



MARKETING TO MILLENNIALS

2016-2020

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Published: 01/17/2016

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EXECUTIVE SUMMARY

Futurum Research provides research, insights, and analysis that tie leading and emerging technology solutions to strategic business needs. The purpose of each of our reports is to help business executives and decision makers gain a better understanding of the technologies driving digital transformation; connect the dots between the practical business requirements of digital transformation and the forces that affect employees, customers, markets, and experiences; and take appropriate action regarding critical digital transformation opportunities.

Executive Summary

This report explores the new realities of marketing to Millennial consumers, outlines market trends relating to Millennials, and identifies key Millennial-related opportunities of which businesses, particularly retailers and advertisers,

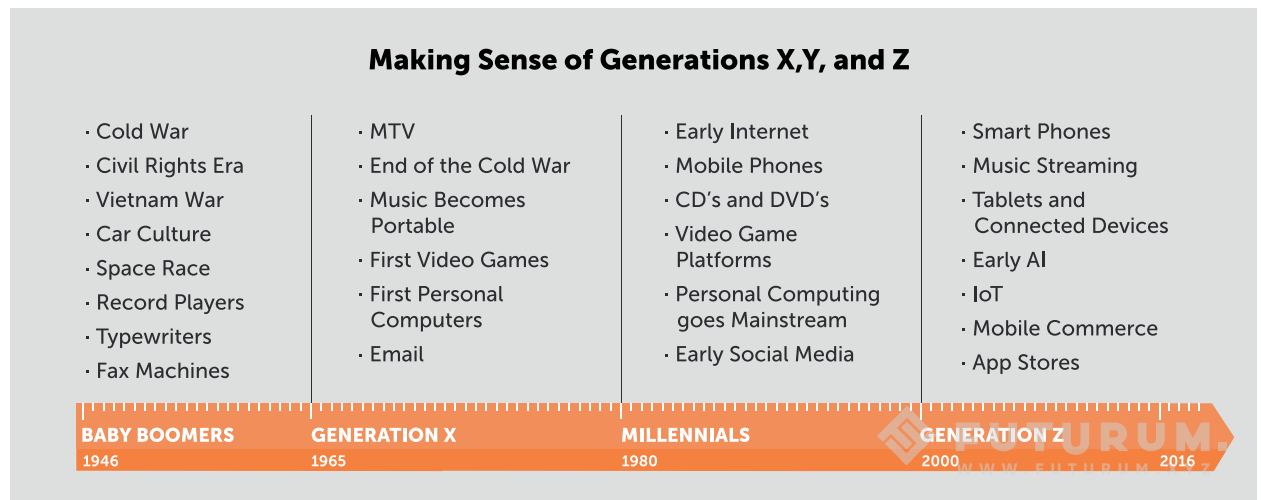
should be aware. We have structured this report around nine key insights that are vital for businesses to recognize and quickly incorporate into their business strategy, if they have not done so already.



INTRODUCTION: MARKETING TO THE MILLENNIAL CUSTOMER

The term *Millennial* refers to the portion of the world's population that reached adulthood between the years 2000 and 2010. The term is believed to have been coined by authors Neil Howe and William Strauss in 1987 to describe the graduating class of 2000. For a time, the term *Generation Y*, coined by popular magazine AdAge, was also

used to describe the same general age group, as Generation Y was Generation X's natural successor. But over time, *Millennial*, not *Generation Y*, won the hearts and minds of journalists, writers, and media buyers. Alternate names for Millennials occasionally come up; *Echo Boomers* and *Generation Me* are the two most common.



Defining a generation is not an exact science, and it has proven particularly complex with the Millennial demographic. For starters, there is no precise, agreed-upon cutoff date between Generation X and Millennials. Ask most sociologists and advertisers, and the generally accepted start of the Millennial generation falls somewhere between 1980 and 1985, and usually ranges to 1995. Thus, Millennials are generally considered to have been born between 1980 and 1995, and are currently in their mid-20s to mid-30s. The upper date range often finds itself extended to 2000 from 1995, with Howe and Strauss placing the range between 1982 and 2004. Bottom line: The line between Gen Xers and Millennials is blurred on the low end of the date spectrum, while the line between Millennials and Generation Z (the post-Millennial generation) is similarly blurred on the high end.

As a footnote, the overlap between Xers and Mi-

llennials is no trivial matter. The sense by individuals born between 1980 and 1985 that they belong to both generations or neither has given rise to a number of lesser-known demographic nomenclatures that may come in handy when marketing to the older Millennial segments. Make note that the most popular of these terms are *Xennials*, and the *Oregon Trail Generation* (after the iconic MECC video game).

In terms of numbers, Millennials are a massive demographic. In the United States, they comprise roughly 92 million people (using the 1980-2000 birth date range), or nearly 30 percent of the U.S. population. Compare Millennials' population volume to Generation X's 61 million and the 77 million Baby Boomers, and it becomes clear that as a demographic, Millennials are a force to be reckoned with. In 2020, one in three Americans will be a Millennial. Their combined purchasing power amounts to \$600 billion per year.

There are roughly 1.8 billion Millennials worldwide (out of 7.4 billion people), and Millennials are expected to comprise half the world's workforce by 2020.

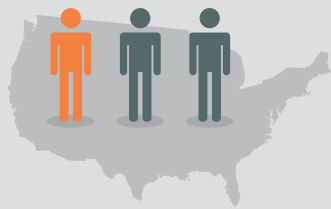
We now come to a fork in the road: We could continue to cite statistics that help sell a convenient, preconceived notion about Millennials and

Millennial behaviors are affected by thousands of other factors, ranging from gender identity, income level, and education, to geography, political affiliations, and religion.

their habits, and pretend their personalities, tastes, and behaviors are so alike that if you follow certain rules, you will be able to market to them easily and with a high degree of success. We could

also tell you the Millennial demographic on the whole is a construct, a sham, an imagined generational identity dreamed up by media companies and marketing professionals to help advertisers feel better about the ROI of their marketing and advertising budgets. Neither path would be fair or even accurate, but it is important to note that both critiques bear some degree of truth. On the one hand, Millennials *do* tend to exhibit clusters of behaviors common enough to their demographic that advertisers can reasonably anticipate a certain degree of homogeneity. On the other hand, no one is just a Millennial. Millennial behaviors are affected by thousands of other factors, ranging from gender identity, income level, and education, to geography, political affiliations, and religion. Millennials, like all people, are infinitely complex, and companies should be careful not to stereotype them or make generalized assumptions about them using just this demographic identity as a compass.

Millennials by the Numbers



1 in 3

Americans will be a millennial by 2020



1 in 3

Purchases will be made by millennials by 2020



CURRENT MILLENNIAL
BUYING POWER

\$600 Billion

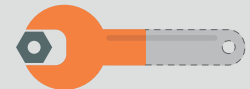
BY 2020:

\$1 Trillion



1.8 Billion

millennials worldwide
(out of 7.4 billion)



50%

of the world's workforce will be made up of millennials by 2020

Source: Futurum Research

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Our first order of business is to beware *confirmation bias*—where cherry-picked data is used selectively to confirm and support preconceived notions rather than answer real questions. The problem we face whenever we approach the topic of Millennials, Xers, or Boomers—or any broadly defined demographic—lies in finding the right balance between what we know and what we *think* we know, between confirming our own assumptions and challenging them, and between perpetuating myths supported by carefully selected data points and using a broader range of data, as granular and from as many sources as possible, to move beyond popular business mythologies and identify opportunities and insights that are both real and actionable.

