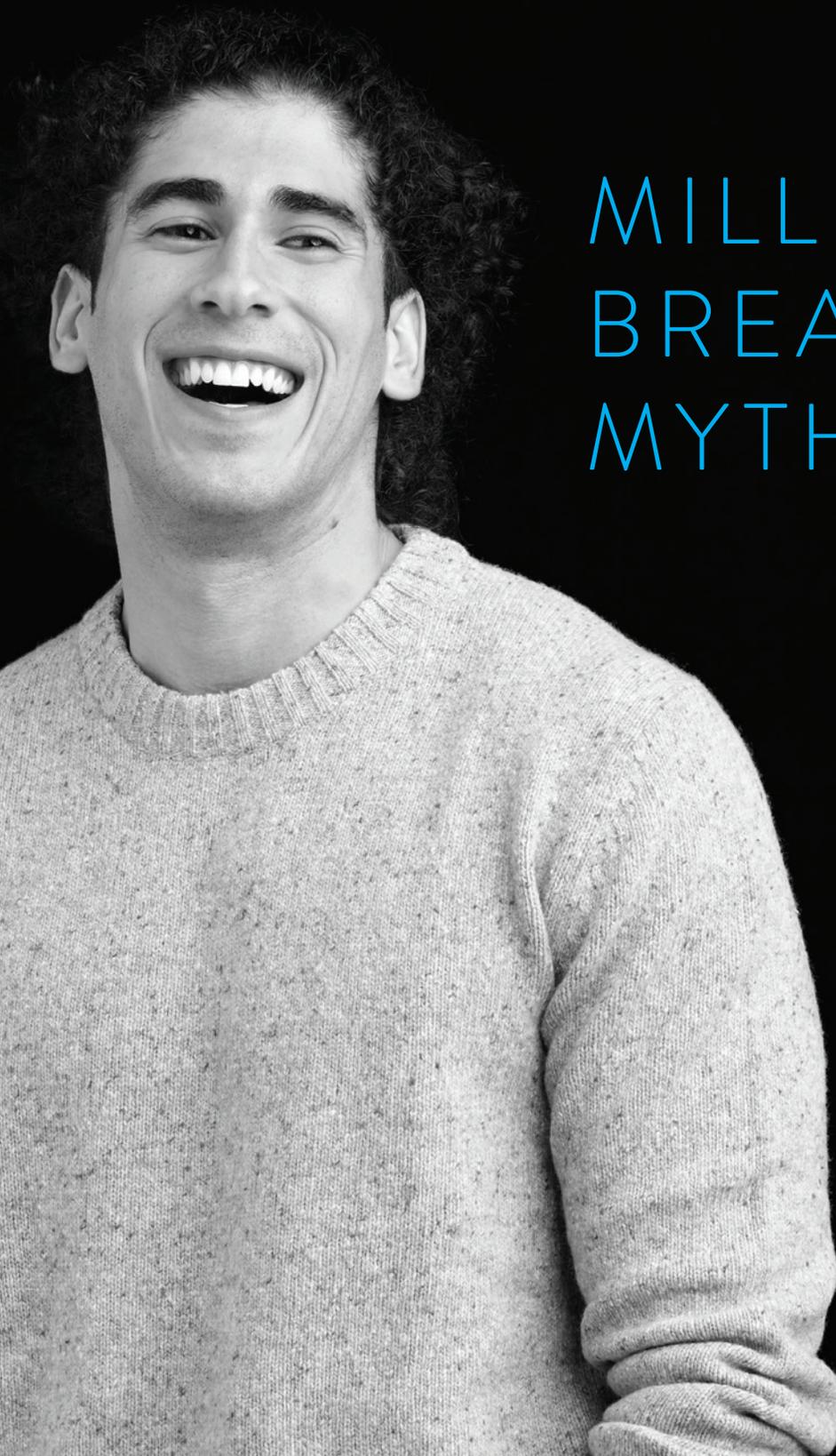


nielsen

AN UNCOMMON SENSE  
OF THE CONSUMER™



# MILLENNIALS- BREAKING THE MYTHS

# MILLENNIALS— BREAKING THE MYTHS

Millennials may be many things, but they may not be what you expect. Millennials are the social generation. They're the founders of the social media movement—constantly connected to their social circles via online and mobile. They prefer to live in dense, diverse urban villages where social interaction is just outside their front doors. They value authenticity and creativity, and they buy local goods made by members of their communities. They care about their families, friends and philanthropic causes. But they're also coming of age in the most dire economic climate since the Great Depression—making their families, communities and social networks even more valuable as they band together. This report dispels the myths about this generation and explores what makes Millennials unique.



# KEY FINDINGS

Millennials are:

- **Diverse, Expressive and Optimistic:** Millennials are characterized by more than just their age. As a group, they're more racially and ethnically diverse than any previous generation. They value self-expression and artistic pursuits. They've been hard hit by the recent turbulence in the economy, but their high education levels and optimism foreshadow their potential future success.
- **Driving a Social Movement Back to the Cities:** If they're not still living with mom and dad, Millennials are fueling an urban revolution looking for the vibrant, creative energy cities offering a mix of housing, shopping and offices right outside their doorstep. They're walkers and less interested in the car culture that defined Baby Boomers.
- **Struggling, But They Have an Entrepreneurial Spirit:** They've been hit particularly hard by the Great Recession. They're dealing with high unemployment, low income and high student loans as they try to establish themselves. However, necessity is the daughter of invention and some Millennials have hit it big by investing in startups and following the own entrepreneurial pursuits.
- **Deal Shoppers and Desire Authenticity:** Given their small paychecks, they are savvy shoppers always on the lookout for a good deal. Millennials put a premium on authentic, handmade, locally produced goods – and they're willing to pay more for products from companies with social impact programs. Getting a good deal is a priority, but they won't compromise on quality. They want to feel good about what they buy.
- **Connected and Want the Personal Touch:** Technology defines Millennials. They sleep with their mobiles and post status updates from the bathroom. When interacting with companies via social media, they value authenticity – they want to feel like they have a personal, direct interaction with the brand—and in return, they'll advocate and endorse that brand.

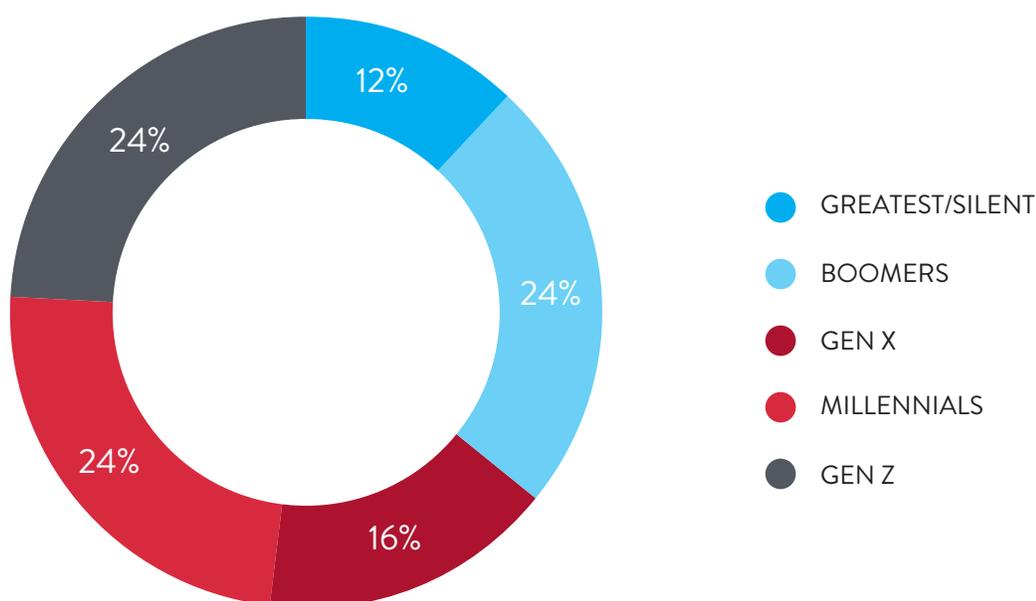
Millennials are 77 million strong, on par with Boomers, and they make up 24 percent of the U.S. population. This represents significant opportunity for brands that understand who Millennials are, where they live and what they watch and buy. In order to truly understand Millennials, however, they must be put in the context of the other generations. While there are varied definitions of the generations from the past century, Nielsen defines them as follows:

- Greatest Generation (1901-1924)
- Silent Generation (1925-1945)
- Baby Boomers (1946-1964)
- Generation X (1965-1976)
- Millennials/Gen Y (1977-1995)
  - Younger Millennials (18-27)
  - Older Millennials (28-36)
- Generation Z (1995-Present)

As is the case within many generational groups, behavior among Millennials may not be homogenous due to the size of the age range and their differences in lifestyle.

For the purposes of this analysis, we break up the Millennial group into younger (18-27) and older (28-36) groupings based on age, unless otherwise indicated. The younger Millennials are more likely students or newly out of college and may be living at home, whereas the older group is more established in their careers and starting families.

## POPULATION BY GENERATION



Source: Nielsen Pop-Facts, 2013

# WHO WE ARE - DIVERSE, EXPRESSIVE AND OPTIMISTIC

- 77 Million Millennials (24 percent of U.S. Population)
- Age 18-36
- Still Climbing the Income Ladder - Median Income: \$25K for Younger Millennials (18-27) and \$48K for Older Millennials (28-36)
- Fewer Partnered Up - 21 percent Married, compared with 42 percent for Boomers at the same age. Millennials make up 20 percent of same-sex couples
- 36 percent of Millennial Women have had children
- Most Educated Generation - 23 percent with Bachelor's degree or higher
- Most Racially/Ethnically Diverse Generation - 19 percent Hispanic, 14 percent African American and 5 percent Asian

## COMMON MYTH #1:

Millennials are narcissistic.

