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Consumer Behavior Proposal

Young People in the United States Would Rather Pay
for Experiences than Material Items

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Introduction

The contemporary market environment is populated with different generations of individuals, who are the key determinants of consumer behavior. In the United States (US), the population of youths, who are mostly the millennials form the largest generation of the American labor force and are even the majority of consumers. Most investors target young people for marketing purposes considering their high consumer spending, which is estimated to be around \$1.3 trillion annually (Eventbrite, 2014). However, the pattern of consumption of goods and services have significantly changed, considering that the market segment comprising of youths is more inclined to pay for the experience than materials items. As a consequence, a new debate about consumer behavior (CB) of young people in the United States has been on the rise seeking to explain the reason behind the emerging trend. Some people believe that youths are getting it right where others argue that it could lead to unpredicted adverse market fluctuation. In particular, the proposed topic intends to thoroughly and comprehensively explore the current behavior of American youths in the consumption of experience and material goods. Spending on experience seems to make young people in the United States happier than when paying for material items, which has considerably affected the present consumer behavior in the American market.

Background Information

The attitude of the young generation toward buying experience and material items has been changing over the past decades. They consider experience as one of the essential factors in workplaces and life. In a previously completed survey by Eventbrite (2014), it became evident that the millennials or Generation Y (Gen Y) exhibit an inclination for spending on experience

that material things (Farris, Chong & Danning, 2002). In fact, 78% would like to pay money and gain desirable experience on occupational or life events, while 55% admitted that they are now spending more on events that give the live experience than ever (Eventbrite, 2014). The core reason is that they hold a popular belief that experience makes them connected to society, other people and the world in general (Kane, 2014). The current spending behavior among youths has affected consumer behavior as well as marketing plans in many manufacturing and services industries. Ideally, this changing trend is remarkable and has elicited the desire to explore further, its causes and potential implications on CB.

Problem Statement

The consumer behavior in the United States is becoming affected by the increasingly changing trend of buying among young people as they prefer spending on experience than material goods (Perner, 2010). It is crucial to understand that the pattern of good and services consumption in any market has a significant impact on marketing within organizations. The core reason is that consumer behavior helps firms to design effective marketing strategies. Therefore, a slight change in the consumption contrary to the expectations of an organization can be a source of managerial failure and subsequent losses. In the United States, a unique behavior among young people has been detected, whereby they prefer paying for the experience and not material items (Perner, 2010). This would have a negative implication on companies, and particularly the ones that target youths in their selling and marketing strategies. A few research have been done to understand the implications of consumer behavior on marketing. Besides, researchers have put remarkable efforts in studying and explaining the influence that millennials have created in consumer behavior due to their high and unique purchasing power (Lusardi, Mitchell & Curto,

2010). Nonetheless, very little has been done to answer the question about why youths in the United States would rather pay for experiences than material items. As a result, the proposed research will seek to address the change in consumer preference, restricting itself within the scope of American young people and why they purchase experience more than material goods.

Research Objectives

1. To find out why young people prefer spending on experiences than material items
2. To explain why young American generations are experience-oriented
3. To explore the influence of youths' purchasing power on consumer behavior
4. To find out the effects of the changing consumption pattern on marketing decisions

References

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