



The Evolving Millennial

Recognizing Key Life Stages
to Win Their Loyalty

By SMARTeam™ Market Research,
Advantage Sales and Marketing's
full service market research team.





Everyone who's anyone is talking about the Millennials.

The term "Millennial" has become so ubiquitous in conversation that we naively assume we're all experts on what makes them tick.

BUT WE'VE FORGOTTEN ONE VERY IMPORTANT THING.

The Millennial generation isn't one convenient, motionless cluster. Rather, it's an ever-changing and maturing demographic heavily influenced by rapid transitions through various life stages. With new-found independence, college, careers, relationships and family planning, today's young adults face more milestones in a short period of time than any other demographic. As our media channels and retail landscape grow increasingly digitized, Millennials serve

as guinea pigs coming of age in a data-driven world, facilitating insights that are as transparent as they are perplexing.

SO WHAT MATTERS TO MILLENNIALS?

While the media has spent a considerable amount of time addressing breaches in consumer confidence through various scandals of covert data monitoring, we have been left to assume there is a strong opposition to any form of data tracking among the general public. However, not so among Millennials.

More than two thirds of Millennials responded that they either have no opinion or are simply not bothered by retailers using their data to leverage marketing and promotional campaigns to sell more products

While Millennials tend not to care about privacy, they *do* tend to care about causes and the values of manufacturers.

85% said they would definitely or might stop buying a brand if they discovered the manufacturer contradicted one of their personal values.

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Millennial SNAPSHOT

Spending Power

Currently projected to outspend every other generation by 2017

Communication

They've been known to text, drive, eat, Tweet and Instagram a selfie at the same time

Shopping Behaviors

We're told they're undeniable status strivers on a quest for personal connection, sustainability and health

Millennial Micro-Stages Matter

To sustain the Millennial consumer, businesses should recognize that this consumer's needs change steadily. It's important to identify their micro-stages and find ways to align your product or service to maintain relevance through each need stage. Stick around for a moment and we'll show you how.

→ MEET THE MILLENNIALS

Born after 1979, these young adults range from 18 to 34 years old. Their lifestyles vary from recent high school graduates to professionals living in suburbia with their spouse and children. This study follows three standout segments of this evolving generation:



THE IMPRESSIONABLES

These Millennials are young, have few new family ties, and are in the beginning stages of their adult life. They may be students. They may have part-time jobs. They're college age, have lower incomes, and live in multi-person households.

While this group is young and impressionable, they will attain higher incomes soon. Making a good first impression now will pay off down the road.



THE CONVENTIONALISTS

The big spenders of the Millennial Generation, the *Conventionalists* followed the life event roadmap of previous generations. They graduated from high school. They went to college. They got a job.

They got married. They are the oldest Millennials. They are most likely to be home owners and married with kids. They have jobs and money to spend right now. Focusing on their needs will drive sales today.



THE MOTLEYS

These are the Millennials who took the road less traveled. Maybe they moved back in with their folks for a while. Maybe they had a child before getting married. Maybe they took a while to finish their college degree.

By far the most complicated—and largest—segment, in many ways they represent evolving Millennials as a whole. Diverse. Unconventional. Unpredictable. They tend to be middle income, renters or 'boomerangs.' They are the x-factor and keeping them engaged is essential for success.



MAKE AN IMPRESSION NOW, CASH IN LATER

Impressionable Millennials have low spending thresholds, but not for long. Use social media to educate Impressionables about your product using triggers they respond well to. Sustainability, status, quirkiness, clever packaging, efficiency and rewards are rich tactics to hold their attention. Now hold tight and stay consistent. When they transition to *Conventionalists* or *Motleys* and hold more spending power, yours will be the brand they pluck from shelves.