For the purposes of this report, we have identified a short list of traits and behaviors common

enough among Millennial consumers that we feel comfortable bringing them forward and digging into them. Moreover, in analyzing these traits and how they can be leveraged, we will challenge se-

We have identified a short list of traits and behaviors common among Millennial consumers.

veral assumptions generally associated with these traits, and buck against conventional thinking when we find it easy to challenge or lazy in its analysis. As always, our aim is not to perpetuate myths and blindly follow popular market narratives, but to provide readers with accurate and actionable insights they may not find elsewhere.



MARKETING TO MILLENNIALS: KEY INSIGHTS

1. Millennials' digital fluency journey is driven by purpose.

Unlike Generation Z, which we might classify as the world's first generation of true *digital natives*, Millennials are not necessarily digital natives. Many are, especially among those born between 1995 and 2003, but for Millennials born between 1980 and 1994, digital fluency didn't come about in exactly the same way. The internet was relatively new in 1995. Cell phones were still mostly utilitarian when Xennials and early Millennials were in their early

Most Millennials didn't grow up with Netflix, Amazon, Facebook, YouTube, and Twitter.

teens. They grew up listening to CDs and renting movies from video stores. Many were already in their 20s when the iPod, iPod Touch, and iPhone first debuted. Most Millennials didn't grow up with Netflix, Amazon, Facebook, YouTube, and Twitter. It is important to remember that. As savvy and comfortable as they are with digital technologies, most are not children of the social web and did not grow up owning smartphones. Even to the extent to which Millennials have embraced digital technologies and incorporated them into their identity, they are not nearly as dependent on them as are members of Generation Z, who have never known the pre-internet world, the pre-smartphone world, and the pre-online shopping world. Millennials are power users and comfortable adopters of new tech, but except for a few specific tech-driven subcultures, their world does not revolve around technology.

Mobile commerce, search, social channels, digital media, collaboration tools—these are elements of a greater omnichannel ecosystem, but that ecosystem does not orbit around digital technologies. Thus, digital tools and channels integrate smoothly into Millennials' lifestyles, but don't necessarily drive them. As vulnerable to fads as all humans may be,

we note that Millennials, for their enthusiasm and generally positive relationship with technology, take a more functional and purpose-based approach to adoption than the somewhat slower and occasionally reluctant Xers, and the relatively less culturally encumbered members of Generation Z.

For Millennials, the value of digital technology lies in what it can *produce* for them—cheaper prices, for instance, or free delivery. More custom options, faster checkout, and smoother user experience are all examples of the sorts of benefits that drive Millennials to not only download an app, but move it to their home screen, check it more than once per day, or engage with it on social channels. Note that for technology to provide an advantage, it must solve a pre-existing problem. Millennials instinctively gauge the value and advantages of new technologies based on the alternatives. Unlike digital natives, they have a much deeper catalog of solutions to

Millennials instinctively gauge the value and advantages of new technologies based on the alternatives.

compare them to: First-generation cell phones, dial-up internet, pre-touchscreen devices, DVD and CD players, long lines at brick-and-mortar electronics stores, bulky point-and-shoot digital cameras, web 1.0 websites, dumb home appliances, pre-GPS cars, and so on. They appreciate technology more than their Generation Z counterparts because they grew up experiencing the transition between 20th century tech and 21st century tech.

Our first insight, then, is that while popular digital technologies like Netflix, Amazon, smartphones, smart cars, smart homes, collaboration apps, phone cameras, and digital assistants have become necessary comforts and/or indispensable tools for the



vast majority of Millennials, their adoption is mostly purpose-driven. Their use of new technologies and services is *always* a choice, and that choice is rarely made without a good reason. The flip side of this is Millennials also tend to reject technologies and solutions that serve no practical purpose, or whose price points do not reflect their perception of a new product's utility. The Apple Watch's lackluster debut can be partly attributed to this phenomenon, as are other notable technological market failures—like Google Glass and Windows phones, as well as a slew of services that never quite found the audience they hoped they would—from basic social platforms like Jelly to more advanced social ecosystems like Google Plus.

A quick strategic overview of these products identifies a single flaw shared by all: The companies that built them could not clearly articulate their purpose. Google Glass was a fun gadget, but what was it really for? What real purpose did it serve? Likewise, what purpose does a Windows phone really serve? What was Google Plus for? (It was never a Facebook killer, nor was there a need for one.) No purpose = no mass adoption by Millennials. This isn't to say these products didn't serve a purpose. The problem was that their purpose was never made clear, and it was never effectively articulated to the market.

Note that if a product or service is niche enough, it may find a deep audience (niche products tend to be purpose-driven), but it will not scale across a generational demographic. Its success will be due to its ability to galvanize a niche market centered on a very specific interest, which likely transcends notions of Millennials, Gen Xers, and digital natives.

While most businesses once shifted their thinking from storefront-first to digital-first, then shifted again

from digital-first to mobile-first, and are now beginning to transition from mobile-first to AI-first, it is crucial to keep in mind that to connect with Millennial consumers, each of these shifts must be built on a foundation of purpose *and* continuous improvement. It isn't enough to build apps and design a multichannel digital presence. Every touchpoint must also solve a problem, improve an experience, or in some way bring additional value to what preceded it (or whatever is currently available on the market). *Also-in* features and design are not enough of a draw for most Millennials to pull the trigger on a download or a purchase unless the service or product qualifies as a commodity.

In other words, when trying to both attract and continue to please Millennials, every product design decision, every service feature, every brand experience, and every customer-facing touchpoint should be purpose-driven:

- What problem does this solve?
- What improvement can be instantly identified?
- How is this better, faster, and smarter than its previous incarnation?
- How is this better, faster, and smarter than competitors' version?

If these questions cannot be clearly and unequivocally answered before the start of the product or service's design process, and at the time of the product or service's release, it will likely tank with Millennials. Inject valuable and coherent purpose into *every* new idea you plan to market to Millennial consumers.

2. Millennials' shopping ecosystem is an omnichannel blend of digital and analog marketplaces and experiences.

Perhaps because Millennials have one foot in both the digital and the analog worlds, they tend to prefer hybrid marketplaces that blend (or allow them to blend) digital and non-digital features and experiences. Unlike the Gen-Z shopper who prefers to shop entirely via digital channels, or the Boomer shopper

who finds the experience of physically going to a store more fulfilling than making an online or mobile purchase, the Millennial shopper is most comfortable mixing brick-and-mortar reality with the practical functionality and convenient portability of mobile and digital browsing and shopping tools.



