

MILLENNIALS AND THE MODERN BUYER

New research on how millennials are shaping buyer and employer expectations in 2018 and what that means for your organization.



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ABOUT THE AUTHORS

Element Three

Since day one, we've never been afraid to address the elephant in the room. The BIG, **bold-faced** truth about who we are at our core — a nontraditional, business-first, data-driven marketing agency founded by a former financial analysts, united in the belief that a marketing agency's sole purpose is to drive real, measurable results. We work across digital and traditional channels to create seamless brand experiences for market-leading organizations, helping to solve the problems executive leadership cares about most.

SMARI

Our mission is to provide customized market research solutions that recognize the unique challenges that each client faces. At SMARI we dare to think in nontraditional ways. We never stop asking, "Why?" That's how we discover ways that others would overlook to guide change and provide our clients with the confidence to succeed through targeted market research.

INTRODUCTION

MILLENNIALS HAVE CHALLENGED THE STATUS QUO. BUT NOW EVERYONE WANTS MORE

It's true, millennials have been the generational center of attention for over a decade now. Yet despite this focus, businesses in 2018 are asking the exact same questions their 2008 counterparts did: "How do we sell to millennials? And how do we find and retain millennials to help us sell to the next generation?"

But what many organizations don't realize is that the challenge of selling to, attracting, and retaining the millennial generation is just the tip of the spear. The reality is that changing millennial expectations have compelled all generations to expect more from the products they buy and the places they work: Boomer, Gen Xers, millennial, and Gen Z alike.

WHAT INSPIRED THIS RESEARCH

Over the past year, our clients began noticing more change inside their organizations. They shared that the decisions their leadership teams make in the next five years will determine if they'll be around for another 50. One of our clients asked us a seemingly straightforward question: "Will this new generation of millennials buy my product?"

So we set out to answer that question, not just for that client but for the modern marketplace. And through the course of our independent primary research and the secondary research we picked up along the way, we've come to recognize that despite the coverage, there's still so much the market has left to understand, not only about millennials, but about the entire spectrum of modern buyers.

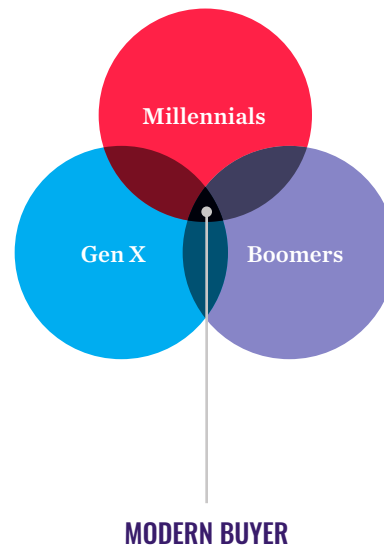
It's time to stop viewing changing millennial expectations as threats to our businesses and to start capitalizing on the opportunities these marketplace transformations present. Let's dive in.

WHO IS THE MODERN BUYER?

Throughout this ebook, we use some generational constructs, but we contend that modern buyers – boomers, Gen Xers and millennials – are all moving along a continuum of changing expectations. Modern buyers share the same desire to have their needs met as quickly and efficiently as possible. More and more technology dramatically impacts expectations and preferences so that we want what we want when we want it. It's our job as businesses and employers to be at the right place at the right time to meet those needs.

Technologies are fusing, big data is ascendant and the boundaries between the physical, digital and biological are being crossed. Buckle up. The Third Industrial Revolution is over.

TECHNOLOGY EXPANDS WHAT WE CAN ACCESS CHANGING OUR PREFERENCES AND RAISING OUR EXPECTATIONS TO CREATE SIMILARITIES AS MODERN BUYERS.