THE IMPRESSIONABLE MILLENNIAL IS ON A SWIFT AND EMOTIONALLY DRIVEN TIME CONTINUUM

When they move from their childhood homes to their own personal space, they quickly adopt a flurry of opinions and habits that fluctuate between the need to change the world and their insatiable craving for consumption and status. Products and services which symbolize status and quality—while supporting an altruistic cause—will help these shoppers defy the guilt spiral, build brand loyalty and align ideologies.

BIG DATA IS NOT THAT BIG OF A DEAL—PERIOD.

Millennial consumers are reliant on their technological devices and thus are less inclined to feel resistant to businesses that collect and track their data compared to other generations. How do you leverage this lenience to increase shopper frequency? Add more rewards to your loyalty programs and websites to ensure these shoppers feel like they're adding tangible value to their program status with each purchase occasion.

CONVENTIONALIST MILLENNIALS ARE HEAVY PREPARED FOODS SHOPPERS

Increased focus on quality in the Deli Prepared Foods department has satisfied the need *Conventionalist* Millennials have to maintain healthy and value-added meal options without swallowing their valuable time. High volume spenders in this department are mostly professional couples. Leverage their presence by increasing two-person meal deal promotions and introducing clever cross-branding opportunities to increase basket size.

BE THE GOLDBLOCKS OF PRICING IN YOUR CATEGORY—BUT DON'T SKIMP ON QUALITY OR PROMOTIONS

When is the price right for a Millennial? When it's not too expensive and not too cheap. When it's just right. This shopper takes the big picture into consideration. Value added through thoughtful packaging, clean ingredients, responsible business practices and consistent promotional pricing help Millennials feel like they are the ones determining a product's value, rather than seeing "Great Value" plastered across the label.

SMART Insights™

METHODOLOGY

SMARTeam™ Market Research develops custom research to study and understand consumer behaviors and attitudes not currently represented with available syndicated resources. SMARTeam™ designed and developed the 2014 Millennial Study, surveying a nationally syndicated panel of 1,000 respondents ages 18 to 34. This report highlights attitudes of these Millennials, including three distinct segments. For information on how custom market research can benefit your business, contact SMARTeam™ today. SMARTeam™ Market Research is Advantage Sales and Marketing's full service market research team.

In the eyes of this consumer, a bottom-dollar price tag alone does not a value make.

SMART Insights

Millennials are Thrifty

...but we wouldn't call them *cheap*

They want to feel like they're getting a deal, but they still expect to be romanced by a product's offerings. Interesting packaging, clever promotions, pricing strategies, and premium ingredients are all factors in the decision process. In the eyes of this consumer, a bottom-dollar price tag alone does not a value make.

When buying canned goods, Millennials steer clear of the most expensive option and the option that appears to be the lowest quality.



Using black beans as a benchmark, we asked Millennials to select the item they were **LEAST** likely to choose based on the visual and the information presented.

Nearly half (42%) of respondents were least likely to select the most expensive option.

However, about a third (30%) selected the can with the lowest price and most sparse design packaging as the can they were least likely to buy.

INSIGHT

The majority of respondents who are avid online shoppers live in larger metro areas compared to in-store shoppers. This may indicate that online shopping may be more enticing in heavily populated areas, where parking is at a premium.

RECOMMENDATION

To make themselves more competitive, retailers could provide ample parking or free valet parking to loyal customers.

Millennial PREFERENCES



Over half (56%) of Millennials said that packaging size, shape or materials is the most important factor in influencing their purchase.



Three quarters (73%) of Millennials prefer retailer pricing with fluctuating promotions over *Every Day Low Pricing* strategies.

Improve the In-Store Shopping Experience



52%

rated one-stop shopping as the most important factor to enhance shopping experience



43%

said ample parking is the most important factor to enhance shopping



37%

said they want more in-store events (promo events, instructional classes, tastings, etc.)



36%

said recipe ideas would enhance their grocery shopping experience

INSIGHT

Engage the Millennial shopper through in-store events that incorporate multiple elements favored by Millennials.

