



W5 on Millennials

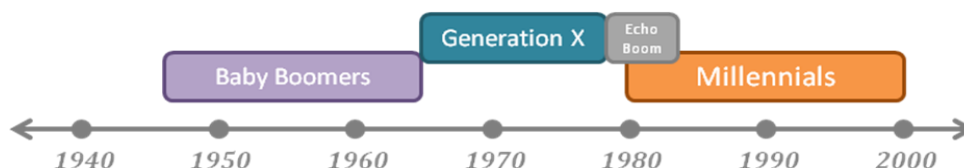
The Millennial generation, sometimes referred to as Generation Y, is a dominant force in today's marketplace. Armed with laptops, smartphones, iPhones, and the like, they are well informed of current events and trends, and well connected. Constant interaction with social networking tools, such as Facebook, Myspace, Twitter, and YouTube, has allowed this generation of consumers to keep in touch, build professional contact networks, and express their ideas and opinions publicly unlike any generation before them. They spend a considerable portion of their lives engrossed in digital media, rendering traditional marketing and advertising tactics ineffective in catching and retaining the attention of this multi-tasking, materialistic generation of consumers.

Understanding Millennial consumers' mindsets, values, and purchase patterns and behaviors through creative and innovative Millennial-specific market research methodologies is essential to the success of most mainstream brands and products.

Who are Millennials?

Millennials present marketing, advertising, and market research professionals with a unique challenge. Unlike previous generations, Millennials are extremely difficult to reach through traditional marketing, advertising, and market research tactics. A distinctive combination of social, cultural, and environmental influences have formed a generation of consumers with very specific needs and touch points. This white paper outlines key Millennial characteristics which affect their attitudes toward and interaction with products and the marketing surrounding them, as well as how W5 approaches gaining a true understanding of how to effectively communicate and connect with them.

There are a number of opinions and theories about what timeframe defines the birth of the Millennial generation. Those referring to children of the Echo Boom, generally define the birth of the Millennial generation between 1989 and 1994. In market research, Millennials are typically described as born between 1981 and 2000. Regardless of the birth years used to discuss this emerging generation of consumers, like any other generation, they have been shaped by a specific set of events, trends, and sociopolitical circumstances.



Millennials, Technology, and Society

The most important influence on the development of the Millennial generation is the tech boom of the 1980's and 1990's. Millennials grew up during a time of unprecedented technological progress, including an increase in home PC ownership, widespread use of mobile phones, and the rise of the Internet. According to a 2007 survey conducted by Reynol Junco and Jeanna Mastodicasa, 97% of college students in the United States own a computer. This has created an army of young consumers who are more informed about national and global politics, current events, popular culture, and consumer products than any generation before.



Their highly connected nature has led Millennials to form several distinct worldviews. With the popularization of instant messaging, text messaging, and the wide array of communication methods the Internet has given way to, the world has become a much smaller place. Consequentially, Millennials view themselves as a small part of the global community, rather than feeling isolated within their own national borders. Millennials are able to communicate internationally on a daily basis at virtually no cost. They are in touch with vast amounts of people they have encountered throughout their young lives with minimal effort. Socially driven websites, such as Facebook, Myspace, Twitter, and YouTube have magnified this networking tendency in recent years, allowing individual Millennials to create their own personal global communities and electronic lives and identities.

Their deep interconnectedness and ability to share information at the touch of a button has brought the Millennial generation together as powerful agents of change. Rather than an attitude of self reliance and valuing individual expression, Millennials place a great deal of importance on their role as a moving part of a greater whole. They believe in creating social and political change as a cohesive group rather than challenging the establishment as individuals. Furthermore, Millennials are more likely to trust establishment and challenge individual leadership rather than question the integrity of a social or political system. This is not to say Millennials are especially radical in any way, in fact, they are quite the contrary.



Beginning in the late 1970's the United States experienced a return to traditional, conservative values, placing an enormous amount of focus on the family, and more specifically on the safety, health, and education of children.

Due to this shift in social and political values, Millennials have been closely monitored and cared for by their Boomer and early Gen-X parents, creating a generation of young people who tend to live highly organized, structured lives. As a result, they are family-oriented, respectful, highly educated multi-taskers with an optimistic world view. They are less likely to place expression of individuality over fostering a sense of community, which has led them to trust broader political systems and question the integrity of individual leaders of those political systems.