**“TECHNOLOGY
GROWS 10X
MORE POWERFUL
EVERY 5 YEARS”**

- The Deloitte Millennial Survey

**“WE ARE IN THE
MIDST OF
THE 4TH
INDUSTRIAL
REVOLUTION.”**

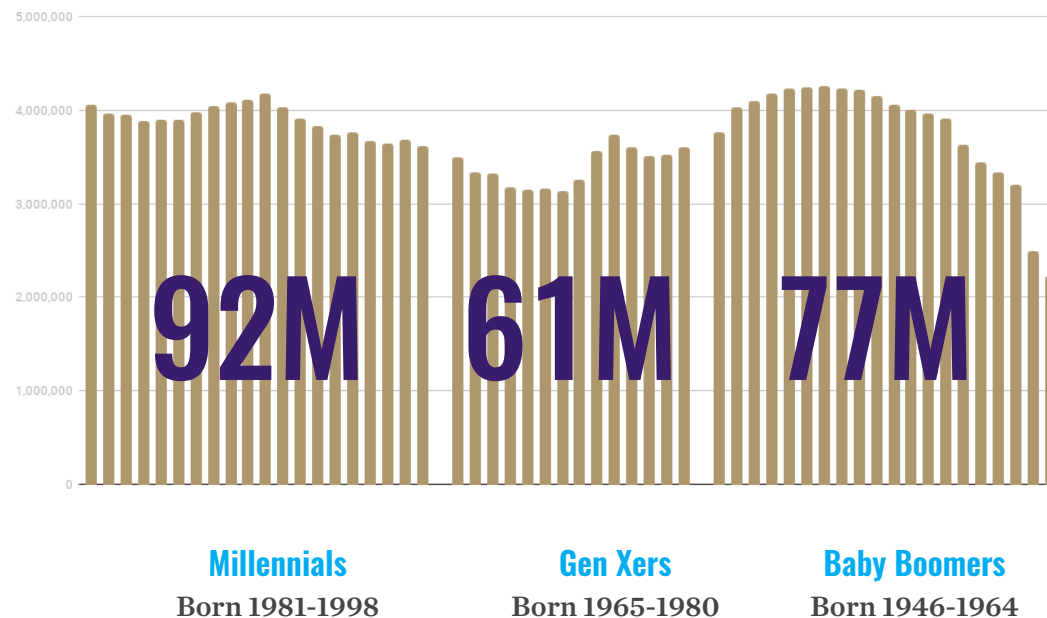
- Dell Technologies

THE POWER OF THE MILLENNIAL VOICE

It's no wonder that millennials have become such a hot topic. Millennials are the biggest generation alive today - and growing in influence. In fact, there are 50% more millennials than Gen Xers. While expectations of all modern buyers are evolving, the millennial voice is powerful because there are so many of them.

GENERATIONS BY THE NUMBERS

As of 2015



Source: US Census Bureau, 2015

MILLENNIAL ATTITUDES ARE EARLY INDICATORS OF MORE WIDESPREAD FUTURE TRENDS. COMPANIES THAT PAY ATTENTION TODAY CAN GAIN VALUABLE INSIGHTS INTO TOMORROW'S OPPORTUNITIES AND GET A HEAD START ON CAPTURING A LARGER SHARE OF THE MILLENNIAL WALLET.

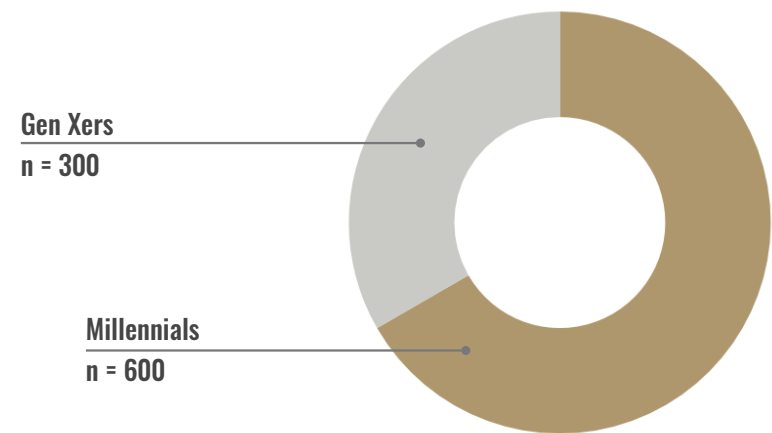
– The Millennial Consumer,
The Boston Consulting Group

THE SCIENCE BEHIND THE STUDY

WHY AND HOW WE UNCOVERED THE MINDSET OF THE MODERN BUYER

The research study was a collaboration between Element Three, a modern marketing agency, and SMARI, a full-service market research company. What started as a millennials study expanded to include Generation X to help present a broader picture of the modern buyer. Our goal: To cut through the hype of what we hear about millennials in the marketplace and workplace and provide meaningful insights to organizations ready to navigate their journey with the modern buyer.

We used a mixed methodology of qualitative and quantitative research to understand both how the consumer thinks and feels and to prove and disprove certain hypotheses. To understand participants' behaviors and attitudes, we looked at different aspects of their lives — family life, employment, who they are as a consumer and underlying value tenants, their hopes and dreams, that push that along. We organized our research around these four areas and divided the qualitative data to understand the behaviors and attitudes that drive the modern buyer.



WHO PARTICIPATED?

A total of 900 surveys were completed - 600 among Millennials and 300 within Gen X. This allowed for a +/- 5% margin of error to ensure statistical validity and enable segment comparatives between and within generations. Responses were weighted based on age, gender and household income to accurately reflect the U.S. millennial and Gen X populations, respectively.