## REALITY:

Millennials care about self-expression, but they aren't totally self-absorbed. They put importance on taking care of their parents in old age and making a social impact.

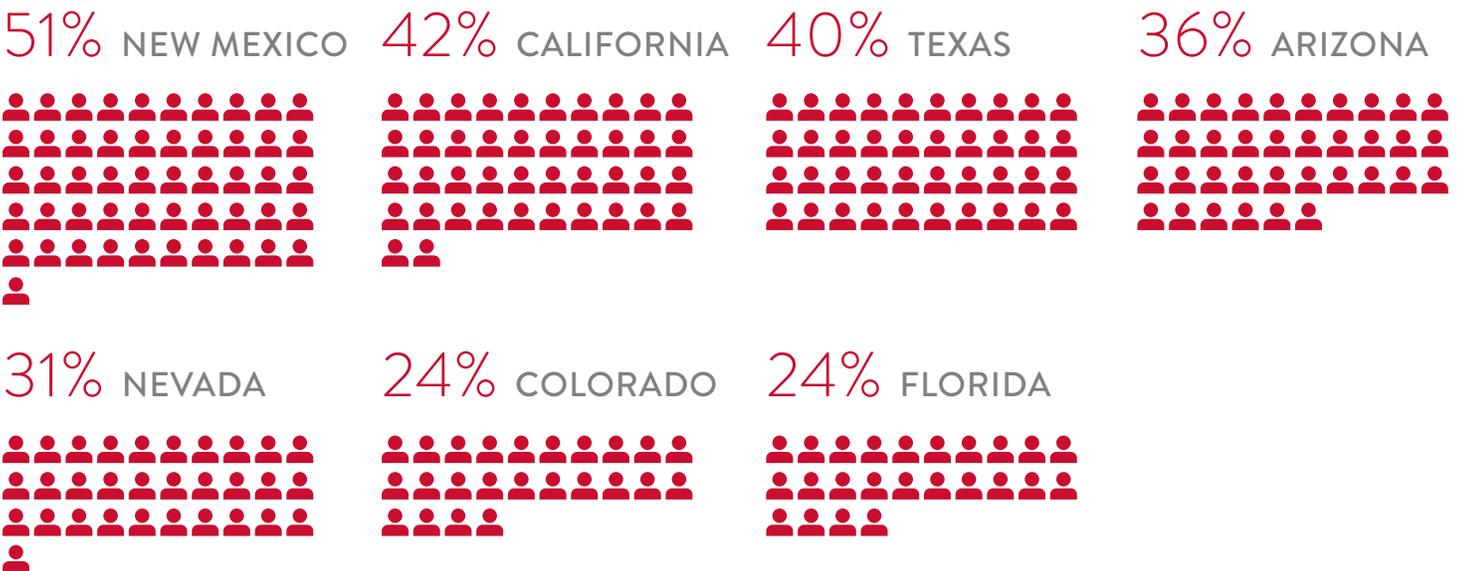
## WE'RE A MELTING POT

Millennials are more racially and ethnically diverse than any previous generation. And, the growth in diversity will only accelerate as they start their families. Nielsen expects the Hispanic population to grow by 167 percent by 2050 with Asians following closely behind with 142 percent growth by 2050.<sup>i</sup> A greater majority or 71 percent of Millennials appreciate the influence of other cultures on the American way of life, compared with 62 percent of Boomers.<sup>ii</sup>

While much of the Boomer's size was fueled by high birth rates, Millennial size is driven by immigration. Millennials are 14 percent first generation and 12 percent are second generation,<sup>iii</sup> indicating strong ties to their home country—from food choices to language and media preferences. Multigenerational households are also more prominent in these cultures, a trend that can affect family dynamics, household watch and buy patterns and housing development, and further strengthens ties to the home country.



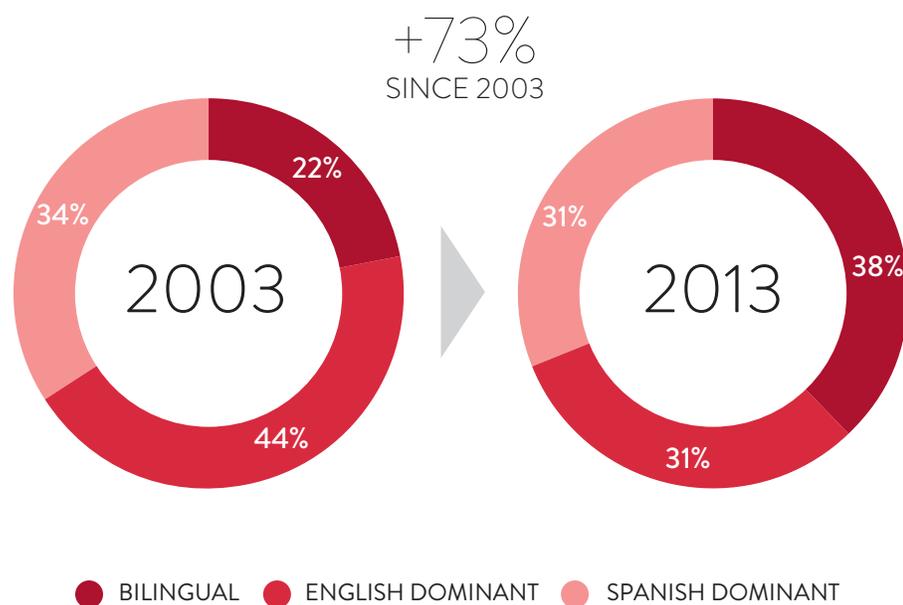
## LATINOS MAKE UP ABOUT 20% OF ALL YOUTH IN THE U.S. HOWEVER, THEIR SHARE IS FAR HIGHER IN SEVERAL STATES



Source: Nielsen Pop-Facts 2013

## MADE IN THE U.S.A BUT...

**65%** ARE U.S. BORN AND MORE BILINGUAL THAN OTHER GENERATIONS



Source: Nielsen NPower Hispanics 1829, English Dominant, Spanish Dominant, Bilingual Hispanics 1829 May 2003, May 2013

Ten years ago the majority of the Millennials either spoke only English or mostly English in the home. Today, the bilingual Hispanic is the dominant group within these Millennials. What is this telling us? Hispanics are choosing to speak more Spanish and maintain cultural ties.



## WE'VE BEEN HIT HARD, BUT WE'RE OPTIMISTIC

The unemployment rate for young Millennials (age 20-24) was 13 percent and 8 percent for older Millennials (age 25-34) in July 2013, compared with 6 percent for Boomers.<sup>iv</sup> Looking at the Bureau of Labor Statistics' Misery Index, a means for evaluating the economic well-being of the country and various subgroups, calculated using a combination of the unemployment rate and the inflation rate, young Millennials are miserable. They've been hit particularly hard by poor economic conditions and have a higher Misery Index than the older population, further confirming the difficult situation in which they have come of age.<sup>iv</sup> And, this misery cannot be ignored in communicating with Millennials—especially in late holiday season. Honesty (in a direct and forward fashion) and authenticity are the best policies when communicating with this group.

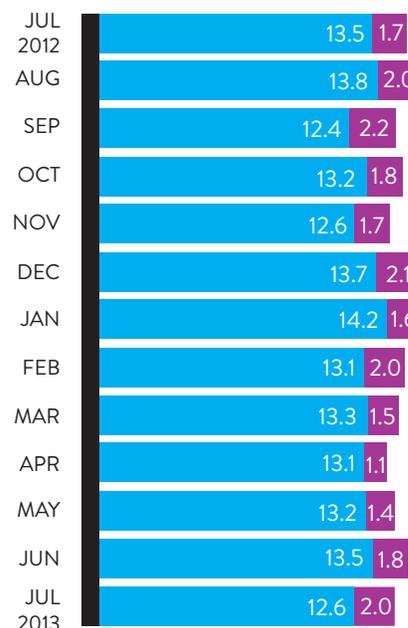
Despite being hit hard by the recent recession, Millennials are optimistic. They're also ambitious. While 69 percent don't feel they currently earn enough to lead the kind of lifestyle they want, 88 percent think they'll be able to earn enough in the future.

Millennials, especially the younger, express a strong desire to make it to the top of their professions. This optimism extends to feelings about the country, 41 percent of Millennials say they feel satisfied with the way things are going in the country, compared to 23 percent of Boomers.<sup>v</sup> A whopping 69 percent of Millennials also say they're happy with their local communities.

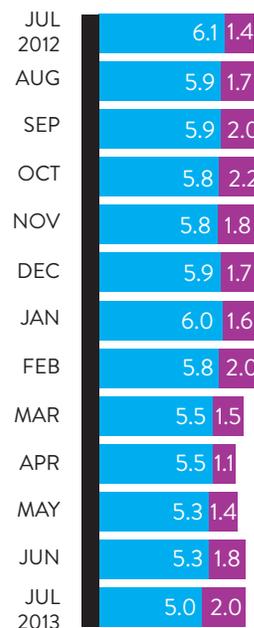


## MISERY INDEX: YOUNG VS OLD

### AGES 20 TO 24 YEARS



### AGE 55 AND OVER



MISERY INDEX =

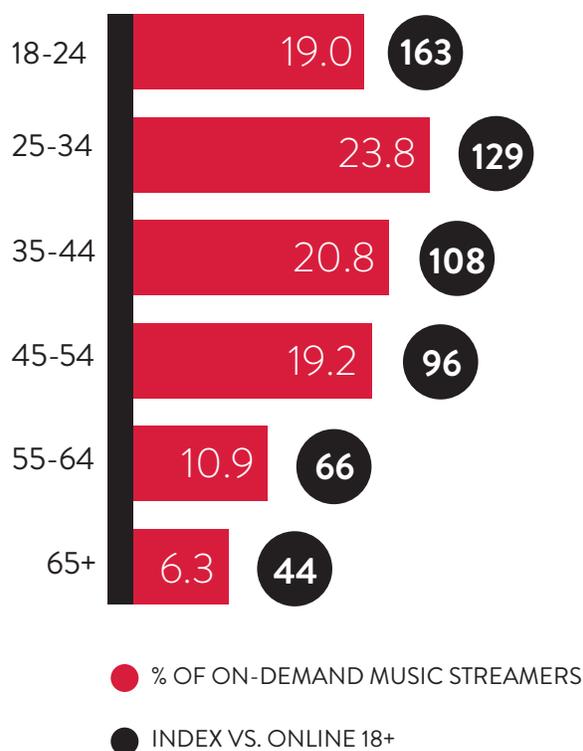
- UNEMPLOYMENT RATE +
- INFLATION

Source: U.S. Bureau of Labor Statistics

## WE VALUE SELF-EXPRESSION, BUT WE'RE NOT COMPLETELY SELF-ABSORBED

Millennials want to express themselves and form a unique identity. They love music and art and value creativity—specifically rap, hip hop, alternative and reggae music and fine art. The 25-34 year olds download more music than all other generations, 30+ songs in the past six months.<sup>vi</sup> In addition to downloading music, they also top the charts for streaming music, especially the Millennials between the ages of 25-34.<sup>vii</sup>