These characteristics and other influential changes in the cultural and sociopolitical landscape have shaped a generation unlike any other: unified, smart, social, caring, and driven people with high expectations for themselves and the world around them. Their non-traditional ways of

experiencing media, brought on by the rise of the Internet and the arrival of the Digital Age, have presented the marketing and advertising world with a unique set of challenges: how to grab Millennials' attention, gain their trust, and retain them as loyal customers.

Why Millennials are Important

The Millennial generation is closely bound to the material world. From new gadgets to new fashion trends, Millennial consumers are eager to stay ahead of the mark, which often pushes saving for the future to the periphery. They are an important audience to consider when launching a new product or marketing campaign given their sheer numbers and overwhelming spending power. Not since the Boomers has a generation of consumers had more money at their disposal, and they spend it freely. There are approximately 71 million Millennials in the United States today, earning close to \$200 billion each year and spending an estimated \$172 billion.

Many attribute this ability to spend to the large number of Millennials who return home to live with their parents after college. Rising housing and living costs have offset the number of college graduates able to live completely independent of their parents. Without rent or mortgage payments, these consumers are able to save minimal amounts of money while spending the remainder of their paychecks on clothing, gadgets, and music, etc. Others simply attribute the Millennial generation's propensity to spend to an ever-growing culture of materialism and one-upmanship created by its increasing obsession with popular culture, celebrity, and all of its trappings. Regardless of the cause, the Millennial propensity to spend makes them a desirable audience to reach.

Millennials place high priority on setting and keeping up with

trends through the ownership of the best and most cutting edge products the world has to offer. Their tastes and preferences matter most because their influence as culturally astute thought leaders places them in a position to set the bar for the rest of the world. What they deem "cool" or "authentic" eventually trickles down to previous generations who are more passive regarding current popular trends; therefore, in keeping up with Millennials tastes, one can predict fairly accurately what may be next for older or much younger consumers.

Millennials also tend to be highly brand conscious. They do not derive their opinions of brands simply from what marketing and advertising tells them. They dig deeper, researching the Internet message boards, blogs, magazines, and, most importantly, their peers to form opinions. This makes capturing their attention and trust especially difficult in comparison with previous generations. Brands must work harder than ever to appear socially conscious, trustworthy, and sensitive to consumer needs in order to win over Millennial consumers. However, once they manage to acquire their trust, Millennials become valuable brand ambassadors – championing their preferred brand whenever the opportunity arises. However, marketers and advertisers must also keep in mind Millennials tastes and preferences can be fleeting. What they deem to be trendy or cutting edge changes more rapidly than with past generations, so maintaining relevance among Millennials can often be a more involved undertaking.



Rising to the Challenge

Millennials consumers' wealth of knowledge, highly networked nature, and immediate access to information has created a tremendous network of savvy, discerning shoppers. They are rarely moved to purchase an item based on advertisement alone and often look to peer reviews and opinions on the Internet and in person before making a purchase. Consequently, marketing and advertising professionals must seek out ways to interact with the Millennial population more directly.

While a television commercial or a print ad may claim the attention of Millennial consumers, they are unlikely to consider it grounds to make a purchase. Because they are able to access factual information on their own, Millennials value brand and product promotion that goes traditional, information-based, persuasive messaging. Promotion that transcends traditional marketing approaches that add a personal touch and holistic experience to their brand and/or products are more likely to resonate with a Millennial audience. This principal applies to market research as well. Creating a real life experience within a market research approach (e.g. a discussion around a dinner table or an interview within a retail environment) can result in the discovery of much deeper, dynamic insights than speaking with Millennials in a traditional focus group setting.

INTERACTION

Methods that reach out to Millennials allowing them to sample or interact with products and brands, such as direct marketing street teams, also resonate with Millennials. A brand which has enough confidence in the quality of their product to offer sampling and interaction are more likely to succeed in breaching Millennials' seemingly impenetrable trust barriers.

Perhaps the most important aspect of marketing to Millennial consumers is retaining their loyalty. Ensuring that Millennial consumers continue to have a positive product/brand experience is paramount to maintaining a positive image within the Millennial community. Because they expect and appreciate being cared for by the companies and brands they adopt, tending to their needs and concerns through careful and attentive customer service is highly effective in retaining Millennial loyalty.

SERVICE

Creating holistic promotional experiences can also speak to the Millennial desire to communicate with and trust a company with a moral and social conscience. This desire seems to stem from the fact that Millennials were closely monitored and cared for by their Boomer and early Gen-X parents, creating a generation of young people who live highly organized, structured lives. As a result, have high expectations for themselves and the world around them. These expectations can influence the companies and brands Millennials choose to support; therefore, it is essential for marketing and advertising professionals to be well educated regarding Millennial moral and social values.