- Gender split: 50% male; 50% female
- Education level: Must be in college, have completed some college or college graduate or be in pursuit of or have obtained an Associates degree
- Mix of incomes
- Mix of ethnicity

HOW WE STRUCTURED THE STUDY

In-depth one-on-one interviews helped us understand the voice of the millennial generation: who they are; not who everyone else says they are. Interviews were followed with week-long online bulletin boards, where we posted questions. Millennials reacted to those question and reacted to each other's comments as well. Their responses uncovered hypotheses, which we took into the survey.

Phase I: Qualitative Discovery

- In-depth one-on-one discussions with participants
- Online bulletin boards

Phase II: Quantification of Insight

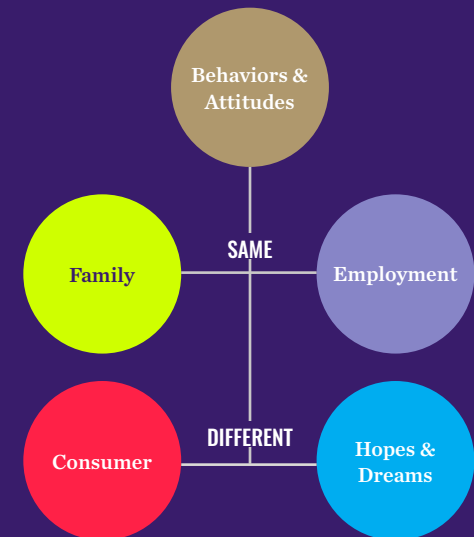
900 online surveys

- 600 millennials ages 20 to 37
- 300 Gen Xers ages 38-52

Respondents were collected from a national online research panel and screened based on age.

WHAT WE EXPLORED

We examined the behaviors and attitudes of the two generations regarding consumerism, hopes and dreams, employment and family. Interestingly, we discovered that millennials and Gen Xers share many of the same behaviors and attitudes about family and employment and differ when it comes to consumerism and hopes and dreams.



LIFE STAGES

ELONGATING THE LIFE STAGE CONTINUUM

As sure as the sun rises, every generation has an idea or two about what's wrong with the next. The Silent Generation questioned boomers, who judged Gen X, who now side-eye millennials. Gen Z is on deck. It's what we do. We project our expectations onto the next generation, wondering why they aren't just like us. The inescapable fact is that modern circumstances tend to force each generation to extend the life stage continuum.

For millennials, crushing education debt, combined with a will to experience life adventures, prolongs reaching the financial stability and settling down stages. Millennials have a more pregnated path to settling down, but they will settle down.

“WHEN I WAS 25, I WAS WORKING FULL-TIME, MARRIED AND HAD A CHILD.”

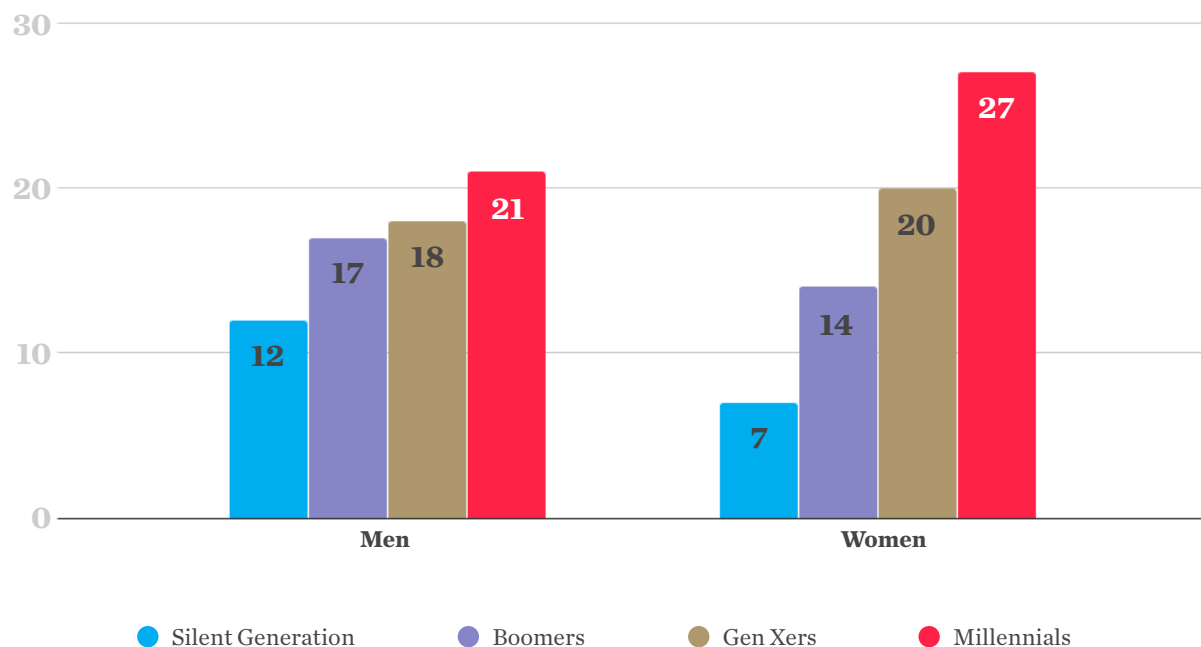


CRUSHED BY EDUCATIONAL DEBT

No conversation about millennials is complete without addressing the high level of debt they have incurred through student loans and the pursuit of higher education. You can almost describe millennials and higher education as in a love-hate relationship. With education comes opportunity, empowerment and a sense of pride. But at what cost?