### ON-DEMAND MUSIC STREAMERS BY AGE



Source: Nielsen. US Entertainment Consumer Report, 2013

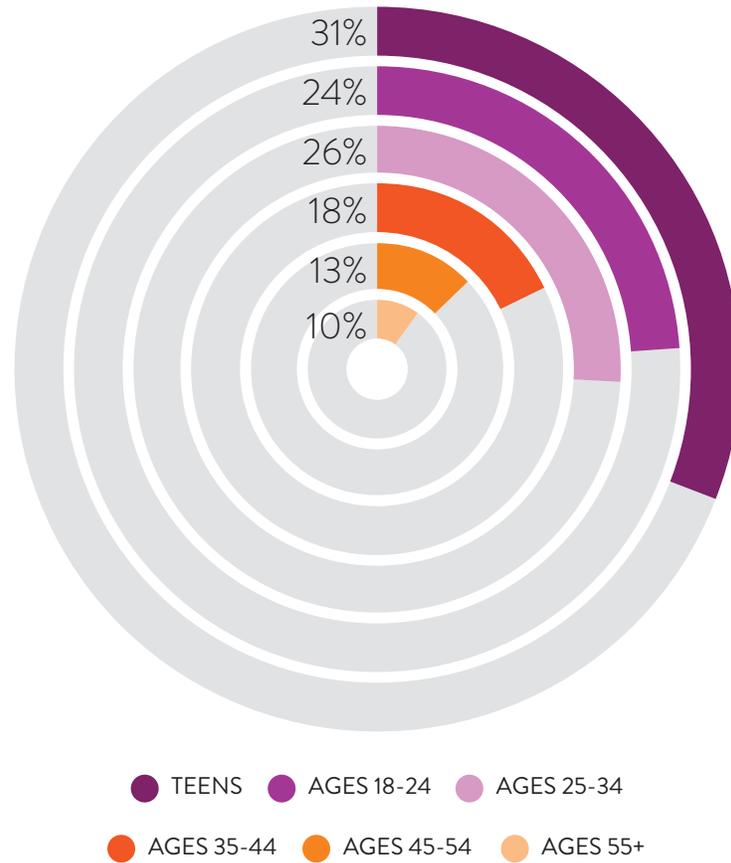




More than a third of Millennials have chosen to make their bodies their canvas—38% have a tattoo and 23% have body piercings, compared with 15% and 1% respectively of Boomers.<sup>viii</sup> They're influenced by celebrity endorsements and respond more favorably to advertising that features celebrities, relatable characters or strong visual elements tied to their expressive, creative nature. They are particularly receptive to endorsements by music artists they like. 24% of Young Millennials and 26% of Older Millennials will try a brand/product if they sponsor an event for a music artist they like.<sup>vii</sup>

## HOW WE ENGAGE WITH SPONSORSHIPS

% OF CONSUMERS WHO WILL TRY A PRODUCT IF THE PRODUCT IS SPONSORING AN EVENT FOR AN ARTIST THEY LIKE



Source: Nielsen. US Entertainment Consumer Report, 2013

### BRAND ENDORSEMENTS

ACCORDING TO NIELSEN, AN ENDORSEMENT CAMPAIGN WITH A MUSIC ARTIST HAS BEEN SHOWN TO INCREASE BUY RATES OF A PRODUCT BY AS MUCH AS 28% AMONG THE ARTIST'S FANS.

AN ENDORSEMENT CAMPAIGN BY AN ARTIST HAS BEEN SHOWN TO INCREASE A BRAND'S MARKET SHARE BY AS MUCH AS 2.4 POINTS AMONG THE ARTIST'S FANS.



## WE CARE

Millennials have been coined the “ME” generation, but the focus on themselves may be more about life-stage than general condition. They express care and concern for family. 52 percent say being a good parent is one of their most important goals in life, while only 1 percent indicates that being famous is important, contrary to popular belief.

63 percent of Millennials feel it is their responsibility to care for an elderly parent, compared with 55 percent of Boomers. This is partially tied to the ethnic diversity of the generation. Multigenerational households typically ‘Hispanic and Asian American’ have cultural expectations that elderly family members will be cared for by the younger generations.<sup>v</sup>

Despite their low paychecks and unsteady financial situations, they care about being philanthropic. Three-quarters of Millennials made a financial gift to a non-profit in 2011, but the gifts were within their means, typically less than \$100.<sup>viii</sup> Even though they can't make large donations, they contribute to their causes in other ways, with 71 percent raising money on behalf of a non-profit, and 57 percent of doing volunteer work in the past year—more than any other generation.

Education, poverty and the environment are the causes they care about most.<sup>xv</sup> And, when they care about a cause, they evangelize it. They spread the word to their networks. Roughly three-quarters of Millennials have shared information on events from a non-profit on Facebook and 69 percent have shared stats on their favorite causes.<sup>viii</sup>

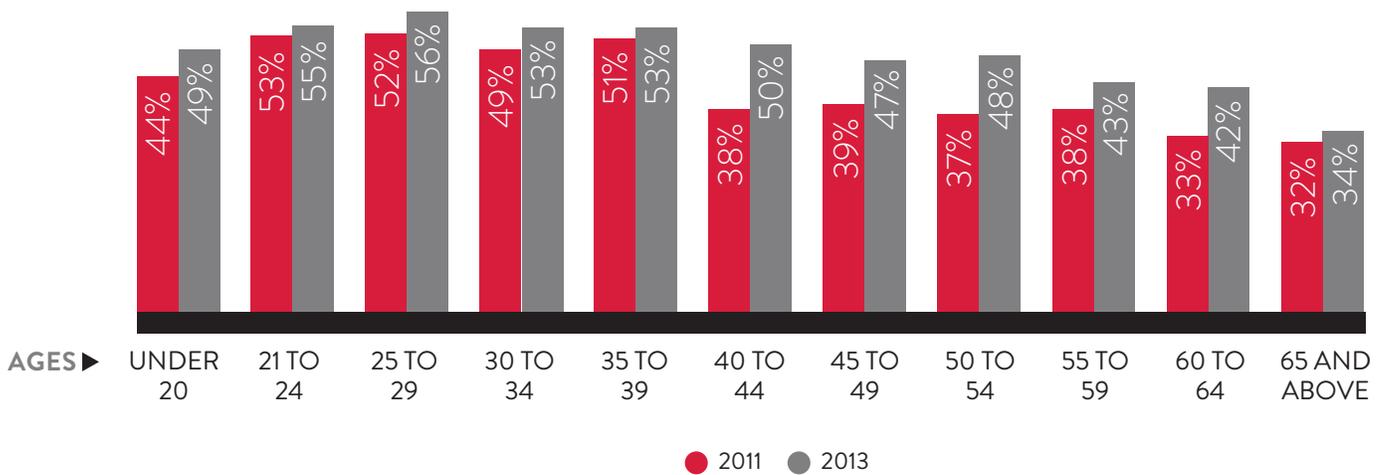
Millennials are more likely than their older counterparts to indicate that they're willing to spend more for goods and services from companies that have implemented programs to give back to society, and this willingness to spend more has risen over the past two years. Over 60 percent are also willing to pay more for a product if it's good for the environment.<sup>x</sup>

When they buy, they care about a brand's social impact, making cause-marketing appealing to this generation.<sup>xi</sup>



## GROWING WILLINGNESS TO SPEND MORE ON PRODUCTS FROM SOCIALLY RESPONSIBLE COMPANIES

CHANGE FROM 2011 TO 2013



Source: Nielsen Global Survey on Corporate Social Responsibility, Q3 2011 and Q1 2013

This premium on corporate responsibility extends to the workplace. Seventy percent of Millennials say a company's commitment to the community would influence their decision to work there. And the employees who participate in employee-sponsored volunteer work express more pride and loyalty in their employer than those who don't volunteer.<sup>xii</sup>

## WE VALUE OUR WELL-BEING

Millennials are conscious of their health and care about programs that help them manage their well-being and make healthier choices. Some Millennials face health challenges like smoking and obesity. A third of Millennials are classified as obese, which is slightly below the national average.<sup>xiii</sup> And, 28 percent smoke cigarettes, which is 7 percent higher than the national average. Yet, Millennials indicate that they're interested in help to make healthier choices, including interest in programs like massage therapy (69%), health assessments (22%), weight management (59%), lifestyle (58%), food delivery (32%), smoking cessation (29%) and health assessments (22%) to help them lead a healthier lifestyle.<sup>xv</sup> Given their low paychecks, they appreciate discounts for health programs, and when they skip going to the doctor, it's most likely for financial reasons.