More than two-thirds of Millennials expect a seamless omnichannel experience. This means companies hoping to effectively market to Millennials must focus not only on “doing digital” and “doing mobile” right, but also on connecting every channel, touchpoint, and experience—from discovery to purchase, and from unboxing to customer support—cohesively and seamlessly. All the pieces have to work, all the pieces have to fit, and all the pieces have to work together in perfect concert. This requires an agile, outcome-driven, purpose-

se-aware IT infrastructure built on a fundamental belief that creating remarkable customer experiences is the lifeblood of every successful brand.

This degree of operational synergy doesn't happen by accident. It requires a rigorous approach to omnichannel experience design that involves scripting, modeling, testing, data analysis, and operational agility born out of a single priority—creating the most seamless brand experience possible. Examples of companies that execute remarkably well are Disney,

Apple, BMW, and Burberry. While these companies are far from alone in the growing fraternity of brands that have cracked the omnichannel experience code, they share key traits without which this type of Millennial-focused commerce ecosystem cannot exist:

1. An almost obsessive focus on creating the most remarkable, delightful, and fluid customer experience possible.
2. An agile, data-driven, digital ecosystem specifically designed to connect every touchpoint along the customer journey.
3. Marketing content that easily jumps across platforms and channels, from traditional media to social channels, and ultimately drives mobile purchases at a tap of the screen.
4. Social amplification and engagement on popular channels like Instagram, YouTube, Twitter, Facebook, and Snapchat.
5. An emphasis on showrooming, with the understanding that most Millennials will visit a store to touch, feel, and test a product during the discovery and validation phase of their purchase journey if given the opportunity, even though they may ultimately choose to purchase that item online.
6. An increasing emphasis on mobile and IoT-assisted commerce. This may take the form of intuitive digital product customization (BMW), IoT purchases and personalized services (Disney theme parks), digital ID-based purchases and services (Apple), and obstacle-free one-tap purchase funnels (Burberry).

Of particular interest to us is the fifth trait on that list: The understanding that in an omnichannel ecosystem, *driving the purchase* matters more than worrying about where or how the purchase is made. Too many business leaders struggle to create an artificial balance between online sales and brick-and-mortar sales. This is often due to a compartmentalization of business units (digital retail vs. brick-and-mortar



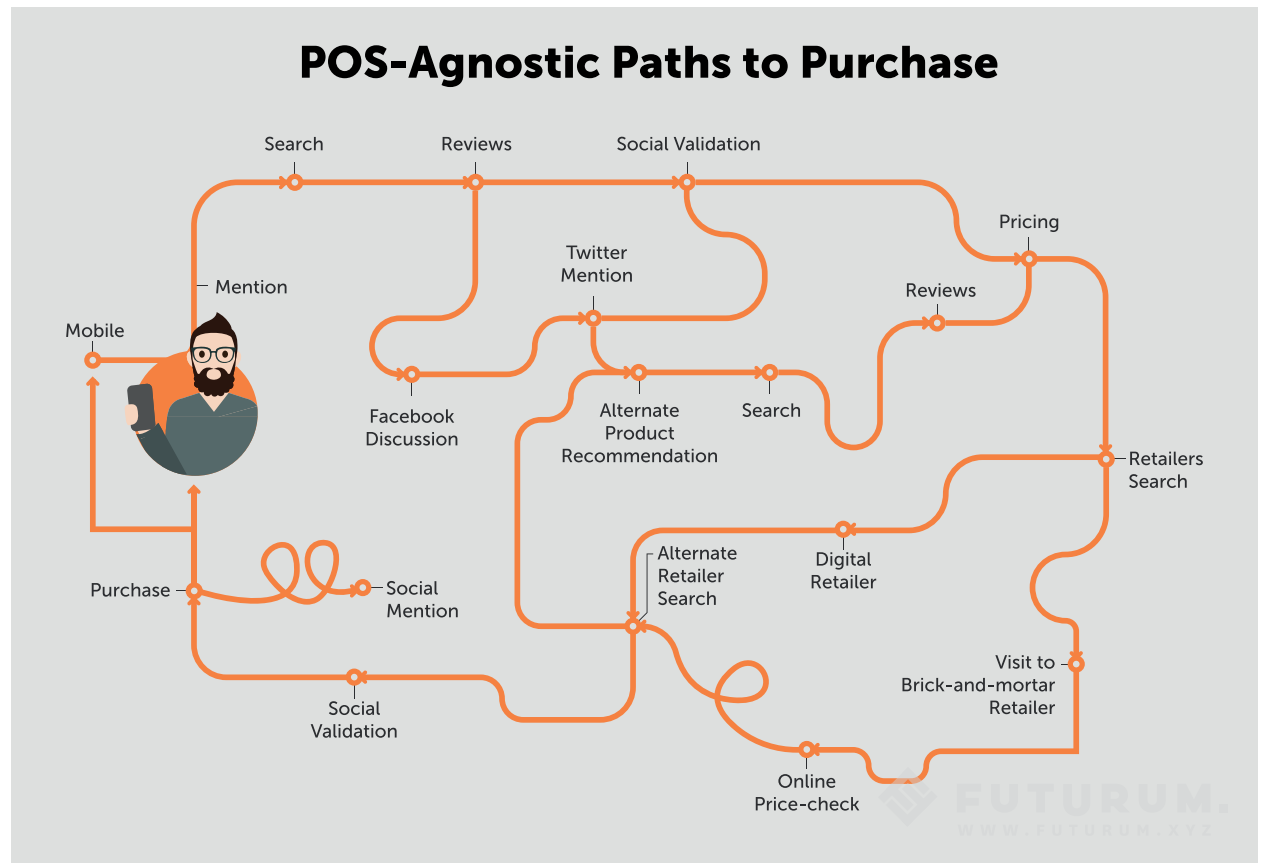
retail). As digital commerce, Millennials, and subsequent generations of digital natives continue to transform commerce, that type of traditional thinking acts as an obstacle to progress. Companies that adopt a point-of-sale-agnostic approach to commerce tend to adapt more smoothly to the reality of new omnichannel marketplaces. Companies that don't, and insist on treating their brick-and-mortar locations mostly as cash register outposts, struggle to not only justify the expense of physical retail outlets, but also build effective, Millennial-friendly customer journeys.

Companies *must* rethink the role of physical retail spaces within their omnichannel ecosystem, and gauge their value based on these spaces' entire spectrum of contributions to the customer journey

rather than on the cold, hard sale. Shifting from a hard retail to a showrooming model doesn't mean

Shifting from a hard retail to a showrooming model doesn't mean brick-and-mortar locations cannot be leveraged to drive on-premise sales

brick-and-mortar locations cannot be leveraged to drive on-premise sales; it means brick-and-mortar locations should be designed to serve as customer experience outposts first, and physical points of sale second.



3. Contrary to popular opinion, brand partisanship, loyalty, and lifetime customer value are highly achievable when it comes to Millennial customers.

Many brands make the mistake of assuming Millennial shoppers are fickle. They are not. Although Millennial shoppers are market-savvy, hyper-aware, organized shoppers who easily jump from retailer to retailer in search of the best possible value, they remain fiercely loyal to brands and retailers who give them a reason to be.