Millennials could become the most educated generation so far

% completing at least a Bachelors degree by age 18-33, by gender



Source: Pew Research

**NEARLY 75% OF
MILLENNIALS HAVE
EDUCATION DEBT**

VS

**LESS THAN 50%
OF GEN XERS.**

***"EDUCATION IS HONESTLY
SEEN AS A NECESSITY
BUT UNFORTUNATELY IS
PRICED AS A LUXURY."***

- Survey participant

MILLENNIALS BITTER ABOUT COSTS OF HIGHER ED

Although millennials are the most-educated generation, that knowledge is not transitioning over to an understanding of their debt repayment. Because entering college was assumed for most millennials, their feeling is that educational debt happened to them rather than as a choice to take on that debt.

Saddled with education debt, millennials express a bittersweet attitude toward higher education and most are unwilling to prioritize debt repayment over quality of life. Many either lack information about their educational debt or are ignorant about how they will repay it.

57%

*regret how much
they borrowed*

OVER 1/3

*say they wouldn't have gone to
college if they knew in advance
how much it would cost*

15%

*were unaware of how
much they owe*

45%

*of respondents didn't know
what percentage of their salary
went to paying off loans*

37%

*were unaware of their
interest rate*

59%

*report not knowing how
long it would take them
to be debt free*

Source: Forbes, *The scary truth about Millennials and Student Loan Debt*, April 2017

ADVENTURE AND EXPERIENCES

Millennials live in the moment and prioritize experiences over almost everything else, whereas Gen Xers want to have things and own things.

Millennials are sensory-oriented with a desire to learn, ride, dive, travel, visit, run and just about any action verb you can imagine. #YOLO may have come and gone; however the “you only live once” attitude captures this generation’s zeitgeist. On the flip side, Gen Xers are accomplishment-oriented, striving to own, achieve, save, find and whatever else adds status to their lives.

In our research study, the question, “What are your top 5 bucket list items?” uncovered one of the strongest juxtaposition between these two generations.



I WANT TO UNDERSTAND THE ENTIRE WORLD, NOT JUST THE PARTS THAT THINK AND ACT LIKE ME.”

- Millennial survey participant

WHAT’S ON YOUR BUCKET LIST?

A sample from 4500 verbatims

Millennials

- ☐ *Travel* to every country
- ☐ *Run* a marathon
- ☐ Have no debt at 45 years old
- ☐ *Sky dive*
- ☐ *Ride* elephants
- ☐ Bungee *jump* from a hot air balloon
- ☐ *Visit* London
- ☐ *See* the Northern Lights
- ☐ Feed wild animals with *my hands*

Gen X*

- ☐ *Have* a nice car
- ☐ *Save* money
- ☐ *Achieve* a doctorate degree
- ☐ Have a family
- ☐ *Own* a home
- ☐ *Find* a great husband
- ☐ Have a job that I like/find satisfying
- ☐ Own a ‘57 Nomad
- ☐ *Visit* each state
- ☐ Visit every baseball stadium

