SCION’S QUEST TO CRACK GEN Y

How can big company capture the attention of Gen Y? Toyota created an entirely new division to go after young drivers. Scion (pronounced sigh-on) launched in early 2004 with only two models-the small, wedgy four-door xA hatchback, and the odd-looking four xB hatchback that looks more like the shipping crate that a real car would come in. Since then, the company added the more stylish tC coupe and xD hatchback. All are packed with standard features and retail for less than $18,000.

Scion is more than just another car company, however. Jim Farley, vice president of the division, calls Scion a “laboratory for understanding the quirks and demands of Generation Y.” Scion’s marketers discovered some core characteristics of this group as they developed their marketing strategy:

Gen Yers are impervious to traditional advertising-Like so many other companies, Scion learned that Gen Y consumers resent the mass-media tactics of its promotional dollars on advertising in obscure lifestyle magazines that target small youth culture niches. In addition, Scion uses grassroots efforts to take the brand to the target market through staged events that seems to just vehicle appear in natural situations (e.g., traveling art and music shows).

Gen Yers are individualistic-Young drivers want more than transportation. They want a customized fashion statement. Because of this, Scion’s big allure is the huge list of dealer options. This includes everything from spoilers and LED interior lights to custom graphics, leather interiors, engine-performance parts, and custom wheels. Eighty percent of Scion buyers purchase at least one accessory to make their car their car their own.

Gen Yers are relatively well-off-This age group has more money (though less credit) than did previous generations at the same age. While they are still somewhat limited by their beer-level budgets, they have champagne appetites. That’s why Scions come well-equipped with standard features. That’s also why Scion has priced its vehicles low. This way, custom can spend their money on accessories. And that they do. The average buyer spends $800 to $1,000 on accessories when they buy the car. Many treat their vehicles as works in progress; they add goodies over time as they can afford them.

Gen Yers are Web savvy-Scion has a strong Web presence, including a very well-developed Web site that allows prospective buyers to customize online. Two-thirds of buyers do so prior to visiting the showroom. Scion owners often gather community Internet sites like Scionlife.com. Which get hundreds of thousands of hits a day.

Have Toyota’s efforts to reach America’s youth paid off? Sales exceeded expectations from the beginning, with 175,000 Scions flying out of showrooms each year. Scion customers are among the youngest in the industry; the average owner ranges in age from 26 to 38 (the average age for the industry is well over 40). What’s more, 85 percent of Gen Y shoppers now recognize the Scion brand. Scion’s Long term objective is to reach unit 300,000. If Scion stays on its current course, it’s in good shape to command the loyalty of a fickle generation.