Unlike Generation Z, who grew up in a world of technological abundance, Millennials grew up in a binary world of haves and have-nots, of PCs and Macs, of box TVs and flat-screen TVs, of Xbox and PlayStation. Even non-technology brands reinforced this binary tendency toward identity-based loyalty: Coca-Cola vs. Pepsi, Ford vs. Chevrolet, Marvel vs. DC, Nike vs. Adidas, and so on. This binary universe has primed Millennials to seek the comfort of loyalty.

This is an important insight to remember about Millennials: *Identity* is extremely important to them. Millennials are more likely to *identify* in the long term with brands they can easily incorpo-

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rate into their personal and tribal identities. That has been one of the reasons why identity-based brands—from Apple, Starbucks, and Samsung to MINI, Converse, and Disney—have fared so well with Millennials. Note that individuality is also an important component of the Millennial mindset. This may seem counterintuitive, but the trick is to not confuse individuality with originality. While Millennials feel the need to express their individuality and independence, they seek the comfort of familiarity in numbers. Millennials are tribe-driven. Their individuality is best expressed within a framework of stylish predictability, social acceptance, and crowd-fueled validation. Their individuality is not meant to shock or separate them from the

crowd, but to help them achieve standout status within their tribe. Millennials expect their subtle uniqueness to be understood and validated within a framework of complex and unspoken cul-

Their individuality is best expressed within a framework of stylish predictability, social acceptance, and crowd-fueled validation.

tural rules. This need for social validation, along with the general predictability of their tastes and wants, makes Millennials particularly susceptible to strong currents of brand loyalty. Brands with strong social identity components can leverage this trait to not only deepen their individual relationship with Millennial consumers, but also shape and capture cultural subsets (tribes) among them.

One of the more interesting aspects of this insight is that as customer acquisition is arguably the most expensive marketing objective, it can be easily offset by the ease with which customer retention and customer development plug into the Millennial mindset. By inserting itself into a particular Millennial-friendly subculture or integrating itself into a tribe's cultural landscape, a brand can create an undertow of momentum for its customer acquisition programs, which can easily carry over into development and retention if it can create an effective universe of omnichannel customer experiences for members of its tribes. Again, we turn to Apple and Disney, but the same principle can be applied to small businesses, from artisanal coffee shops to boutique apparel brands.

In short, companies should aim to not only chase the sale when it comes to Millennial customers, but also develop them as lifelong customers through identity branding, movement-based marketing, rich person-to-person engagement across social channels, and a lifestyle-focused omnichannel brand ecosystem.

4. Many Millennial purchases can be driven by nostalgia, and companies that can connect the dots between the childhood experiences of Millennial shoppers and their quest for authenticity will reap the benefits of that strategy.

Single-speed bicycles. Vintage screen-printing. Tattoos. Breakfast cereal. Analog toys. The speed with which the world is changing is one factor driving nostalgia among Millennials, but the transition from their teenage years to mid-adulthood is another. While we tend to focus on technology, it is important to understand how basic human needs influence behavior. Millennials are a transitional generation. They have seen the world pivot from the early days of the internet to the mobile-first, AI-first world in which their children are now growing up. The importance of this shift, and the effect it has on their emotional security, should not be overlooked. As Millennials reach their 30s and feel their 40s around the corner, many are looking to deepen their connection with the world of their childhood before it completely disappears.

As Millennials become parents, many want to share their childhood experiences with their children. Though not unique to Millennials, the impulse manifests itself differently with their generation. We note a focus on products and social objects, such as vintage video games, 1980s themed movies and TV series, and so on. The preponderance of movie reboots, prequels, musical covers, and

anniversary editions of board games and vehicles they grew up with are all the result of this instinctive need to revisit, recapture, and preserve bits and pieces of their childhood. Marvel Studios and DC Entertainment have capitalized on this specific trait. Also note the ongoing expansion of the *Star Wars* franchise, and the not-unexpected popularity of Netflix's 1980s nostalgia thriller *Stranger Things*.

Nostalgia, if used properly, can be leveraged to drive Millennial purchasing decisions. Brands that understand this need and inject it into their branding, product design, marketing, and social relevance will be far more likely to appeal to Millen-

Nostalgia, if used properly, can be leveraged to drive Millennial purchasing decisions.

nial consumers on a visceral and subconscious level than brands that do not. Using technology to effectively scale, amplify, and deliver the answer to Millennial nostalgia will enjoy a considerable advantage in the fight for relevance and attention among Millennial consumers.



5. Authenticity and nostalgia will not save “chore” verticals from Millennial apathy.

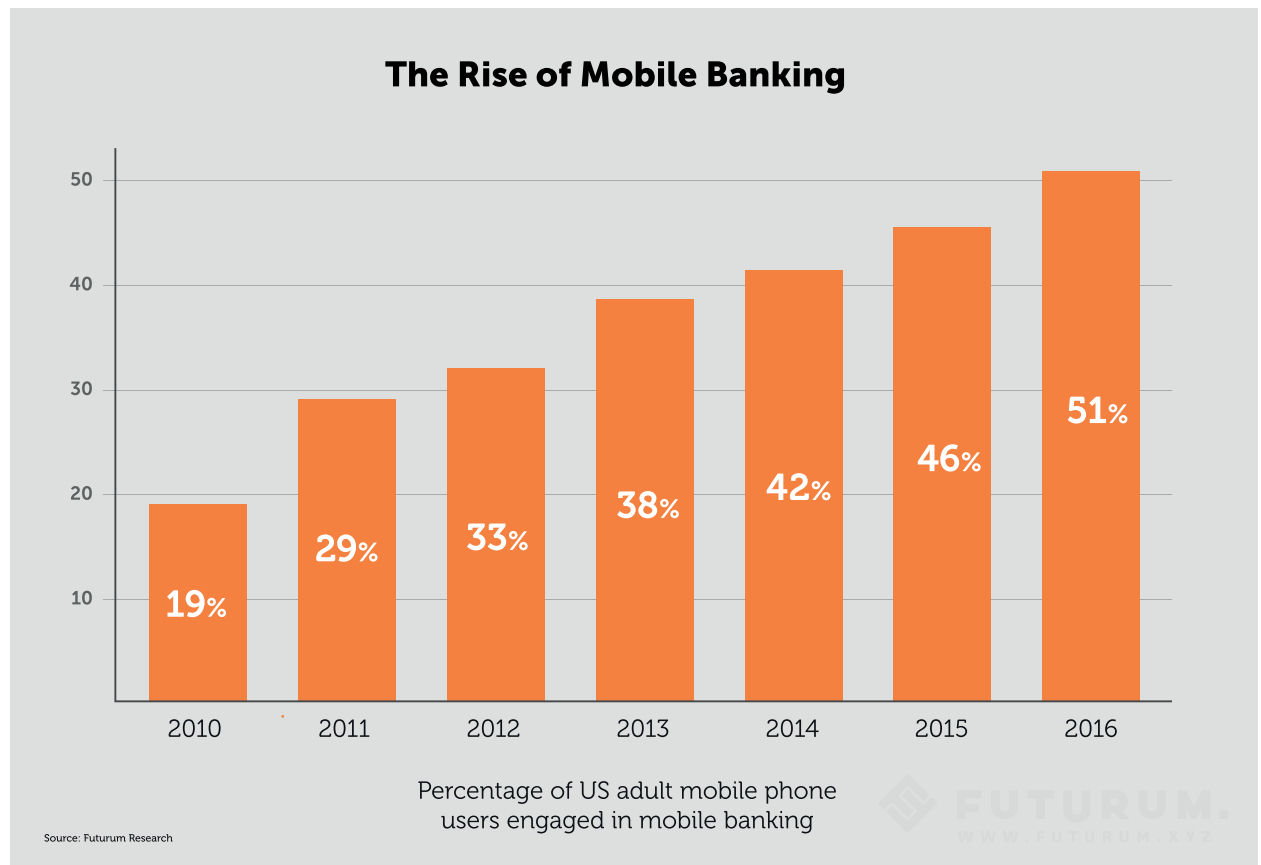
“Chore” verticals are verticals that focus on tasks that aren’t inherently empowering or rewarding, but are nonetheless necessary: Banking and financial services, health care, bill paying, contacting a customer service representative, grocery shopping, auto repair, plumbing repair, and so on.