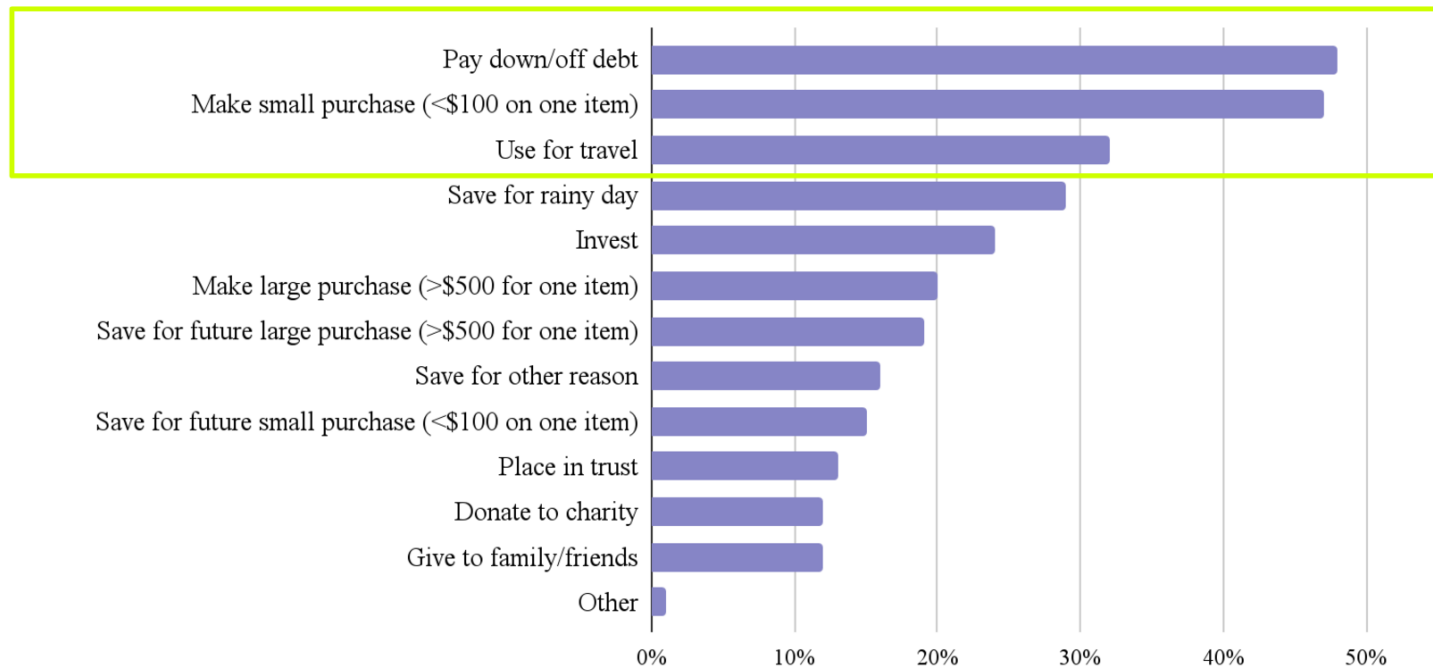
**Think back to your 20s and early 30s, what would have been the top 5 items on your list then?*

WHAT WOULD YOU DO WITH \$1,000?

When asked this hypothetical question, millennials proved to us that they are consumers despite conventional wisdom. While they're most likely to pay down debt with \$1,000, they are also likely to spend part of it on small purchases and travel. Millennials are spending money when they have it. Ask a Gen Xer what he or she would do with the same \$1,000, and 42% will reply, "Save for a Rainy Day."

MILLENNIALS ARE 2.5X MORE LIKELY THAN GEN XERS TO SAVE FOR LARGE PRODUCT PURCHASES AND 50% LESS LIKELY TO SAVE FOR A RAINY DAY.

Millennials say: I would spend an extra \$1,000 on...



BUYING HABITS IN 2018

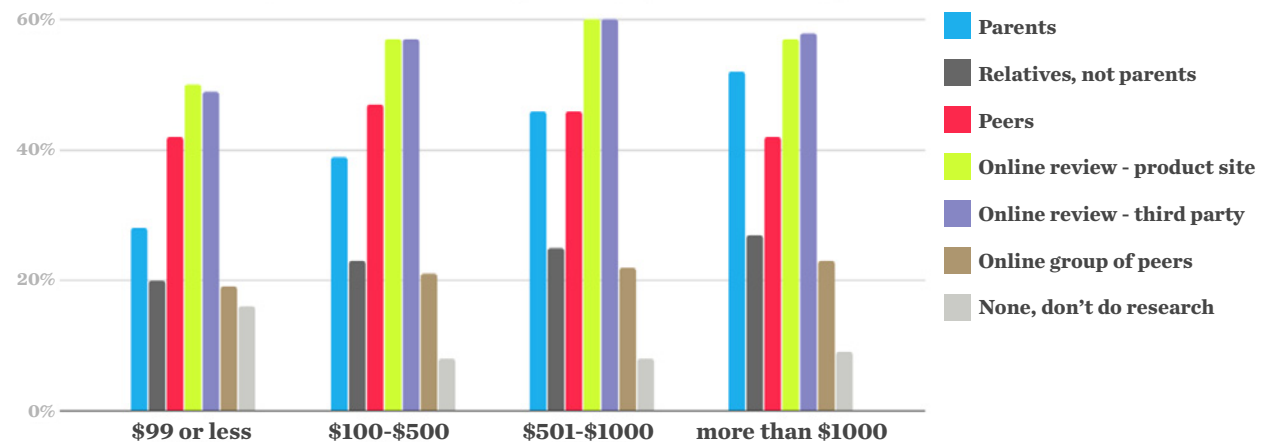
YOUR PRODUCTS AND SERVICES ARE BEING EVALUATED LIKE NEVER BEFORE

Millennials spend and influence expenditure of hundreds of billions of dollars annually - a figure that will increase as their peak earning and spending years are fast approaching. So how would the most-educated generation with crushing education debt and the power of the internet at their disposal approach a purchase? If you guessed “diligently,” then you are correct.