In line with their social nature, Millennials appreciate the personal touch in dealing with their health. Younger Millennials are more likely than their older counterparts to like check-in calls from their health providers with reminders for appointments and health advice.<sup>xv</sup>

Younger Millennials are much more open to (and 40 percent more likely than average) spend on alternative medicine, while older Millennials are 32 percent more likely than average. They are also more likely to use acupuncture, herbal remedies and massage therapy and less likely to use prescription drugs, compared with their older counterparts.<sup>xv</sup> Given the racial and ethnic diversity of Millennials and the cultural traditions tied to alternative medicine, they also may not be as tied to Western medicine as the older generations.

## NOT ALL OF US ARE INSURED

Despite Health Care Reform, many Millennials are still uninsured. 34 percent of younger Millennials and 27 percent of older Millennials are uninsured – higher than the overall average of 25 percent. Cost is the primary reason many are uninsured, as well as higher unemployment rates. Because of their lack of insurance, young Millennials are twice as likely as average to visit free health clinics, and older Millennials are almost 1.5 times more likely than average to visit free clinics and urgent care.

One-third of young Millennials are benefiting from Health Care Reform changes allowing them to participant in their parents' health insurance until age 26.<sup>xv</sup> They are more likely than their older counterparts to feel that Health Care Reform will have a positive impact on improving their health, and they will undoubtedly benefit as the State Health Insurance Exchanges are implemented.



YOUNG MILLENNIALS ARE  
40% MORE LIKELY TO SPEND  
ON ALTERNATIVE MEDICINES

# WHERE WE LIVE - SOCIAL MOVEMENT BACK TO THE CITY

## COMMON MYTH #2:

The Millennial American Dream =  
White Picket Fence in the Suburbs.

## REALITY:

The American Dream no longer means  
a comfortable home in the suburbs.  
Millennials aspire to stay in the cities  
rather than moving to the suburbs or rural  
areas, presenting a potential problem  
for Boomers who will eventually want to  
downsize and sell their large suburban  
McMansions.

## WE'RE CITY DWELLERS

With the resurgence of cities as the centers of economic energy and vitality, Millennials are opting to live in urban areas over the suburbs or rural communities.<sup>xvi</sup> In order to attract Millennials, suburban communities can start to adopt urban characteristics.

Millennials (62%) prefer to live in the type of mixed-use communities found in urban centers where they live in close proximity to a mix of shopping, restaurants and offices.<sup>xvii</sup> They currently live in urban areas at a higher rate than any other generation. This is the first time since the 1920s where the growth in U.S. cities outpaces growth outside of the cities.<sup>xviii</sup> And, 40 percent say they would like to live in an urban area in the future.<sup>xvii</sup> The “American Dream” is transitioning from the white picket fence in the suburbs to the historic brownstone stoop in the heart of the city.

The concept of “urban burbs” is becoming more popular in redevelopment as suburban communities make changes to create more urban environments with walkable downtown areas and everyday necessities within close reach.<sup>xix</sup> The New York Times has coined this “Hipsturbia.”<sup>xx</sup> Additionally, we see support of this with Peter Calthrope’s concept of New Urbanism, takes successful urban design principles and applies them to suburban development, including an emphasis on diversity in both community design and population, pedestrian and transit-friendly, environmental consciousness, mixed housing types (single family, townhomes and apartments), historic preservation and public parks for community gathering.<sup>xxi</sup>

Cities like Miami, Memphis, San Antonio, Portland and Jersey City have adopted New Urbanist principles to make their suburban areas more livable. New Urbanism can make the suburbs more attractive to Millennials, particularly older Millennials who may be starting families but still want the feeling of an urban environment.

The markets where Millennials are most highly concentrated reflect this desire to live in more urban, creative environments. Austin, Texas has the highest concentration, with almost 1.2 times the national average rate.<sup>xx</sup> Austin fits the ideal for Millennials with urban energy, an exciting art and music scene and close proximity to shopping, dining, offices and education. In Austin, they are highly concentrated in urban areas near the city core and less concentrated in the suburban and rural areas.

With the exception of Washington D.C., the top markets for Millennials are in the western portion of the country. Comparatively, Boomers, top markets are concentrated on the East Coast. The growing young population in the Western U.S. will affect demand in these areas.

“

**40% OF  
MILLENNIALS  
WOULD LIKE  
TO LIVE IN AN  
URBAN AREA IN  
THE FUTURE.**

”



## TOP MARKETS BY CONCENTRATION – MILLENNIALS VS. BOOMERS

### MILLENNIALS – TOP 10 MARKETS

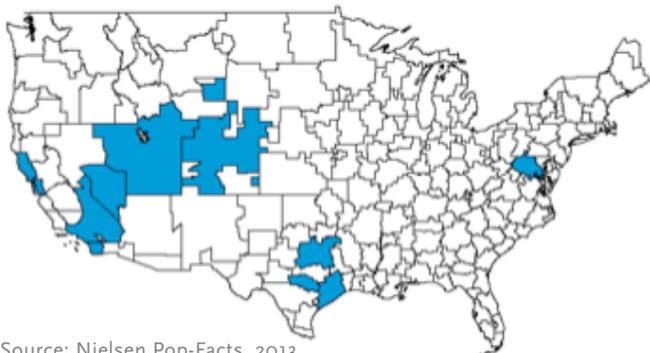
(BY PERCENT/INDEX FOR CONCENTRATION)

1. Austin, TX (16%, 120)
2. Salt Lake City, UT (15%, 117)
3. San Diego, CA (15%, 117)
4. Los Angeles, CA (14%, 109)
5. Denver, CO (14%, 109)
6. Washington, DC (14%, 109)
7. Houston, TX (14%, 108)
8. Las Vegas, NV (14%, 108)
9. San Francisco, CA (14%, 107)
10. Dallas-Ft. Worth, TX (14%, 106)

### BOOMERS – TOP 10 MARKETS

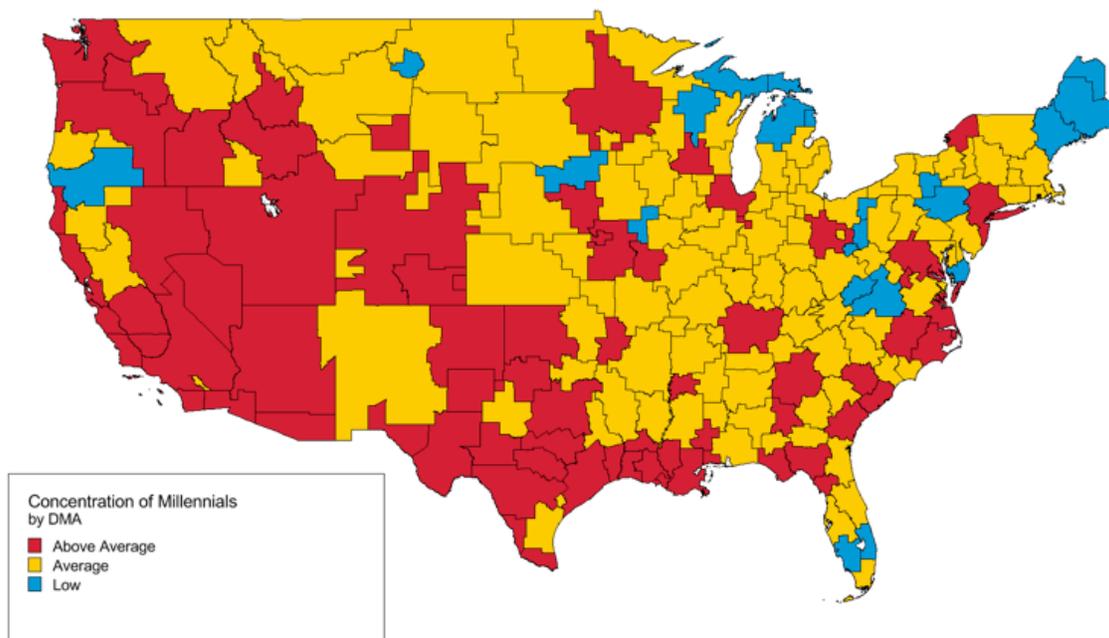
(BY PERCENT/INDEX FOR CONCENTRATION)

1. Portland-Auburn, ME (31%, 117)
2. Burlington, VT-NY (30%, 114)
3. Albany, NY (29%, 111)
4. Hartford & New Haven, NY (29%, 110)
5. Pittsburgh, PA (29%, 109)
6. Tri-Cities, TN-VA (29%, 109)
7. Wilkes Barre, PA (29%, 109)
8. Charleston, WV (28%, 108)
9. Boston (28%, 108)
10. Green Bay-Appleton, WI (28%, 108)



Source: Nielsen Pop-Facts, 2013

## MILLENNIALS ARE MORE HIGHLY CONCENTRATED IN WESTERN U.S.



Source: Nielsen Pop-Facts, 2013

## WE'RE RENTING – AND WE'RE MOVING

Millennials aren't setting down roots just yet. Two-thirds of Millennials are renters,<sup>xxiii</sup> and they're more likely to live with roommates or family members than alone. Millennials account for 43 percent of current heads of household who intend to move within the next two years. With the onset of the Recession, many of the Millennials who were formerly homeowners went back to renting. In 2011, 14 percent of Millennial homeowners went back to renting compared with 4 percent of the general homeowner population.<sup>xxiii</sup>

Millennials don't envision a future in the suburbs. Lower Millennial homeownership rates and a preference for city living, present a potential challenge for Boomers many of whom want smaller homes as their kids leave the nest. Notably, 50 percent say they want a smaller home when they move next.

## IF WE'RE NOT IN THE CITY, WE'RE WITH MOM & DAD IN THE SUBURBS

Almost a third or 31 percent of Millennials lived with their parents in 2010, up from 25 percent in 2005.<sup>xxiv</sup> Whether they're living in mom's basement or not, 36 percent rely on their parents for financial support, putting much of the country's financial responsibility on Boomers.<sup>y</sup> However, they won't be mooching from mom and dad forever. The Demand Institute predicts that by 2017 the percentage of Millennials living with their parents will decrease as the economy recovers and more and more are employed and able to kick-start their careers.