Millennials are effective multitaskers, but they are also very protective of their time. As a result, they have become accustomed to managing their time efficiently through a combination of helpful productivity apps and a preference for digital experiences featuring intuitive, hurdle-free user interfaces. What used to require a phone call now merely requires

setting up a calendar event with a few simple clicks. What used to require making a personal visit or applying a stamp to an envelope now only requires a few quick swipes across a screen. Millennials expect

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convenience, speed, and mobile-first design from every business with which they transact.



Ask any commercial bank how Millennials have forced the banks to change its business model, and you are likely to get the same response: A lot. Millennials never particularly enjoyed handling their banking needs in person, and online banking—which by default became mobile banking—has gi-

ven them the out they always wanted. Almost all their banking needs can now be taken care of from their smartphone, and banks that caught on to this opportunity have reaped the benefits of foresight.

It should be noted that the need for the banking

sector to cater to Millennials hasn't only been driven by the rise of mobile commerce and Millen-

The financial sector isn't so much working to create new customers among Millennials as it is reorganizing itself for them, and this is a very good sign.

nials' distaste for outdated chore vertical experiences; it has also been driven by a combination of economic factors plaguing the majority of Millennials since the economic crash of 2008. A depressed job market, crushing student debt, and tougher lending rules have altered the way in which Millennials manage their finances and spend their money. Millennials tend to wait much longer than Xers and Boomers do to purchase homes, for instance, and

worry about their ability to build credit and save for retirement. Financial institutions have therefore had to rethink not only the technology piece of marketing to Millennials, but also how to create entirely new types of products and tools to help Millennials manage their money. The financial sector isn't so much working to create new customers among Millennials as it is reorganizing itself for them, and this is a very good sign. Chore verticals tend to be traditionally monolithic, and seeing banks learn to be agile and adaptable to new market conditions and new types of customers points to a model that can be leveraged by every industry, no matter how traditional it believes itself to be.

Every chore vertical—from dry cleaners and automotive repair shops to dental offices and legal services firms—needs to adapt to this shift, and prioritize the push toward digital convenience that Millennial consumers expect.

Chore Verticals Poised to Capitalize on Mobile Technology



6. “Being social” is no longer a core business value of interest for Millennials. Millennials expect businesses to be naturally social.

Between 2008 and 2015, becoming a “social business” topped the list of strategic priorities for businesses looking to effectively market to Millennials. As activity on social channels has become a mainstream staple of customer engagement (community management, social content management, social customer service, and social media advertising), social interactions between brands and consumers have grown commoditized. “Becoming a social business” is no longer a priority for the clear majority of businesses, and Millennials appear to have lost interest in wanting to “engage” with brands on social channels. One of the principal reasons for Millennial apathy toward branded social engagement is that most companies have spent the last few years turning social channels into content delivery vehicles and marketing outlets at the expense of genuine, useful, meaningful relationship building. Millennials will like or follow a brand’s social accounts, but engagement between Millennials and brands tends to be superficial.

Two aspects of social engagement that buck that trend are *branded events* (often identified by hashtags, especially on Twitter and Instagram) and noteworthy *news items* (especially if they become trending topics). Millennials may have become jaded about the quality and focus of their social communication with brands, but they have not lost their taste for social engagement and sharing on digital channels. Thus, brands that keep their finger on the pulse of pop culture across social channels *and* can leverage popular hashtags to their advantage or

smoothly inserting themselves into trending topics can still enjoy strong engagement with Millennials on social channels. Companies that invest in a combination of social monitoring dashboards and agile social engagement teams are better able to capitalize on the serendipity of Millennial interactions on key social media channels on a daily basis.

Note that this is not a campaign-driven program, but a daily engagement and socialization initiative whose aim is simply to humanize the brand; build relationships organically across social channels; and slowly build connective tissue, trust, and good will between a company and thousands of current and potential Millennial customers. Sporting events, awards shows, conferences, season premieres, technology announcements, and trending topics are all driven by hashtags to help communities identify and follow conversations and content. Tactful and consistent participation in these types of conversations and events can help companies interact naturally with Millennials without coming across as awkward or inauthentic.

Another aspect of “being social” that most companies get wrong is the ratio of marketing to customer support. Most companies make the mistake of focusing too much on producing mountains of superficial social content and not enough on creating a framework of meaningful social interactions with their customers and fans. *Fact:* Most Millennials don’t want corporate noise and an endless stream of marketing messages polluting their so-



cial channels. They expect their social engagement to feel natural and honest, and provide tangible value. Too much focus on selling and not enough on listening and helping can backfire and alienate Millennial customers at scale. Companies marketing to Millennials must focus on listening for questions, mentions, and opportunities to help people solve problems. Every useful response to a complaint or a problem is an opportunity to shine in a social and very public forum. Investing in social customer service and social customer support is far more important, resource-wise, than investing in more social content.

Lastly, brands must understand that social ecosystems are not merely driven by push and pull. Pushing out content and interacting with Millennials on social channels is not scalable. A third value opportunity for companies, which is often ignored, is the creation and management of true communities on key social channels. One way to think of this mechanism is to think of brand-to-customer interactions on social channels as telephone conversations, and community ecosystems as public parks. Far too many companies fail to understand that a healthy and Millennial-friendly social presence requires both the telephone *and* the park

Building the Perfect Social Ecosystem for Millennials

Social Content

- Videos & Photos
- Live Video
- Memes
- Blogs & Articles
- Podcasts
- Ads

Social Community

- Community Spaces
- Community Identity
- Community Topics
- Community Management
- Community Activities
- Peer to Peer Validation
- Rewards

Social Listening

- Human Listening
- Automated Listening (AI)
- Data Collection
- Social CRM
- Big Data & Analysis

Social Engagement

- Human to Human Engagement
- Machine to Human Engagement (AI)
- Conversations
- Events
- Customer Service
- Education
- Information
- Crowdsourcing



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To cater to Millennials on social channels, companies need to build spaces where Millennials can interact with one another rather than the brand. These can be finite virtual spaces like Facebook groups and pages or YouTube channels, or they can be more abstract and live as permanent hash-

tags on channels like Twitter and Instagram. What is important is to create a sense of space or context around a brand or product, where Millennial consumers know they can interact with one another on their own terms without being incessantly marketed to.

