Branding for generation Y appears to of more importance because this generation uses brands as forms of self-expression (Lippe, 2001; Aaker, 1997).

A brand allows an organization to create meaning and attach values to a standardized product (Frow, 2002). It is defined as a name, image, drawing, or mixture of these which sets apart a specific product from others in the market and makes it appear superior (Keller, 1993). Marketing tools such as integrated marketing communications help create brands (Grassl, 1999).

Using brands on products allows the firm to construct more successful and economical marketing communications and bring together many different product associations into one (Rooney, 1995). However, advertising alone is not sufficient. Therefore, firms should use integrated marketing communications because it improves communication with the consumer (Hartley and Pickton, 1999; Duncan and Moriarty, 1998). According to Hackley (2003), brand marketing theory proposes that the values of the brand must match the strategies marketers use and what they communicate about the brand to consumers. If this matching is not achieved and the brands' core identity seems jeopardized, then generation Y consumers may lose all respect for the brand and see it as fake (Merrill, 1999). This is why maintaining the brands' core identity and what it is really about, is so important. Consequently, consistency is an imperative for consumers to believe what marketers are telling them about the brand. It can be achieved by utilizing integrated marketing communications (Keller, 1999). Marketers should then consistently tell their consumers what the brand does for them, what it represents, and why it is better than other brands (Keller, 1999).

Brand equity is defined as the value of the brand in the minds of consumers comprising the consumers' belief that the product is better than others on the market (Grassl, 1999; Keller, 1999; Simon and Sullivan, 1993). As such, brand equity influences whether they buy a certain product over others (Keller, 1993). Aaker (1991) conceptualizes brand equity as having four components: perceived quality, brand loyalty, brand awareness and brand associations. Integrated marketing communications strengthen brand associations to develop and sustain brand equity (Duncan and Moriarty, 1998; Jones and Blair, 1996). Brand equity occurs when the consumers perceives the brand as having strong, unique and favorable associations (Keller, 1999).

A critical factor for building brand equity is developing a relationship between the consumer and the brand (Blackston, 2000). For generation Y specifically, Tsui and Hughes (2001) state that marketers should concentrate on emotional relationships with brands. Using a celebrity endorser can facilitate this process of building the relationship because endorsers can represent similarities between themselves and the brand, and themselves and the consumer (Braunstein and Zhang, 2005). A celebrity endorser is easier to identify with than the brand itself, because she/he is more tangible and identifiable (Braunstein and Zhang, 2005).

Celebrities are people whose name and image captures the awareness and attention of consumers (Stevens et al, 2003). They are a highly regarded part of society, particularly in the US, and very influential on young adults purchasing behaviors (Shuart, 2007; Bust et al., 2004; Morton, 2002). According to Knott and James (2003), celebrities are used to make advertising messages more convincing. Bush at al (2004) go further arguing that marketers can use celebrity endorsers in two ways; by having them wear the brand or appear in advertising to talk about it.

Celebrity endorsers may be influential to generation Y because young people view them as attractive, likeable and real (Atkin and Block, 1983). Young people look up to athletes and entertainment celebrities, who they see as setting the fashions. Consequently, we suggest that marketers should utilize celebrities to exert influence upon those young people by endorsing products or appearing in advertisements (Merrill, 1999). In order for celebrity endorsers to reach the audience effectively, Sukhdial et al (2002) propose that they connect or identify with the audience.

With generation Y that actively seeks out products to reflect and communicate their self-perception (Lippe, 2001), if the endorsers match their self-perception, then they can persuade generation Y to buy. Further, Kamins (1989) proposes that in order for the consumer to be influenced by an endorser there has to be a match between the endorsers' characteristics and the consumers' characteristics. In addition, McGuire (1985) suggests that the message coming from an endorser can only be believed if the endorser is similar enough to and liked by the target audience.

When using celebrity endorsers, marketers should choose someone who fits with the brands/products characteristics and values, so that the consumer more easily associates the celebrity with that brand/product (Braunstein and Zhang, 2005; Brooks and Harris, 1998).

Since all of the celebrity's values and behaviour become tied in with the brand, any negative actions on their part can damage the brand as well (Shuart, 2007; Brooks and Harris, 1998; Keller, 1993).

By using a celebrity endorser, the loyalty that the market segment shows to the celebrity can be transferred to a brand/product (Braunstein and Zhang, 2005). This may be a good strategy if the celebrity is well liked or connected to something relevant for the brand (Keller, 1993). In addition, for the message to be received successfully, the celebrities' image and the image of the product should match each other (Kamins, 1989; Kahle and Homer, 1985). To ensure an effective match, Braunstein, Zhang (2005) and Keller (1993) recommend that firms communicate this linkage to the consumer, showing that a long relationship has been established between the brand/product and the celebrity using integrated marketing communications (Braunstein and Zhang, 2005; Keller, 1993).

To use celebrities to influence consumers to buy a product/brand, Stevens et al (2003) and Shank (1999) argue that celebrities have to have source credibility and source attractiveness. Source credibility refers to whether the person has skill and authority (Stevens et al., 2003; Shank, 1999). Source attractiveness refers to how physically attractive the person is and how appealing his/her personality is (Stevens et al., 2003; Shank, 1999). The latter is more important according to Kahle and Homer (1985) as they found only attractiveness can positively relate to imitation of behavior. However, this can differ according to product category or it may be because attractiveness is more easily judged and seen as more relevant.

For the generation Y the implication may be that celebrities should be used for their physical or personality attractiveness rather than their credibility or expertise. This is because the generation Y is very image conscious.

Integrated Marketing Communications

Integrated marketing communications comprise of the integration of a variety of convincing messages across various forms to communicate and develop relationships with consumers (Eagle, Kitchen and Bulmer, 2007). They contribute to the efficiency of an organization by creating synergies and integration of the information presented to consumers. Integrated marketing communications are viewed as more important than advertising (Reid, 2005; Zahay et al 2004). They strengthen brand equity through creating strong, favourable and unique associations (Reid, 2005). They lead to increased brand equity through communications with the consumer (Reid, 2005), and they shape consumers perceptions (Keller, 1993).

Sebor (2006) states that the generation Y consumers are raised believing in themselves and knowing who they are. Therefore, they feel offended by marketers who claim to know them better than themselves. The generation Y consumers also resent when marketers try to enter their world by using trendy slang that comes across as fake and condescending. Perhaps a better approach, as suggested by Sebor (2006) could be to use simple and to the point honest messages.

We suggest that for generation Y marketers should use integrated marketing communications to increase brand equity, but the approach needs to be unique. That is, integrated marketing communications should remain essential for making the generation Y consumers familiar with the brand and what it stands for and conveying the relevance to them (Wood, 2004).

Since raising brand equity to generation Y has not been well explored in the literature, after an in depth theoretical analysis we propose both branding and integrated marketing communications to be used by marketers to influence the loyalty behaviours of generation Y.

CONCLUSIONS

Based on the literature review, this paper develops a theoretical framework to increasing brand equity in generation Y consumers. The framework comprises

- Segmenting the market properly to ensure that the messages are targeted to the right consumers
- Building relationships with the individuals from this market segment
- Using integrated marketing communications to connect with the generation Y consumers emotionally.

If applied by marketers, the framework can contribute to maintaining the brand's core identity and keeping it the same across segments, as Tsui and Hughes (2001) highlighted the importance of this. In addition, as suggested by Keller (1993, 1999) raising brand equity can lead to a more brand loyal generation Y consumer segment.

The theoretical framework remains to be tested as to whether this is really the case in the market.

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