Possessing a concrete understanding of how a company's brand identity can be presented in a way that aligns with these values is key to increasing resonance with Millennial consumers; for example, companies who make an effort to support their local communities, donate to charitable organizations, or do their part to protect the environment are often extremely attractive to Millennial consumers. These values and trends can be uncovered through non-traditional market research approaches as well. Immersive research methodologies such as in-home interviews,

retail shop-alongs, and observational and online ethnography are all effective means to understand how a company, brand, or product can connect with Millennial consumers on a deeper emotional level.

PERSONAL

Millennials want to feel their chosen brands care about their needs and the world they live in. They value brands which endow them with a sense of authenticity, security, and autonomy. Therefore, a marketing approach that employs a unique, personal, interactive touch is more likely to resonate with Millennial consumers.

Due to their overall social and environmental consciousness and belief in creating change as a cohesive group, Millennials are attracted to companies that share that mentality. Sponsorships or donation to meaningful charitable organizations, are two proven ways in which brands are able to connect with Millennials.

RESPONSIBLE

Conducting Marketing Research with Millennials

Millennials consistently lead in setting trends for the worldwide marketplace regarding consumer products, especially those in the technology/electronics, apparel, and entertainment categories. They are typically the first to adopt new products and as brand stewards and leading influencers, their opinions can make or break a product's success among other age demographics. Moreover, the Millennial consumer's short attention span for brands and products more rapidly renders research findings obsolete than with other consumer audiences; therefore, maintaining a fresh perspective on Millennials tastes and preferences should be considered an ongoing process.

In-person Qualitative Research Methodologies

When conducting marketing research with a millennial audience, traditional qualitative methodologies such as in-facility Focus Groups may not as be effective in yielding the richest data possible. Millennials are energized by constant visual and aural stimulation, therefore, the sterile atmosphere of a focus group facility may result in less stimulating discussion and debate among Millennial participants. Non-traditional approaches such as Dinner Discussion Groups, In-home Interviews, Retail Immersions, and In-Context Intercepts enable research consultants to reach the Millennial audience on a deeper level within more familiar and comfortable environments.

In-Home Interviews:



In-Home Interviews provide an opportunity for research consultants to contextualize Millennials' responses and opinions by experiencing their home environment. Photos are often taken to supplement an In-Home Interview. The way participants choose to decorate and arrange their living space can add dimension and deeper meaning to the thoughts and opinions they express. Additionally, bringing the interview to Millennial participants rather than asking them to make the effort, often gives them the feeling they are needed and their points of view more desired, which encourages them to answer openly and enthusiastically.

Dinner Discussion Groups:

Millennials thrive when they feel important and appreciated, which makes Dinner Discussion Groups an ideal methodology for conducting research with Millennial consumers. The goal of a Dinner Discussion is to ensure each participant feels important, their opinions valued, which yields table wide conversations rich with honest opinions and insights. During a Dinner Discussion, participants are given VIP treatment. They are conducted in upscale restaurants with available private rooms. Discussion takes place before, during, and briefly after the meal with clients and consultants seated strategically among participants. This allows clients to experience first-hand interaction with their consumers, which provides them with a better understanding of the data resulting from the dinner discussion.

Retail Immersions:

Experiencing and/or sampling a product is often a key component in a Millennial's purchase decision making process and can play a pivotal role in the formation of their opinion of a brand. Conducting interviews with Millennial consumers within a retail environment yields rich insight into what they expect and desire from a specific product or brand. Witnessing reactions to packaging, product placement, point-of-purchase displays, and the products themselves allows research consultants to ask appropriate questions and gather more granular details of why Millennial consumers perceive brands and products in a particular way.

In-Field Ethnography and In-Field Intercepts:

In-Field Ethnography and/or In-Field Intercepts can be conducted in any desired location, which makes them useful for studying Millennial purchase behaviors and spotting trends in fashion, music, entertainment, nightlife, technology, etc. When conducting In-Field Ethnography, research consultants go to venues relevant to the brand, product, and research objectives and simply observe consumers interact with one another. Ideal venues for conducting Millennial ethnography might include electronics stores, video game conventions, clothing boutiques, nightclubs, bars, concerts, street festivals, or fashion shows.