7. Millennials are not “kids,” and should not be marketed to as if they are.

The world’s freshest crop of massively successful and influential companies is now being run by Millennial CEOs or being propped up by Millennial designers, engineers, software developers, marketing visionaries, COOs, CFOs, CDOs, and CTOs. Mark Zuckerberg isn’t just the world’s most famous Millennial CEO; he perfectly embodies the new tech-savvy entrepreneurial culture that both appeals to digitally fluent Millennials and illustrates the extent to which they will lead the transformation of business in the next two decades. Great care must be taken not to patronize or condescend to them, or attempt to stereotype them.

One key insight we return to time and again is that Millennial consumers are extremely sophisticated and organized. Their use of apps, channels, and devices to discover new products, browse inventories and features, validate their interests

and preferences, make a purchase, and ultimately influence others to do the same (or not to) may seem impossibly complex to the casual observer, but it is both supremely well organized and impressively agile. Millennial consumers are skilled fact finders and decision makers, more so than earlier generations, whose paths to discovery and purchases were far simpler and slower.

The impact of this new universe of technology-assisted decision-making and transactions makes Millennial consumers far more receptive to smooth user experience design than to elaborately crafted marketing messages. By all accounts, Millennials are far less receptive to advertising than are previous generations, causing advertisers to spend up to 500 percent more on ads targeting Millennials than any other group.^[1] Making product discovery and purchasing as quick



^[1] file:///C:/Users/olivi/Downloads/turn_millennial_report_sp_hi_res.pdf

and easy as possible, particularly at the swipe of a fingertip, and making pickup or delivery painless as well, score better among Millennial consumers

Millennial consumers want to feel as much like *users* as shoppers.

than even a slight price advantage over a competitor. Making shopping experiences pain-free triggers a notable increase in return business—more so than traditional membership rewards.

Millennial consumers want to feel as much like

users as shoppers. This means companies looking to build loyalty among Millennial consumers must learn to treat them as members of a user community rather than mere shoppers. This requires a slightly different operational mindset from the one common to most traditional marketing and sales organizations. For examples of this subtle but crucial difference, compare how Amazon and McDonald's approach shopper experience: A McDonald's shopper is a guest; an Amazon shopper is a user. A McDonald's shopper is given a menu; an Amazon shopper is given a dashboard. A McDonald's shopper can expect a consistent brand experience; an Amazon shopper can expect a personalized experience.



Making Millennial consumers feel they are part of a community, and even an ecosystem, is one of the most effective ways to build trust, loyalty, return business, and positive word-of-mouth among

them. Don't sell to them. Build a space in which they will feel comfortable, a space that feels like it is genuinely built for them, and they will spend time there

8. The Millennial media landscape is the most complex of all for media buyers and content managers.

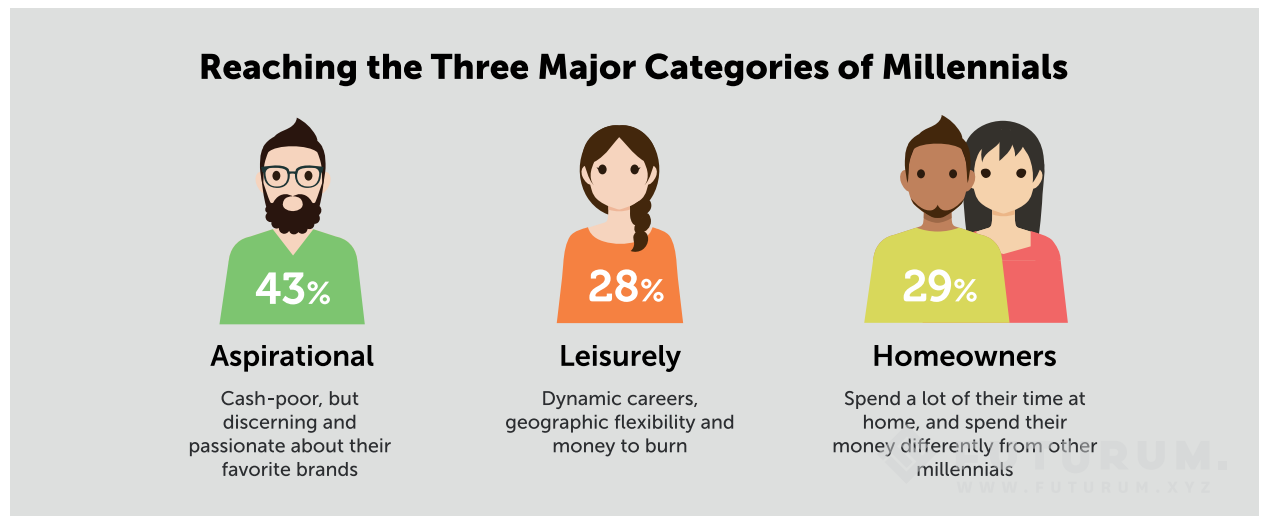
As we just alluded to, marketers are spending a lot more ad dollars on Millennials than on any other demographic. One reason for this is the sheer size and buying power of the Millennial community. Another is that Millennials' media landscape is exponentially more complex than that of previous generations. This landscape can be broken down into five macro

categories: mobile, video, display, social, and analog. These categories can then be broken down into endless layers of channel fragmentation, fickle and often short-lived attention, and seasonal cycles that coincide with special events (sports, elections, academics) and new entertainment content (particularly Netflix, Hulu, and Amazon Prime).