Regardless of the purchase price, millennials are mostly consistent in how they research a company, product or service with online and peer reviews garnering the highest rank. The one area we see a difference, though, is at the \$1,000 mark where a parent’s advice becomes influential. Across the board, millennials thoroughly evaluate products and services because for them, each purchase matters.

REGARDLESS OF PRICE, YOU ARE BEING EVALUATED

Where do you go for information before purchasing a product of varying price?



YOUR PRODUCTS AND SERVICES MUST HELP AND EXCITE

Millennials are looking for products and brands that align with their personal goals and values. And they're willing to pay more for them, responsibly. They've seen and felt the negative consequences of debt and shy away from it when possible. Some of their choices might not seem wise to other generations, but they align with their lifestyles, hopes and dreams. At the very core, you must make the purchase frictionless and offer products and services that create an experience - help and excite. Brands that have the longest shelf life figure out how to do both.

THEY'RE WILLING TO PAY MORE OR A PREMIUM FOR A PRODUCT THAT:

91% *makes life easier*

87% *delivers on promises*

87% *is sustainable*

85% *aligns with lifestyle*

82% *has honest advertising*

SOMETIMES THEY'RE WILLING TO PAY MORE OR A PREMIUM FOR A PRODUCT THAT:

62% *supports a social cause*

58% *aligns with social status*

51% *is organic*

"I WILL PAY MORE FOR THINGS I LOVE AND CARE ABOUT, BUT ONLY AS I CAN AFFORD THEM."

- Survey participant

CASE STUDY

DENNY'S SERVES UP A RE-IMAGINED DINER EXPERIENCE

Denny's, a restaurant chain with roots dating back to the 1950s, is adjusting to meet the modern buyer's changing expectations. The push to re-imagine the traditional diner experience comes at a time when visits to Denny's locations has declined.

At the 2017 Incite Brand Summit in New York, John Dillon, chief marketing officer for Denny's, shared that nearly 60 percent of Denny's diners have been remodeled to appeal to today's customer. In the spruced up Denny's, guests can dine on die-free foods, cage-free eggs and other healthy menu options, plus even-fluffier buttermilk pancakes.

Dillon said Denny's approach starts with really knowing its customers and then focusing on the company's brand purpose: "I love to feed people," first expressed by Denny's founder decades ago. Today, Denny's goes beyond diner walls, feeding people in different ways, according to their needs. The restaurant offers options for both pick-up and delivery, with ordering made easy online, using the Denny's app and even through Facebook and Twitter chatbots. That means, night owls in jammies can enjoy pancakes and milkshakes delivered to them, even at 2 a.m. Plus, the updated to-go packaging is sustainable and microwavable, which appeals to the modern buyer.



ONE-FOURTH OF AMERICANS CLAIM TO HAVE ORDERED A MEAL VIA DELIVERY IN THE LAST THREE MONTHS, ACCORDING TO FINDINGS RELEASED BY THE NPD GROUP, WHICH ALSO NOTED THAT WEBSITES, APPS AND TEXTS WERE THE FASTEST-GROWING ORDERING METHODS.

– Ad Age, May 30, 2017

EMPLOYMENT EXPECTATIONS

MILLENNIALS IN THE WORKPLACE

Concurring Coworkers

Organic snacks in the break room, half-day Fridays and casual dress attire are nice, but the modern buyer as an employee seeks meaningful work, high pay and good employee benefits. They are not going to wait five years for a promotion because they have access to jobs and are more willing to relocate, compared to previous generations. In fact, in our study, employment expectations was an area where millennials and Gen Xers saw nearly eye-to-eye.

MILLENNIALS WILL COMPRISE 75% OF THE GLOBAL WORKFORCE BY 2025.

- The Deloitte Millennial Survey

Important when considering a job:	Millennials	Gen Xers
Health benefits	68%	79%
Vacation time / Paid time off	63%	65%
Doing meaningful work	58%	64%
Earning the highest wage possible	57%	64%
Coworkers	50%	52%
Company culture	47%	47%
Perks	36%	26%
Educational assistance program	35%	29%
Casual dress attire	34%	32%
Working from home	27%	32%

JOB HOPPERS OR OPPORTUNITY SEEKERS?

Millennials have been unfairly labeled “job hoppers” by earlier generations, just as Gen Xers were. Yet, millennials see themselves as “opportunity seekers” who have clear career aspirations and a desire for life experiences. If a job doesn’t align with their core values, don’t count on them to stick around for just for a paycheck. They’re on a personal journey. A journey to discover greater opportunity, enjoyment and pay.