## WE'RE NOT DRIVING

Because they tend to live in more urban areas, Millennials are also less likely to own cars—and vehicle ownership rates are declining. In 2011, 66 percent of Millennials under age 25 owned a car, compared to 73 percent in 2007.<sup>xxviii</sup> The Millennials who do own cars put a premium on being green, in line with their passion for environmental causes. Millennials have inherited an economy that is oil dependent and oil is increasingly expensive and dangerous to get. They're more likely than Boomers to own electric or hybrid vehicles and they're more willing to pay for environmentally friendly vehicles.<sup>x</sup>

In addition, Millennials in the workforce are more likely than their older counterparts to walk to work.<sup>xxv</sup> More than any other generation, they have expressed a preference for walkable communities with good public transportation options.<sup>xvii</sup>

# AFFLUENCE AND THE RESTRAINED MILLENNIAL AMERICAN DREAM

## COMMON MYTH #3:

We're all broke.

## REALITY:

While Millennials have been hit hard by the recession they, also make up a larger percentage of those with \$2 million + in assets than Gen X.

## WE'RE WEATHERING THE STORM

The Great Recession had a significant impact across the nation, reducing consumer wealth by 30-40 percent. Millennials, however, have borne the brunt of the hit. The down economy hit their wealth as well as their income—a one-two punch that has erected significant financial barriers to success. Younger Millennials have a median household income of \$24,973—roughly half the overall median income of \$49,297. Older Millennials are better off, but still slightly lower than the overall median at \$47,854.<sup>xxii</sup> Coming of age during the Great Recession imprinted Millennials in important ways similar to Great Depression era generations—they're more austere, more money-conscious, more resourceful and wary of investing in the stock market.

## WE'RE SET UP FOR SUCCESS

Millennials are the most educated generation, as more than 23 percent hold a Bachelor's degree or higher, and an even greater proportion of Millennials (39%) are still in school.<sup>v</sup> With the lack of job opportunities, they have been investing in education and job skills to prepare to join the job market. And they have the student loan bills to prove it. Young Millennials are more than 2.4 times more likely than average to have a student loan balance, while older Millennials are more than 1.8 times more likely than average to have a student loan balance. Given their low income and high unemployment rate, these student loan payments are a significant burden on Millennials. However, if the experience of the older Millennials foreshadow what's to come for younger Millennials, their financial situation can improve as they come of age. Older Millennials, who are more likely to have started their careers, have more saved in their 401ks than any other generation, so they're trying to save for retirement even as they continue to pay off their student loans.<sup>xxvi</sup>

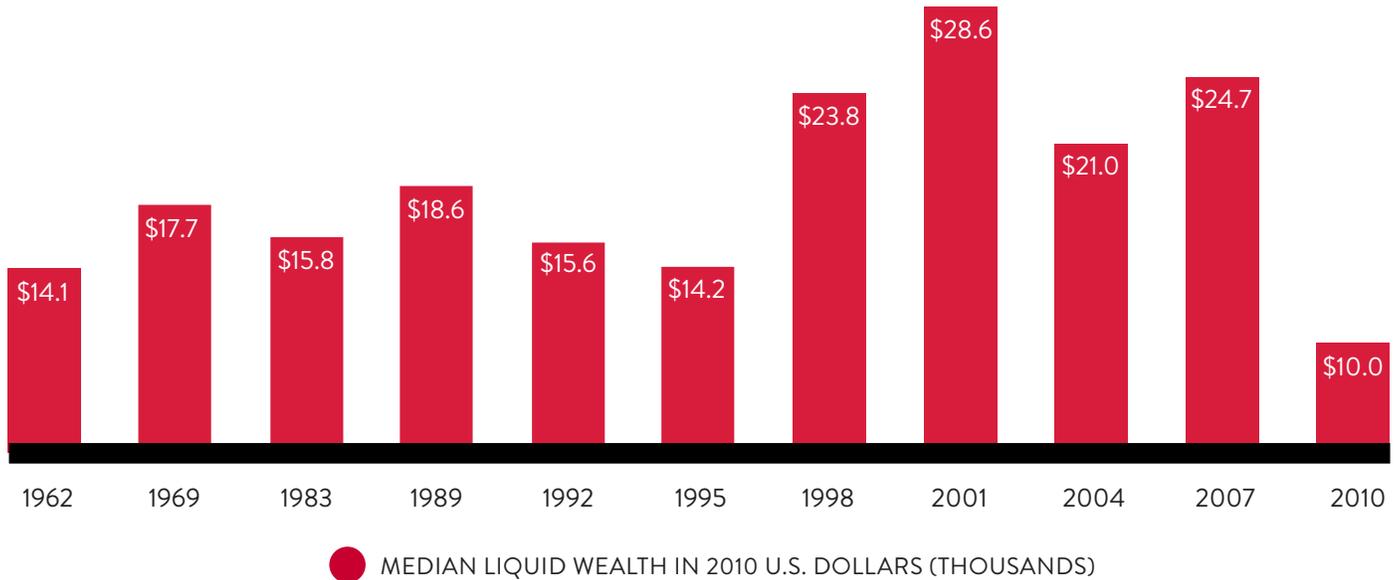
## AUSTERITY VS. PROSPERITY

Based on when they were born, younger and older Millennials have had different life experiences, affecting their economic behavior and financial expectations. Young Millennials (1986-1995) were born into much more prosperous times than older Millennials. Older Millennials (born from 1977-1985) were born into the recessions and austerity of the early Reagan era.

## WEALTH DEFINED: THE BIG PICTURE

### HISTORICAL U.S. MEDIAN LIQUID WEALTH TRAJECTORY (1962-2010)

U.S. LIQUID WEALTH IN 2010 APPROACHING 1962 LEVELS



Source: Wolff, E. N. 2012. "The Asset Price Meltdown and the Wealth of the Middle Class" National Bureau of Economic Research Working Paper No. 18559

## WE'RE DIY-ERS

Millennials like to handle their finance themselves, primarily online. Older Millennials are 28 percent more likely than average to buy mutual funds online. And, both younger and older Millennials are more likely than their older counterparts to engage in online trading, with older Millennials being 32 percent more likely than average.<sup>xxvi</sup> Also, given their techie nature, it's not surprising that they are the heaviest Internet bankers and most likely to purchase insurance online.

They're much less likely than the older generations to have contact with financial advisors, which is a challenge for banking and investment institutions. Younger Millennials are 41 percent less likely than average, and older Millennials are 34 percent less likely than average.

Potentially due to increased difficulty getting credit, Millennials use their ATM/debit cards for transactions more than their older counterparts.<sup>xxvi</sup>

ALL  
MILLENNIALS



YOUNG  
MILLENNIALS



OLDER  
MILLENNIALS



OVERALL U.S.  
MEDIAN

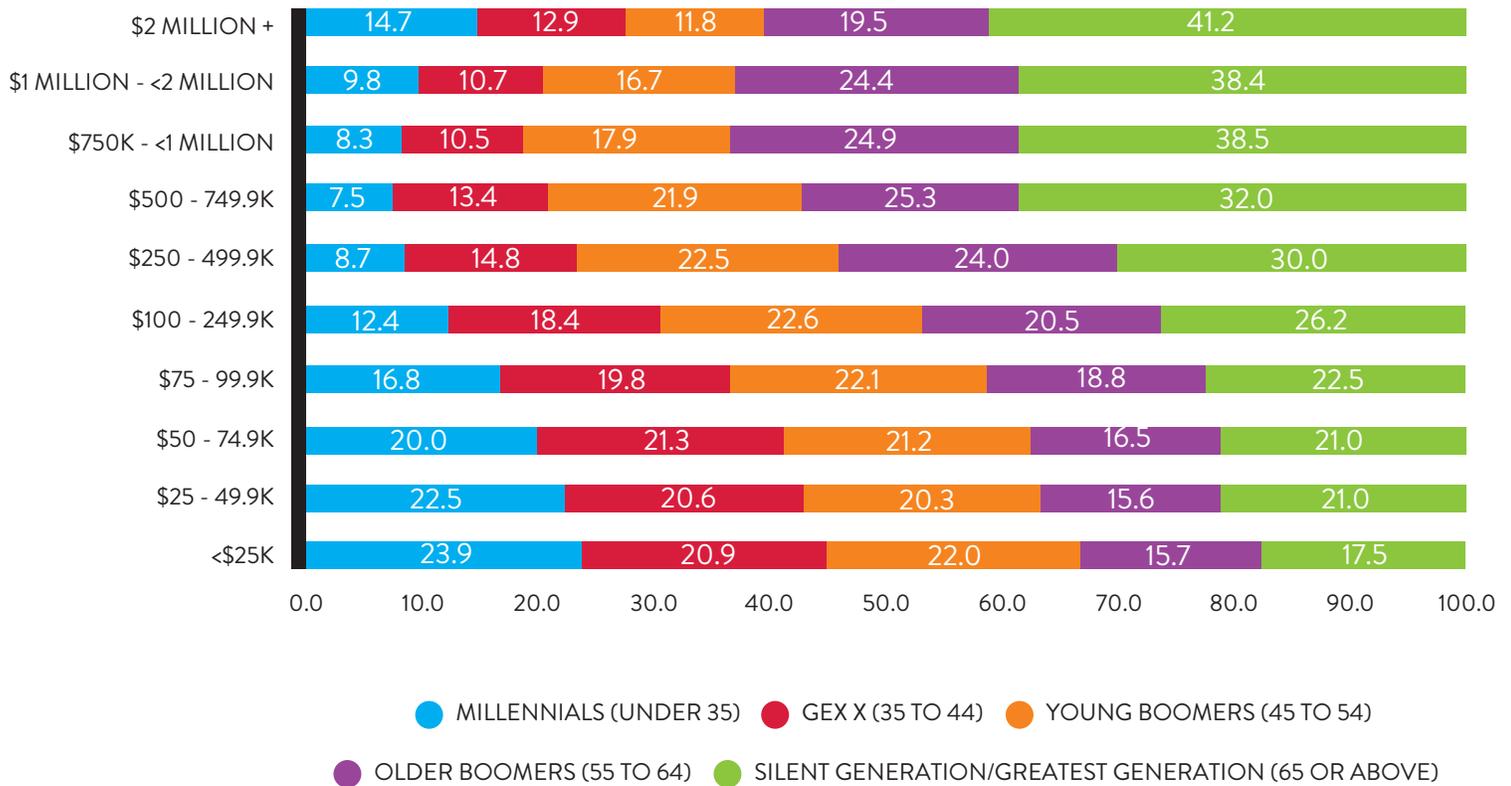


Source: Nielsen Income Producing Assets (IPA), 2013

## SOME OF US ARE AFFLUENT

While most Millennials haven't amassed much wealth, there are some who have done exceedingly well. Millennials make up 14.7 percent of those with assets beyond \$2 million, just behind Boomers. The wealth of affluent Millennials is fueled by their penchant for investing in new startups and entrepreneurial opportunities. They're more focused on investing and doing social good, and they're seeing a return on their investment.<sup>xxvii</sup> Despite their young age and limited resources, roughly 8 percent of Millennials have their own businesses, which is on par with their older counterparts.<sup>xxvi</sup>