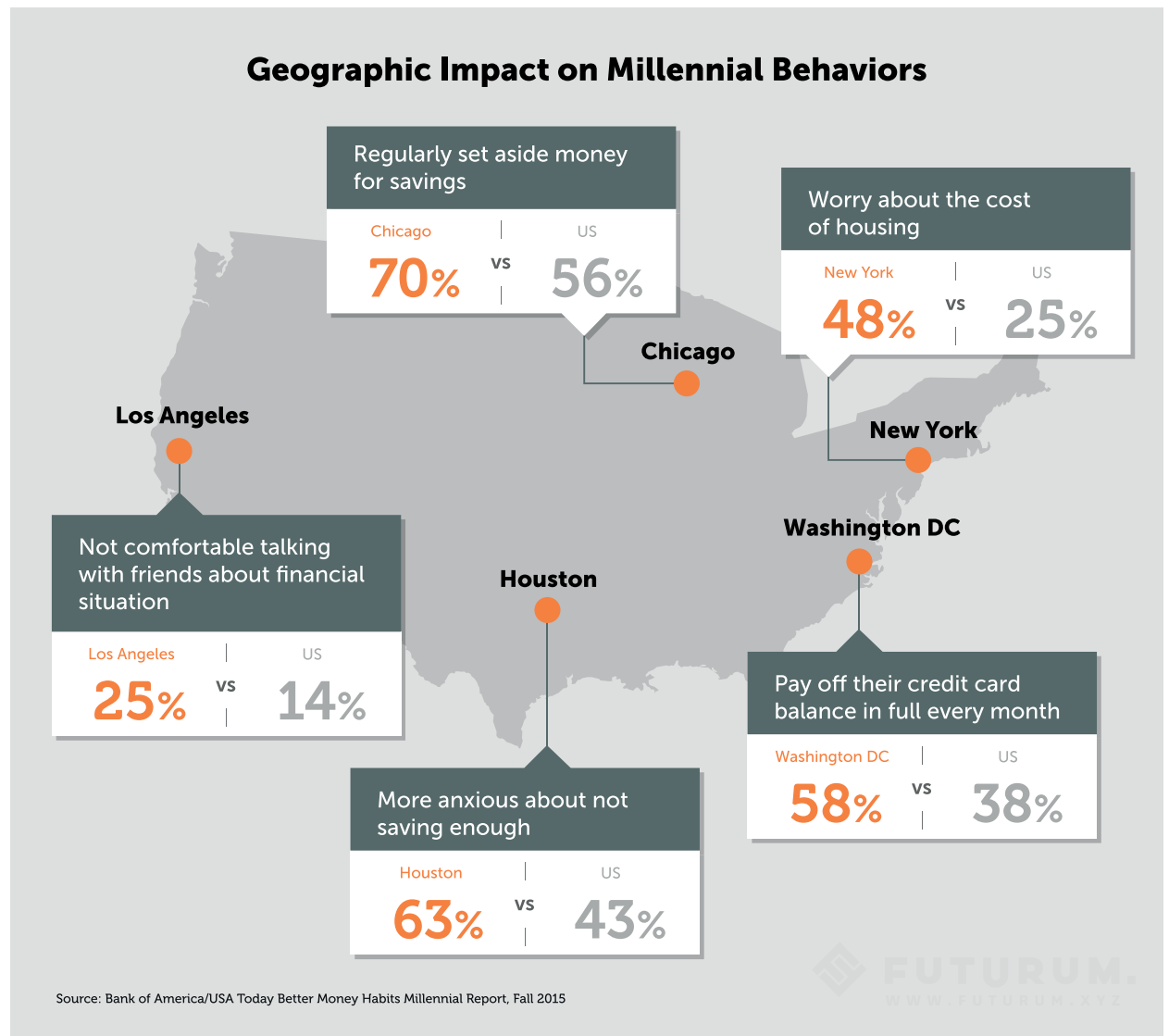
In addition to the breadth of channels and the ebb and flow of interest and attention, Millennial consumers are far from monolithic. Breaking down Millennials into distinct socioeconomic macro categories can help organizations understand how different behaviors and habits might be driven by age and income levels. It is important for marketers to be able

to differentiate between, for instance, aspirational Millennials, who may be cash-poor but discerning and passionate about their purchases and favorite brands; leisurely Millennials, whose dynamic careers and geographic flexibility give them money to burn; and Millennial homeowners, who spend a lot more time at home and spend their money very differently.



Geography also plays an important part in how Millennials manage their lives and their spending, so it pays to understand how living in Chicago, New

York, Atlanta, Los Angeles, or Houston might produce very different subsets of Millennial consumers.^[2]



Understanding how specific categories of Millennials inhabit and interact with a vast, complex, and layered media landscape is vital to companies looking to maximize the ROI of their marketing, advertising, and engagement dollars. This is one area

where big data, cognitive computing, and cloud solutions can help make sense of an otherwise prohibitively complicated marketplace.

^[2] <https://www.bettermoneyhabits.com/assets/images/v.2.0/tiles/infographics/pdf/fall-2015-millennial-report.pdf>

9. Focus on mobile-first design, which shifts the center of experience design for a new breed of consumer.

The smartphone has become the digital device of choice for Millennial consumers, and companies that fail to design for *mobile first* are simply not designing their products, services, and experiences for Millennials. Connectivity, and specifically mobile computing, is a staple of the Millennial lifestyle. Millennials rarely go anywhere without their phone, using it for everything from shopping and entertainment to socializing and managing their day. Millennials are so

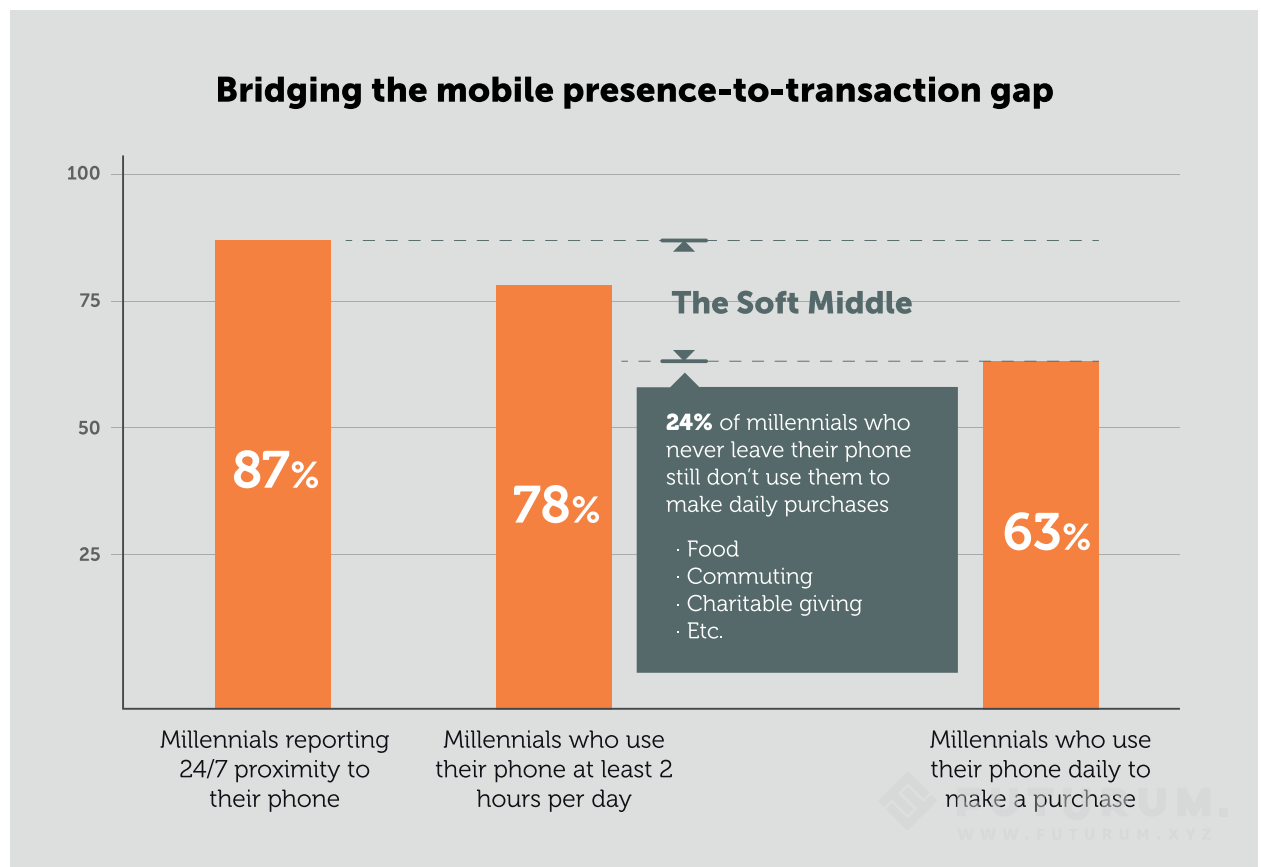
Thirty-nine percent of Millennials interact with their cell phones more than their significant other, coworkers, friends, parents, and even children.