SELF-MADE VS TAILOR-MADE

Gen Xers and millennials differ when asked who is responsible for meeting their respective workplace expectations. Gen Xers are more likely to see it as their personal responsibility to make a job change if their employer is not meeting their needs. Conversely, millennials are more likely to believe employers bear the responsibility to tailor the workplace to their expectations.



*I GUESS I HAVE JOB-HOPPED,
BUT THAT’S NOT HOW I WOULD
DESCRIBE MYSELF.”*

- Study participant

**MILLENNIALS AREN'T
JUMPING JOBS
FASTER THAN GEN X,
ACCORDING TO PEW
RESEARCH.**

ONLY 37%
OF MILLENNIALS WE
SURVEYED AGREE THAT
THEIR GENERATION IS
FULL OF JOB-HOPPERS.

CASE STUDY

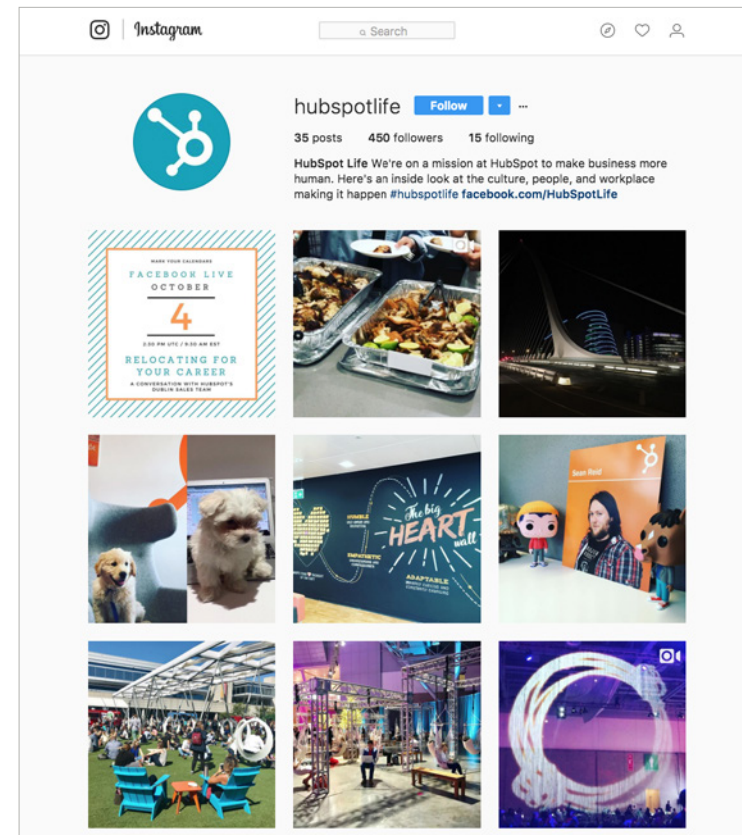
HUBSPOT: BEATING THE CHURN

An employee's three-year anniversary is a major milestone for employers. The employee is plugged into the organization, knows her coworkers, and understands how things run. Her contribution goes up exponentially. The challenge for a company is getting her to stay.

Hubspot, a marketing technology software company headquartered in Boston, has done just that by stepping into the modern buyer environment in a meaningful way. As an incentive, at the five-year mark, an employee earns one month off and \$5,000, which many employees use to do something adventurous, like travel, and check experiences off the all-important bucket list.

Hubspot has also created an Instagram experience called hubspotlife, which opens a window into the company's culture across the world. There, employees share their everyday authentic stories, not contrived experiences cooked up in HR.

Of course, these examples highlight employee engagement initiatives of a large corporation financially able to pull off impactful benefits and experiences. Still, smaller businesses must pay attention because they're competing for the same talent as companies like Hubspot, who are setting new standards for employee expectations.



ENTITLEMENT OR EMPOWERMENT?

Millennials are self-aware. They know how the world thinks of them. An aging generation being critical of the younger generation is typical. What's not typical is for the two to agree on the assessment. Yet that's what happened when we asked millennials and Gen Xers to describe the new kids on the block. Still, it begs the question: Is this fair to millennials?

HOW MILLENNIALS DESCRIBE MILLENNIALS

TECHNOLOGY
LAZY INNOVATIVE
UNIQUE
CRAZY **ENTITLED**
SELFISH MISUNDERSTOOD
SPOILED

VS.

HOW GEN XERS DESCRIBE MILLENNIALS

NAIVE
SMART **ENTITLED**
LOST
SPOILED SELFISH
TECHNOLOGY **LAZY**
CONFUSED

THE INSTANT GRATIFICATION GENERATION

While previous generations prided themselves on delayed gratification, millennials have grown up with the expectations and preferences to have it now. For example, they can rent designer gowns through Rent the Runway and designer handbags from Bag Borrow or Steal. Why wait to own a status symbol when you can experience it as part of your lifestyle?