### WEALTH (IPA) BY GENERATION – SOME MILLENNIALS ARE WELL-OFF



Source: Nielsen Income Producing Assets (IPA), 2013

Roughly 2.5 million Millennial households across the country bring in more than \$100K in income. With economic prosperity concentrated in the cities, the major metros emerge as strong centers of wealth for both Millennials and Boomers. However, San Diego, Austin and Chicago have higher concentrations of wealthy Millennials than Boomers. San Diego and Austin also fall into the top markets identified as centers of the “Creative Class” by Richard Florida. Florida defines the Creative Class as knowledge workers, intellectuals and artists who he argues will help drive future economic growth. The concept of the Creative Class, which values artistic expression, education and knowledge over traditional industry, is in line with the values of many Millennials.<sup>xxviii</sup>

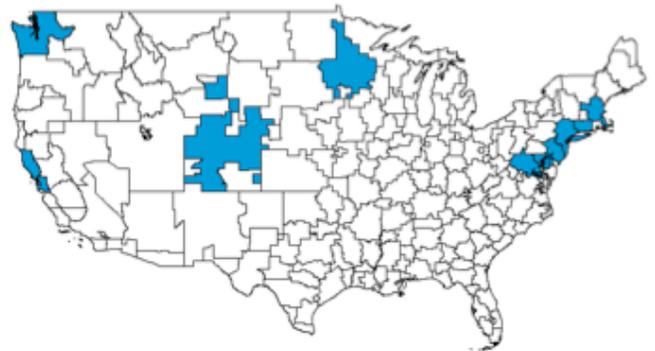
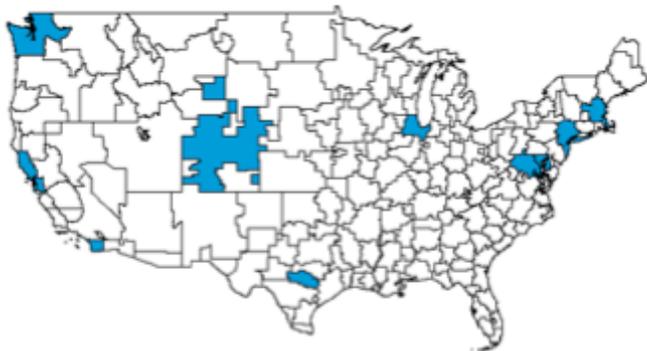
## TOP MARKETS FOR THE AFFLUENT – MILLENNIALS VS. BOOMERS

### WEALTHY MILLENNIALS (\$100K+ INCOME) TOP 10 MARKETS (BY PERCENT/INDEX FOR CONCENTRATION)

1. Washington, DC (1.9%, 232)
2. San Francisco (1.7%, 206)
3. Boston (1.4%, 172)
4. New York (1.3%, 166)
5. Baltimore (1.3%, 161)
6. Seattle-Tacoma (1.2%, 151)
7. San Diego (1.2%, 139)
8. Austin (1.1%, 139)
9. Chicago (1.1%, 137)
10. Denver (1.1%, 132)

### WEALTHY BOOMERS (\$100K+ INCOME) TOP 10 MARKETS (BY PERCENT/INDEX FOR CONCENTRATION)

1. Washington DC (8%, 193)
2. San Francisco (7%, 167)
3. Boston (7%, 166)
4. Baltimore (6%, 166)
5. Hartford & New Haven, CT (6%, 160)
6. New York (6%, 147)
7. Philadelphia (5%, 135)
8. Seattle-Tacoma (5%, 133)
9. Denver (5%, 124)



Source: Nielsen Pop-Facts, 2013

# WHAT WE BUY- CAUTIOUS OPTIMISM AND DESIRE FOR AUTHENTICITY

## COMMON MYTH #4:

Millennials are frivolous spenders.

## REALITY:

Millennials are bigger deal/discount shoppers than any other generation.

## WE SPEND – BUT WE’RE SAVVY AND CAREFUL

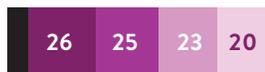
Millennials are more likely to live paycheck-to-paycheck. They want the latest and greatest products and tend to make impulse purchases, but they must balance these wishes with the size of their wallets. They make fewer shopping trips than their older counterparts, but they spend more per trip—\$54 per trip vs. \$46 per trip for Boomers.<sup>xxx</sup> Their spending also exceeds Boomers in warehouse clubs, super centers and mass merchandisers. And, when they shop, Millennials spend more on baby food, and carbonated beverages and cereal than other generations.<sup>xxx</sup>

### SHOPPING TRIPS PER HOUSEHOLD

#### GROCERY STORES



#### SUPERCENTERS



#### DRUG STORES



#### DOLLAR STORES



#### CONVENIENCE/GAS



#### MASS MERCHANDISERS



#### WAREHOUSE CLUBS



### BASKET RING \$ PER TRIP

#### WAREHOUSE CLUBS



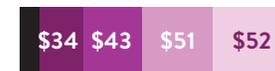
#### SUPERCENTERS



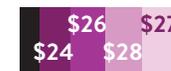
#### MASS MERCHANDISERS



#### GROCERY STORES



#### DRUG STORES



#### CONVENIENCE/GAS



#### DOLLAR STORES



GREATEST GEN
  BOOMERS
  GEN X
  MILLENNIALS

Source: Nielsen Homescan, Total U.S. 52 weeks ending 12/29/2012, based on total basket ring, excluding gas only or Rx only trips.

## ANNUAL \$ PER HOUSEHOLD AMONG CATEGORY BUYERS

	GREATEST GEN	BOOMERS	GEN X	MILLENNIALS
Baby Food	\$38	\$48	\$89	\$119
Carbonated Beverages	\$93	\$131	\$127	\$104
Cereal	\$63	\$70	\$86	\$88
Detergents	\$46	\$52	\$57	\$47
Hair Care	\$28	\$39	\$49	\$40
Ice Cream	\$42	\$39	\$35	\$28
Pet Food	\$215	\$233	\$173	\$120
Vitamins	\$132	\$104	\$82	\$69
Wine	\$129	\$125	\$100	\$63

Source: Nielsen Homescan, Total U.S. 52 weeks ending 12/29/2012, UPC-coded products

While Millennials may not be clipping coupons from the Sunday paper the way their Boomer parents do, they're still focused on shopping deals. Deals account for 31 percent of their shopping dollars.<sup>xxix</sup> And, the top 20 apps used by Millennials are either retail or discount focused, with Amazon Mobile and Groupon topping the charts. Millennials may want the latest and greatest products, but given their smaller paychecks and reliance on their families, they need to be savvy and thrifty when they shop.