connected to their phones that they spend more time interacting with them than with other people.

Fact: Thirty-nine percent of Millennials interact with their cell phones more than their significant other, coworkers, friends, parents, and even children. On average, total daily mobile usage among Millennials exceeds three hours (compared to two hours for Xers and one hour for Boomers), and 78 percent of Millennials use their smartphones at least two hours per day. Eighty-seven percent of Millennials keep their phone by their side day and night.

This helps explain why U.S. mobile ad spending may reach \$77 billion by 2020, while desktop ad spending is expected to remain flat, around \$22 billion. *[Deloitte, e-Marketer]*

One of the most important numbers to consider is that 63 percent of Millennials shop with their smartphone every single day. What we find interesting about this is the 10- to 20-point gap between daily



phone usage and daily phone purchases. Enterprising digital retailers are already trying to entice Millennial customers to visit their retail ecosystem daily to increase that 63 percent and capture more of their wallet share with small, sub-\$25 transactions. The first name that comes to mind in the United States for this sort of strategy is Amazon; internationally, mobile retailers like AliExpress (Alibaba's price-conscious offshoot) are capitalizing on Mi-

llennials' mobile habits by making it easy to reward themselves with small purchases and shopper gamification. AliExpress shoppers can, for instance, earn coins and credits by visiting the app every day (gamification), sign up to win daily freebies (more gamification), and quickly track their orders, which invariably leads them to browse for more products from trusted vendors and either purchase them on impulse or bookmark them for later consideration.

Brick-and-mortar retailers are also catching on to the role smartphones play in keeping checkout lines busy. Despite the rise of e-commerce and mobile commerce, 53 percent of Millennial purchases are still made in brick-and-mortar stores. This is significant. What's more significant is that 84 percent of these purchases are assisted by smartphones. As a tactical point of interest, 65 percent of Millennials also use their phones while waiting in the checkout line. This opens a universe of possibilities for retailers looking to drive traffic to their stores as well as in-store sales. We address some of these opportunities in greater detail in our latest State of Mobility report, but some of the technologies that play into

mobile-assisted brick-and-mortar retail are managed personalized experiences, in which a shopper logging into a retailer's app can easily navigate the store to find deals specifically tailored to his or her preferences; mobile and social customer relationship management, which target shoppers with coupons, discounts, and special offers tailored to their browsing and shopping habits; beacon technology, which can create proximity-based line-of-sight offers for shoppers as they approach certain sections of the store, including the checkout line; and smart tags, which can adjust a product's price in relation to specific shoppers standing nearby.



By taking a *mobile-first* approach to commerce, retailers looking to drive the yield (average value) and the frequency of their transactions per customer now have a treasure trove of digital tools with which to do so. Two years ago, *mobile first* meant mobile ads and social engagement to push product discovery and validation, email and in-app offers for loyal shoppers, and a mobile-friendly

e-commerce site. Today, that ecosystem also includes purchases at a swipe, hurdle-free delivery, deep customer analytics, gamification, intuitive in-store sales offers, intelligent cart abandonment solutions, and increasingly, the AI-enhanced personalization of shopping experiences. For Millennials, this is "the customer is king" rebooted for the mobile age.

IN CONCLUSION

Perpetuating superficial and often blatantly underserved stereotypes about Millennials won't help businesses properly create value for them in the next five to ten years, and given their impressive buying power and influence, missing the mark with Millennials isn't an option. Leaving assumptions at the door, we can zero-in on empirical data about Millennials - like their behaviors, buying power, and preferences - as well as key insights regarding some of their most common but rarely discussed traits. Far from being fickle, for instance, Millennials can be fiercely loyal to a brand when given a good reason to be, especially if they can easily incorporate them into their personal and tribal identities. Furthermore, we also observe that companies that are able to connect the dots between the childhood experiences of Millennial shoppers and their quest for authenticity will reap the benefits of having respectfully tapped into their nostalgia.

Millennials also tend to look for paths of least resistance when it comes to performing tasks they don't particularly enjoy. As a result, chore verticals - banking, healthcare, and utilities, for instance - have the most to lose from moving too slowly in their digital transformation journeys, and the most to gain from reorganizing their business models around the needs of mobile-enabled Millennial consumers. The more a chore vertical can make its interactions with Millennials fast, easy, frictionless and pleasant, the better chance they will have of capturing their business at scale.

Millennials are highly social, but as their social lives are built around digital tools and channels, they have learned to expect all businesses that cater to them to operate as social businesses. In order to properly engage with Millennial shoppers beyond a purely transactional business model, "social media" must be thoroughly integrated into every brand

touch-point, from search and mobile commerce to marketing and customer support. Customer development and loyalty can be built around the same digital tools and social interactions used by Millennials to manage their social ecosystems, and companies looking to capitalize on digital tools and the buying power of Millennial consumers will be smart to do so.

Millennials are also instinctively analytical, motivated, complex consumers. Their shopping ecosystem is a rich intertwined blend of digital and analog marketplaces and experiences. In order to remain both relevant and competitive, brands need to think of Millennial consumers not only as "shoppers" but as denizens (or expert users) of their digital retail ecosystems. Mobile-first has already proven to be a winning strategy for every single vertical marketing to Millennials, with AI-first beginning to inch its way into Millennial-focused mobile experiences.

The age of the Millennial is here: A whopping \$1 trillion in buying power by 2020, 50% of the world's workforce, 1 in 3 purchase dollars to be spent by Millennials just three years from now. These numbers, and the opportunities they represent, are staggering. As we race towards 2020, business survival is going to become heavily dependent on the ability to digitally and culturally transform in order to create tangible value for Millennials. In order to capitalize on this shift, businesses must begin to learn how to reorganize around Millennial needs and expectations now. And while Digital Transformation is, of course, a critical component of this process of adaptation, understanding Millennial consumers, and by that, we mean truly understanding them, is going to be equally vital from this point on. We hope that this report will help you accelerate that process, and look forward to sharing more of our findings in future updates.

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