The same venues may be chosen to conduct In-Field Intercepts, which focus on gleaning insights from the subtleties of spontaneous conversation with the target audience. Questioning during an In-Field Intercept takes a much freer, organic form and often strays to topics of all kinds. Such conversation frequently reveals otherwise hidden insights into consumers' lifestyles, mindsets, worldviews, purchase habits and beyond, which are extremely valuable when profiling the Millennial consumer set.

Online Ethnography:



Millennials spend a great deal of time expressing themselves online through social networks like Facebook, Myspace, and Twitter, as well as publicly posting their daily experiences and opinions in forums such as blogs and message boards. Hence, Online Ethnography proves to be a simple and effective methodology with which to understand Millennials' true rational and emotional drivers. Using the Internet, consultants are able to glean useful insights from commentaries, blog posts, profiles and other information sources found on sites popular among Millennials.

Quantitative Research Methodologies

The qualitative methodologies above maximize the benefits gained from taking a fresh perspective in exploring the relationship between Millennials and the brands and products they consume. Some of these approaches have been recommended because they better engage Millennials compared to traditional marketing research methodologies; others provide a deeper level of insight due to the nature of the in-person discourse. Though these techniques may be used to garner valuable directional insight into defining who the consumers are, and what their opinions are within a certain category and context, quantitative research methods should also be considered to inform business decisions. Such insight would be based primarily on numerically derived statistical data, yielded by a larger sample of the Millennial population, and helpful in validating the directional insight already gained or hypothesized through qualitative techniques.

Beyond fielding of quick online surveys to assess Millennials' attitudes and usage of a brand or product, or to test concepts or advertising under development, more strategic, in-depth research may be utilized to inform marketing to this key constituency.

Segmentation:



While understanding Millennials and determining their strategic value is a challenge, defining segments within that population who represent prime targets for a brand, product, or service is another matter. A consumer segmentation may be conducted to identify clusters within the Millennial consumer base, providing in-depth profiling of core consumer groups. These segments are defined through a post-hoc analytic process, primarily based upon agreement with category-related attitudinal, behavioral, and emotional statements.

The clustering process is both art and science, but the techniques are very powerful in their ability to represent real world, intuitive consumer segments. In addition to being valuable on its own merit, a segmentation establishes a solid framework for further, more in-depth research.

While a typical segmentation for other consumer targets may be valid for two to five years, Millennials are ever-changing and evolve more rapidly in terms of brand and product interest, perceptions, and engagement. Depending on the category, a segmentation with Millennials may have a shorter shelf life, requiring quick strategic action and frequent re-evaluation.

Choice Modeling:

Millennials are highly informed about the brands and products they consume, are keenly aware of product design options and possibilities, and are highly interested in customization. Choice Modeling research (also known as conjoint or "trade off" analysis) may be applied to inform the design, development, and pricing of products or services. The insight gained from Choice Modeling helps in testing and refining concepts, prioritizing features, and in defining an optimal price point that will be perceived as acceptable to Millennial targets.

Choice Modeling also yields a valuable market simulator tool, which can be utilized to run "what if" scenarios to learn more about Millennial consumers.

Strategic Tracking:

Millennials' eagerness to experiment with new brands and products, and their proclivity to constantly seek out new information and opinions make them a difficult target for longitudinal study. However, frequent waves of tracking research may be scheduled around strategic marketing initiatives (new product launches, changes to design, advertising campaigns, etc.) to permit close monitoring of Millennials' ever evolving awareness, engagement and perceptions of brands or products.

Though quarterly or even annual tracking may be sufficient for some consumer types, scheduling more frequent "pulse checks" is highly recommended for Millennial targets.

These research initiatives may be conducted using various methods; however, there are advantages to conducting quantitative research with Millennials via online surveys. Many are at ease to honestly express an opinion or share an experience online because the Internet acts as a buffer between its users and reality, dissipating the fear of judgment or ridicule. Further, Millennials generally have easy access to the Internet and use it frequently for a variety of purposes: research, finances, social networking, shopping, etc. Taking a short survey online is no problem at all - they may take one during work, during a break, at home, or even on their mobile device.

Want to know more?

If you have interest in understanding how your brand can better speak to the Millennial community, W5 has expertise in Millennial-focused consumer research. To find out more regarding the qualitative or quantitative methodologies outlined in this white paper, visit our web site at www.W5insight.com or contact us at tdaly@W5insight.com or (919) 932-1117 for more information or to discuss how to best approach marketing to your Millennial audience.