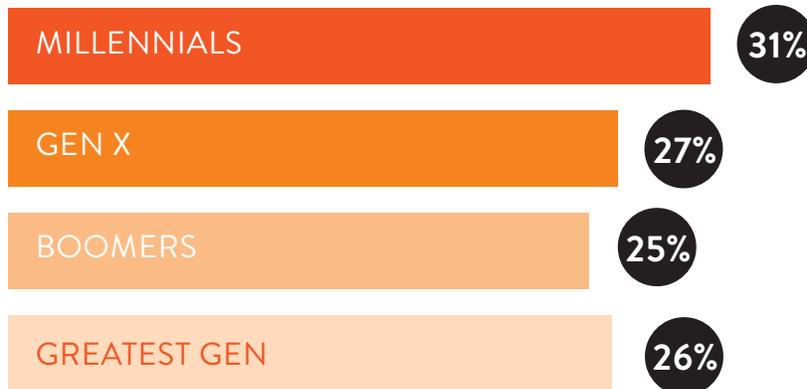
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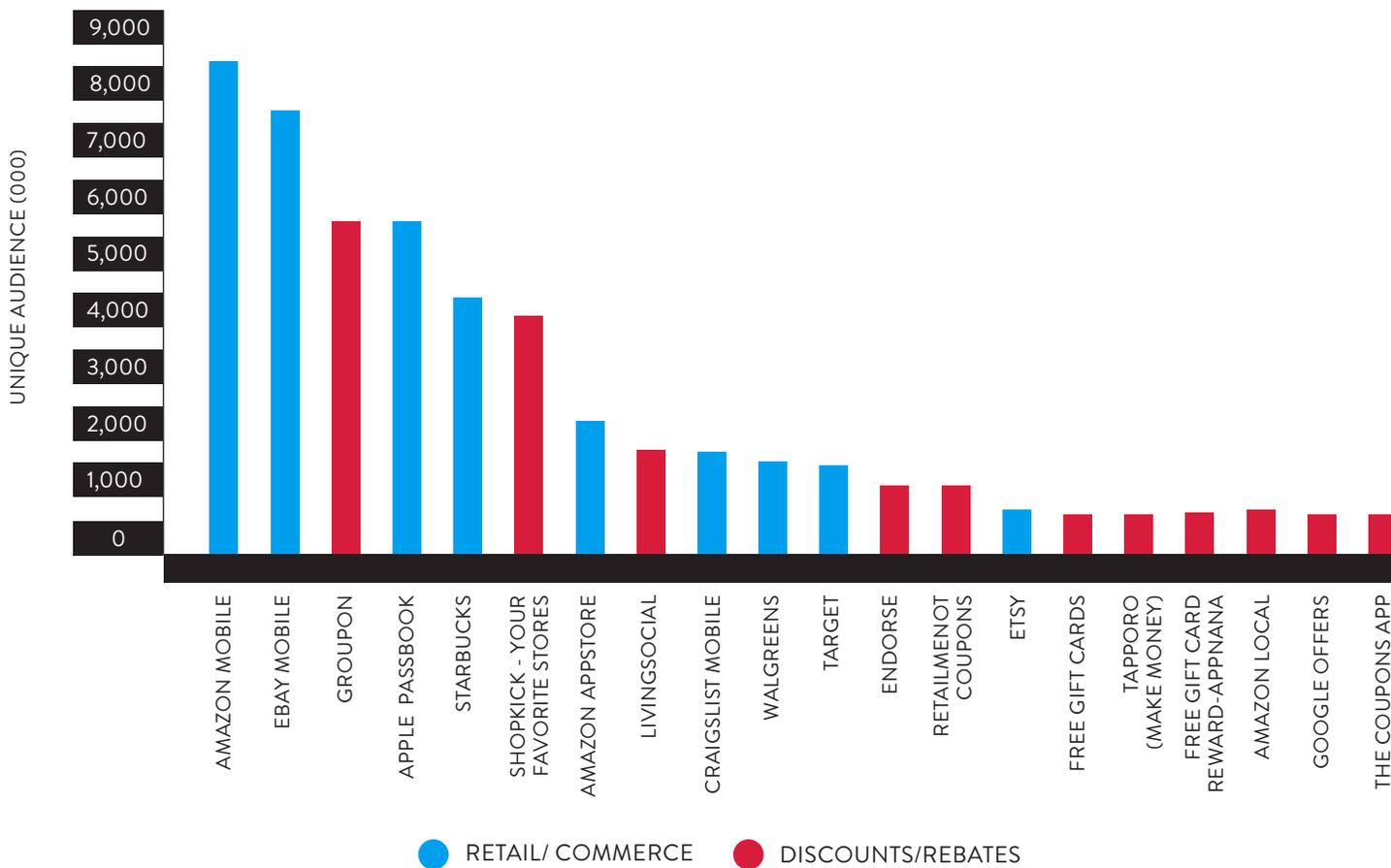
## MILLENNIALS VALUE DEALS

% DOLLARS ON DEAL



Source: Nielsen Homescan 2012

## TOP 20 MILLENNIALS SHOPPING AND DISCOUNT FOCUSED APPS



Source: Nielsen Online, April 2013

## WE CHECK IN WHEN WE EAT

Millennials are most likely to visit restaurant chains with easy Wi-Fi. Millennials most frequently visit Chipotle, Panera, Quiznos, Chick-Fil-A and Starbucks. Chipotle is a particular favorite among Millennials, as they are 74 percent more likely than average to visit this popular Mexican grill. They also respond positively to the Chipotle mission statement of “food with integrity is our commitment to finding the very best ingredients raised with respect for the animals, the environment and the farmers,” which ties back to their commitment to corporate social responsibility.

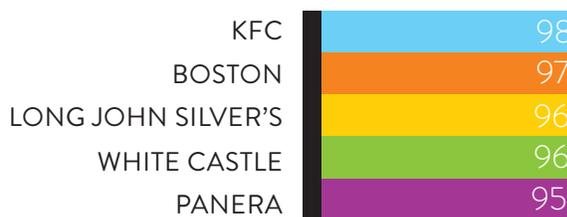
Starbucks, another Millennial favorite, also tops the charts for their app usage.<sup>xxxi</sup> The Starbucks app lets Millennials pay for their Frappuccinos with their iPhones, manage their rewards and discounts, and features free game and music downloads each week, appealing to their techie side and their love of a good deal.

## TOP 5 QUICK-SERVICE RESTAURANTS BY GENERATION

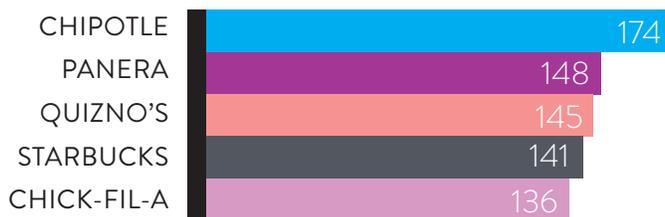
### GREATEST GEN



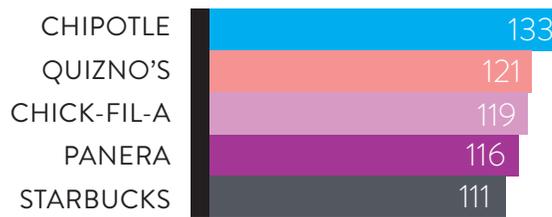
### BOOMERS



### MILLENNIALS



### GEN X



Source: Nielsen Homescan, Online Views surveys, June 2013 (n=45546)

## WE VALUE AUTHENTICITY WHEN SHOPPING

In addition to being smart about their spending, Millennials also desire authenticity in their purchases. Millennials are driving the growth of websites like Etsy, an e-commerce portal focused on handmade, vintage and craft items and supplies. They're 57 percent more likely than average to visit the site. And, given the tough employment market, sites like Etsy give Millennials the opportunity to earn some extra cash.

This desire for authenticity, tied to localism and regional pride in the products they buy is also seen in changes to product packaging. The micro-labeling trend shows the desire for a sense of community pride, as well as education on where goods are produced. "Made in America" is no longer enough of a draw the way it was with the older generations. From Apple's "Made in California" label, to "By Brooklyn," which only sells products made in this New York City borough, Millennials crave the distinctive character of locally made goods. They also understand that buying foreign-made goods translates to higher carbon footprints, less sustainability and fewer jobs—and they have been hardest hit by unemployment.<sup>xxxii</sup>

## WE WANT CHARACTER AND COMMUNITY IN OUR MALLS TOO

Millennials are strong mobile and online shoppers, but e-commerce still only made up 6 percent of overall retail sales in 2012. All shoppers, including Millennials, are still visiting the malls. Lifestyle Centers are on the rise—jumping 6 percent in the past five years.<sup>xxxiii</sup> These centers mix traditional retail tenants with upscale leisure uses, giving shoppers more than just a place to buy—it gives them an experience and a place to gather. The unique sense of community combined with their prominence in urban areas make Lifestyle Centers particularly appealing.

# WHAT WE WATCH-KEEPING CONNECTED AND EVEN MORE DESIRE FOR AUTHENTICITY

## COMMON MYTH #5:

Print is dead for Millennials.

## REALITY:

Millennials aren't reading the Sunday paper but they read more magazines than Boomers.

## WE'RE READING MAGAZINES

They may not be reading the daily newspaper, but that doesn't mean print is dead for this generation. Millennials are strong magazine readers—even stronger than Boomers. They're more likely than their older counterparts to read women's magazines like Cosmopolitan, Marie Claire and Vogue, music magazines like Rolling Stone, technology magazines like Wired and parenting magazines like American Baby.

## TECHNOLOGY IS PART OF OUR DNA

Technology is part of the Millennial identity as a generation. They're the first to come of age with cable TV, the Internet and cell phones. When asked what makes their generation unique, Millennials ranked "Technology Use" first (24%), followed by "Music/Pop Culture" (11%), "Liberal/Tolerant" (7%), "Smarter" (6%) and "Clothes" (5%). In contrast, Boomers ranked "Work Ethic" as the most defining characteristic of their generation. Millennials have a more positive view of how technology is affecting on their lives than any other generation. More than 74 percent feel that new technology makes their lives easier, and 54 percent feel new technology helps them be closer to their friends and family.<sup>v</sup>

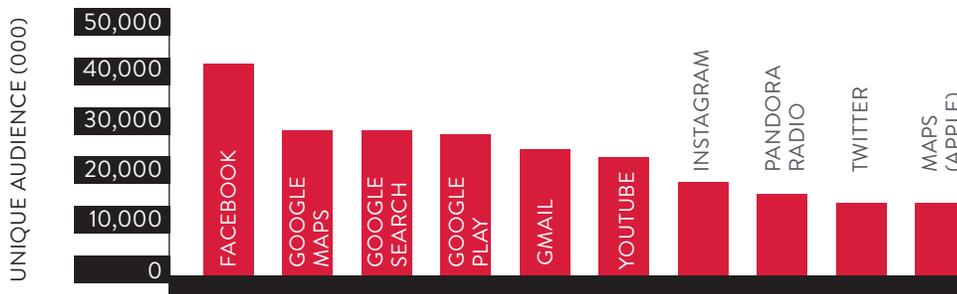
## WE'RE ALWAYS CONNECTED

Millennials are glued to their smartphones, making mobile an efficient way to reach them. They use smartphones more than any other generation, since three out of four owned them as of Q1 2013.<sup>xxxiv</sup> An astounding 83 percent say that they sleep with their smartphones, compared with 50 percent of Boomers.<sup>v</sup> Millennials are most likely to have never had a landline as they're either living with parents or moving frequently. They are a big part of the Apple family—they're more than 1.5 times more likely than average to own an iPhone. They stream TV shows and movies, texting and taking and posting photos/videos.<sup>v</sup>