If you grew up with a phone in your hand and the technology to have nearly everything delivered, downloaded and shared, wouldn't you have different expectations, too? Is it empowerment rather than entitlement? Instant gratification is the new reality.



WE LIVE IN A WORLD WHERE WE EXPECT TO HAVE WHAT OTHER GENERATIONS HAVE WITHOUT REMEMBERING THAT THEY HAD TO WORK YEARS TO GET WHAT THEY HAD. WE WANT INSTANT GRATIFICATION.”

– Survey participant

THERE IS NO MORE DELAYED GRATIFICATION. NO MORE “NOSE TO THE GRINDSTONE.”

THE TAKEAWAYS

THE ACTIONABLE STEPS YOUR ORGANIZATION CAN TAKE
TO REMAIN RELEVANT IN 2018 AND BEYOND

THE TAKEAWAYS



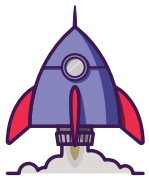
Quit stereotyping. Quit dismissing. It's time to change the narrative

Non-millennials tend to view millennials as entitled and lazy. This dismissive attitude is preventing many organizations from truly understanding and meeting the needs of the largest modern buyer segment and the entire buyer spectrum. Products that promote an easier way or connect in an emotional way through experiences and value alignment are here to stay. Get onboard or fall off the map.



Today's trends are tomorrow's realities

Millennial attitudes are indicators of future trends. To survive, businesses and employers must meet the modern buyer where he or she is today, not yesterday. That means, we must make sure our products, services and workplaces provide ease and excitement. We can't just pick up what we heard about millennials five years ago and extrapolate that into the eternal future. Their preferences will change and so will preferences of Gen Xers and boomers. Everyone's expectations will continue to evolve. You cannot afford to ignore the trends.



Understand the whole person. Not just their interactions with your company

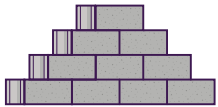
Research demonstrates that there are real, informed decisions driving the changes in millennial behaviors and attitudes. When you take the crippling impact of educational debt and the increasing accessibility of travel into consideration, it becomes less surprising that millennials are prolonging the time it takes for them to settle down. You need to take the time to learn more about your customers and employees, not just their interactions with your organization. Understanding the total person will give you insight into ancillary factors driving how they are engaging with you.



Tell bold stories

It's not just enough to understand the modern buyer, you must be skilled at sharing your message. Create a window into your company, your product, your people, your employment experience, your history and your manufacturing process. Imagine your brand as an adventure. People want to be part of adventures.

THE TAKEAWAYS CONT.



Brand perception is cemented in the service experience

Re-imagine the service experience. Learn how to interact with the modern buyer who wants to “pre-experience” the product without ever coming into your store or resolve an issue without ever picking up the phone.



Expectations for the employer are here to stay

How do we compete for modern talent? It used to be that offering ping-pong tables and free snacks would get you into “Best Places to Work.” The modern buyer has the opportunity of selection and an understanding of options in a way the previously disconnected world never allowed for. Be clear about how employees can advance in a career at your organization. Let them “own” something and flex their leadership muscle for more job satisfaction. Let them help you innovate.



Solicit diverse perspectives

Managing through your own generational paradigm won’t work. Who’s at the table when you’re making decisions about your product, service delivery, marketing and employee benefits? If you’re surrounded with people just like you, think again.

WHATS NEXT?

HOW A MARKETING AGENCY, LIKE ELEMENT THREE, CAN HELP

A marketing agency can help you communicate your story. Companies often hire an agency when they're making change or running toward change. The outside (unbiased) perspective is helpful. With the help of an agency, you can evaluate if and how your brand, go-to-market strategy and product/service experience align with the primary motivations of the modern buyer. Working with an agency helps ensure a coordinated marketing communications effort, internally and externally. That includes employment brand development – message creation, engagement strategies and deployment.

[LEARN MORE](#)

HOW A RESEARCH FIRM, LIKE SMARI, CAN HELP

Consider engaging a research firm to help you evaluate the market. Market research will tell you if people will or won't buy what's on your product roadmap. Research provides baseline to measure against and offers truly meaningful insights to help you understand sentiment toward your employment experience, benefits offered and where gaps exist that you might fill.

[LEARN MORE](#)

RESEARCH IN ACTION

Sometimes it's not enough to know the trends. Sometimes you need help diving into how they might impact your organization. Learn more about how we can help you develop strategies to win the hearts and minds of your buyers and employees in 2018.

[SCHEDULE A CONSULTATION](#)

