

Retail Industry Focus

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Gen Y is talking ... RU listening?

The business challenge

Like most successful retailers, you are working hard to identify with Generation Y (Gen Y) *consumers*, and to adjust your marketing approach and offerings to target this rapidly expanding segment of the population. But, are you working as hard to attract and retain your Gen Y *employees*?

The truth is that if your organization cannot successfully attract, retain and engage Gen Y employees, you may find yourself without very many employees. Not only is Gen Y the most rapidly growing segment of the workforce, but Baby Boomers (parents of Gen Y) are leaving the workforce at a breakneck rate. The Office of Employment Projections recently forecasted that the average large-sized company will lose 30 percent – 40 percent of its employees to retirement in the next five to 10 years. Gen X – the generation sandwiched between Baby Boomers and Gen Y – are only a tiny sliver of the available workforce at 23 percent of the population. This means that most of your new hires will need to be drawn from Gen Y.

This generation has unusually high expectations of their employer and they aren't afraid to voice them. Why should you care? Why do you need to make the effort to explore, identify and embrace this generation with your people and human resource strategies?

Gen Y's success is your success

Perhaps, you have heard of the negative perceptions surrounding Gen Y. Or, perhaps, you have heard that they are spoiled, have a short attention span, approach work too casually and do not believe they need to "pay their dues" to succeed. In reality, this generation is better educated and more diverse than the previous generations, and they have potential to transform the workplace. Unleashing their potential is a sure path to your success as a retailer.

Here's how you can help your Gen Y employees succeed:

■ **Build a Sense of Autonomy**

Set clear boundaries and guidelines for success, but leave room for your employees to be innovative and creative in their daily tasks. Gen Yers want to help define their workplace and can bring fresh new ideas. For example, employees at Hot Topic are reimbursed for rock concert tickets when they turn in a fashion report after the event. Simply find a way to make employees feel that their input and efforts matter.

■ **Upgrade Your Technology**

Think handwritten receipts are charming? How about an empty sales floor? For these tech-savvy employees, technology is like fashion: it comes and goes. Gen Y grew up doing homework on a laptop, listening to music on an iPod, and calling friends from a cell phone. They will assess potential employers based on the technology they will have access to at work. They also will favor employers who have top-notch intranets and other online resources, based on their day-to-day interactions with websites such as Google and Yahoo.

Also, consider creating an online social networking site for your organization. Social networking sites such as Facebook and LinkedIn allow employees to sound off about their work experience and can help create a sense of community among staff members. It can also be useful in attracting new recruits.

■ **Use Immediate Rewards and Frequent Recognition**

Think about implementing an "Employee of the Day" program or daily commissions paid out in cash. These ideas are just some of the tactics retailers are currently using to keep their Gen Y employees engaged. Getting smaller, but more frequent, doses of feedback and rewards is highly valued by this generation. (Remember, this generation has been told from day one that they were "special" when their Boomer parents hung a "Baby on Board" sign in the minivan window).

Who is Gen Y?

Generation Y (also known as the Millennials) were born between 1980 and 1999.

This generation is **huge** (estimated at 78 million) and they:

- Want to contribute business ideas right out of the gate
- Demand the latest in technology
- Expect training and mentoring to be a priority
- Want immediate and flexible rewards and frequent recognition
- Tend to be impatient about career development; they want to be on the "fast track"
- Want to be part of a community, with constant access to their friends



What are the generations that make up a multi-generational workforce?

- Traditionalists
- Baby Boomers
- Gen X
- Millennials

See the table on this page for more information on these groups.

Will you offend the rest of your workforce by accommodating Gen Y?

Not necessarily, as long as each generation's gifts are acknowledged:

- Traditionalists and Boomers want their wisdom and work ethic noticed.
- Generation Xers want their results recognized, and they want some freedom and fun in their workday.

By segmenting the workforce and performing conjoint analyses, it is possible to understand what each employee age segment values, and what motivates them.

Groups	Traditionalists	Baby Boomers	Generation X	Millennials
Age	60+	43 to 60	30 to 42	18 to 29
Characteristics	<ul style="list-style-type: none"> ■ Values security ■ Company loyalty 	<ul style="list-style-type: none"> ■ Works hard 	<ul style="list-style-type: none"> ■ Needs work/life balance 	<ul style="list-style-type: none"> ■ Balances work with family ■ Technology experts ■ Changes jobs repeatedly
Value of Work	<ul style="list-style-type: none"> ■ Wants expertise and experience to be valued 	<ul style="list-style-type: none"> ■ Wants hard work to be valued 	<ul style="list-style-type: none"> ■ Wants company to value individual contributions 	<ul style="list-style-type: none"> ■ Wants to value own contributions
Drivers in Work	<ul style="list-style-type: none"> ■ To build a life 	<ul style="list-style-type: none"> ■ To build a better life 	<ul style="list-style-type: none"> ■ To live better 	<ul style="list-style-type: none"> ■ To live a purposeful life

Source: Employee Benefits of the Future, Employee Benefit Plan Review, January 2007
Millennials Rising –The Next Great Generation, Howe and Strauss, Vintage Books 2000

Who we are

Mercer's retail industry team is focused on consulting to retail organizations on critical human capital issues that drive their business success. Ask your local Mercer consultant how you can put the power of Mercer's retail industry team to work for you.