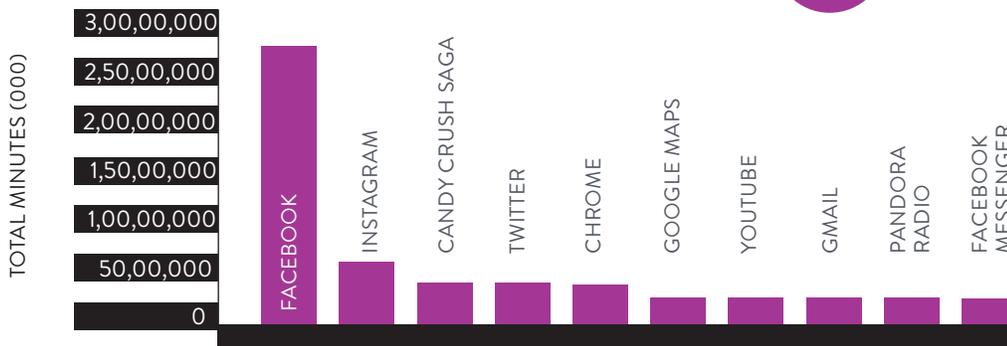
Millennials are also staying connected via tablets, as 26 percent of Older Millennials and 21 percent of Younger Millennials own tablets.<sup>xxxvi</sup>

Facebook Mobile tops the charts for Millennial app usage in terms of both unique audience and time spent, followed by other social media apps like Instagram and Twitter. Millennials are also music lovers, frequently tapping into Pandora on their smartphones while checking their Gmail accounts. Millennials also spend time playing games like Candy Crush Saga on their smartphones.<sup>xxxvii</sup>

### TOP 10 MILLENNIAL APPS BY UNIQUE AUDIENCE



### TOP 10 MILLENNIAL APPS BY TIME SPENT



Source: Nielsen Mobile Netview, July 2013

## WE'RE SOCIAL

Not surprisingly, Millennials are heavier Internet users than their older counterparts. They started the social networking movement from their dorm rooms. In a survey asking Millennials who they believe defines their generation, Mark Zuckerberg, founder of Facebook, topped the charts.<sup>xxxviii</sup> As sharers, Facebook is a platform for 72 percent of Millennials. Millennials are an open book, sharing all their thoughts, pictures and videos instantly with their online community - 20 percent update their Facebook status multiple times per day, while 36 percent of Boomers report never updating their status. Compared with Boomers, they aren't as concerned with privacy and security issues in sharing personal information online.

“TMI” isn't part of the Millennial vocabulary. Almost a third or 32 percent of younger Millennials (age 18-24) use social networking while in the bathroom. And, 51 percent of older Millennials (age 25-34) use social networking at the office—more than any other age group.<sup>xxxix</sup>

Younger Millennials (age 18-24) spend slightly more time on social media on their laptops vs. mobile Web apps--11 hours per month on their laptops vs. 10 hours per month using mobile Web apps. With older Millennials we see the opposite—they spend nine hours per month on social media on their laptops vs. 11 hours per month on social media on mobile Web apps.<sup>xxxix</sup>

Even though Boomers are jumping on the social networking bandwagon, Millennials have already established strong social circles. They have an average of 319 friends, while Boomers have an average of 120 friends. In addition to Facebook, Millennials are also much more likely than their older counterparts to visit Tumblr and Twitter.

Just as they desire authenticity in the goods they purchase, they expect an authentic experience when interacting with companies via social media. Brands must provide a personal, direct, customized experience when interacting with them.

## WE'RE NOT COUCH POTATOES

Millennials spend less of their time watching TV. Boomers watch almost twice as many hours of TV every month, as Millennials. Boomers watch 174 hours per month vs. 107 hours per month for Millennials.<sup>xi</sup> They're more likely to watch event-related programming like Sunday Night Football or cable programming on BET, Comedy Central or FX Network, while Boomers tend to watch the Primetime offerings from the broadcast networks. When Millennials watch TV, they're also engaged with social media, commenting about what they like/dislike about a TV storyline, in line with their expressive nature.<sup>xxxix</sup>

Millennials make up 50 percent of No-TV households relying instead on their smartphones and laptops to watch content. They're much more likely than their older counterparts to watch TV and video content on YouTube (index of 179), Hulu (155) and Netflix (145).<sup>xxxi</sup> An average household would have an index score of 100, therefore, an index of 179 means that Millennials are more than 79 percent more likely than average to watch YouTube.

When Millennials watch Broadcast TV, they tune into participation programs like "MasterChef" and "Hell's Kitchen" and audience participation programs like "America's Got Talent." Young Millennials watch the telenovela "Amores Verdaderos" and Female Millennials—whether Younger or Older—never miss the final rose on "The Bachelorette."<sup>xxxvi</sup>

YOUNG MILLENNIALS P18-27				OLD MILLENNIALS P28-36			
MALE		FEMALE		MALE		FEMALE	
CBS	Under the Dome	ABC	The Bachelorette	CBS	Under the Dome	FOX	Hell's Kitchen
NBC	America's Got Talent	NBC	America's Got Talent	NBC	America's Got Talent	FOX	Masterchef
NBC	Amores Verdaderos	NBC	Masterchef	FOX	Hell's Kitchen	ABC	The Bachelorette
UNIVISION	Hell's Kitchen	FOX	Hell's Kitchen	FOX	Masterchef	NBC	Under the Dome
FOX	Master Chef	FOX	Amores Verdaderos	NBC	Big Brother	CBS	Big Brother

Source: Nielsen NPower, Rating Analysis, Based on AA% for the month of July 2013.  
Note: This is based on summer programming.

# WHY WE MATTER?

Millennials are a big piece of the pie—77 million in population – on par with Boomers. And, the piece they represent will get larger in the future. As Millennials are coming of age and join Boomers in spending more, the Millennial cohort will grow as a percentage of the U.S. population. Those who understand them and how to best reach and engage them, will be in the best position to capitalize on the opportunity they present.

Keys to finding, understanding and connecting with Millennials:

- **Find Us in the Cities (or Still Living with Mom and Dad):** While Millennials are dispersed across the country, they're much more likely to live in cities on the West Coast. They put a premium on the urban lifestyle and don't aspire for the suburban white picket fence. If you find them in the suburbs, appeal to them in urban formats and community settings.
- **Respect our Authenticity, Creativity and Diversity:** Keep it real. From the goods they purchase to their interaction with companies, Millennials put a premium on authenticity, creativity and scarcity and distinctiveness. Don't stereotype them. Their interests and priorities are eclectic and fragmented despite being better connected. They have a natural interest in customization and individuality, so relate to them in this manner. Advertisers should engage in a two-way personalized conversation with them utilizing social media. They will become more than a recipient of information about your products, they will provide input and better yet, become a brand ambassador.
- **Support our Causes:** Millennials care about social issues. While they may not be writing big checks to charities, philanthropy is important to this generation—they love crowd-sourcing their philanthropy. They are most likely to spend more on products from companies that invest in social betterment, making them receptive to cause marketing. Giving is a socially monitored activity and this can be a good kind of peer pressure. Make giving and getting involved easy and share socially to appeal to them. Tell Millennials why they should care and they will spread the word.



- **Give Us a Deal:** Given their smaller paychecks balanced with their desire for the latest and greatest, Millennials spend when they're getting a good deal—whether they're shopping brick and mortar, online on mobile or taking care of their health. Acknowledge that they are not there yet financially and they've had a harder time getting a firm grounding in this feeble economy. Commiserate with their condition and bring deals to them in a way they can obtain easily (online, mobile, social) and they'll pay you back.
- **Reach Us via Social Media and Mobile:** They aren't sitting at home on the couch watching TV, they're tethered to their smartphones and social media 24/7—making these effective ways to reach them. They are social, but they do filter and gate-keep intensively. Reach their friends and respect the collective and they'll be more likely to engage.
- **Relate to Us:** Millennials are most receptive to messages that use celebrity endorsements or relatable characters/themes. They appreciate event sponsorship, and they're more likely than older generations to buy brands products from companies that sponsor events for their favorite music artists particularly impactful since they rank music as one of the defining characteristics of their generation. They do believe and admire celebrities that are social and engaged with their fans, so celebrity endorsements presented in a real/authentic way, to appeal to them.

The Millennial generation wants to be a part of a larger conversation. They want to make individual contributions and be connected and woven into a larger discussion. Their social networks and circle of friends gate-keep, and their crowd-sourced impact is powerful. Relating to them is everything...be real and you will reach them.

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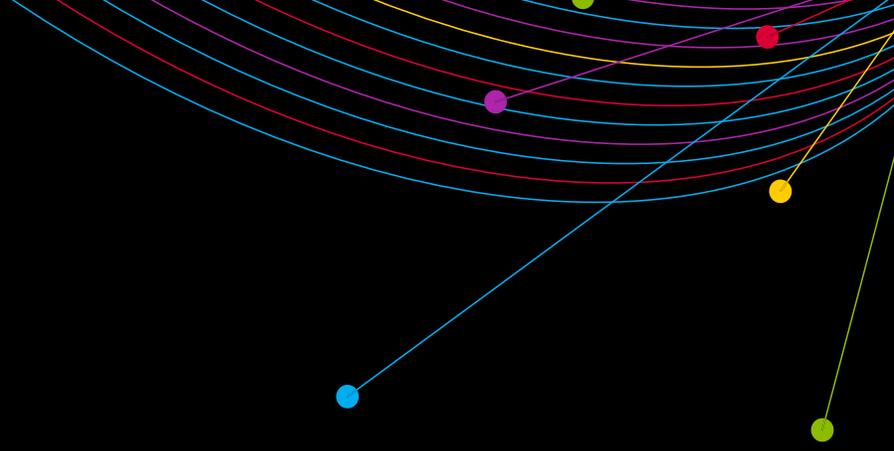
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