RECOMMENDATION

Strategies include promoting the event through social media, bundling promotions to illustrate 'one-stop-shopping' assortments, pairing food and beverage tastings through instructional and entertaining demonstrations

**ENGAGE
AND REACH
Millennials**



GET SOCIAL

Social Media (59%) surpasses both TV (52%) and Print Media Advertising (36%) in terms of Millennial reach and impact



HOST EVENTS

70% of Millennials have recently participated in a food and/or beverage sampling event in-store



How to Impress Impressionables

While modest budgets dictate buying styles through their college years, hyper-connectivity and cause-motivated lifestyles encourage mindful (*yet heavily status-driven*) spending behaviors. Their opinions and attitudes subconsciously pool, fueled by a collection of social media, education, crowd sourcing and clever marketing.

Although easy to ignore when their consumption is low, these consumers are cultivating behaviors that will create an indisputable impact on the marketplace when they hit their next micro-stage and increase their spending threshold. The moral of this story is: if you make an impression on these consumers now, you'll reap the rewards when they transition.

Compared to their Millennial counterparts, *Impressionables* had the highest propensity to pay more for a product that supported a cause they support. There is a heavy connection between *Impressionables'* consumption levels and their quest to alleviate guilt. It also helps to differentiate the subtle—but important—changes that occur during the transition from *Impressionables* to *Conventionalists*. As the challenges of adulthood become more

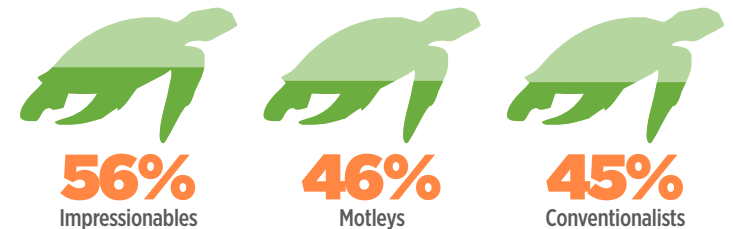
real, blind optimism fades and pragmatism begins to take hold.

CURBING THE #GUILTSPIRAL :-\

Millennials are growing increasingly mindful of the damage done by their limitless consumption. For *Impressionables*, lifelong habits of indulgence and dependence make it difficult for them to noticeably alter their consumption behaviors. The consequence? An infinitely complicated guilt spiral.

This suggests opportunities for brands to address both the guilt spiral and their propensity toward status-motivated purchases. By positioning products and services so they're linked to causes and other forms of feel good messaging, we help satisfy both their conscience and their consumer appetites.

RESPONDENTS WHO WOULD PAY MORE FOR A PRODUCT THAT SUPPORTS A CAUSE THEY CARE ABOUT



Who's #winning with Millennials by curbing the #guiltspiral?

TOM'S SHOES

Spearheading "philanthropic capitalism"; with each purchase, a new pair is given to a needy child in a 3rd world country.

BEN AND JERRY'S

Lobbies for mandatory GMO labeling on all products. Also supports a variety of causes important to Millennials including fair trade, marriage equality, and climate justice.

BUY (RED)

Special Edition Product Lines from Global Iconic Brands. They donate up to 50% of proceeds to fight AIDS.

DOVE

"Real Beauty Campaign" Provides inspiring self-esteem programming for girls by supporting non-profit partners including Boys & Girls Club, Girls Inc. and Girl Scouts USA.





Coddling the Conventionalists

When Millennials enter the workforce, plant their roots, get married or start a family, we see their market spend and their influence on consumer trends grow stronger. During the Impressionable stage, they may have spent their time perusing blogs, contemplating the meaning of life or deciding whether to apply their latest paycheck toward their student loan debt or that self-discovery trip to South America.

Conventionalists, however, have been hit with a dose of reality that gradually stifles their idealism. This is primarily thanks to college and mortgage debt, demanding careers and pressure to succeed faster and more efficiently than their predecessors. The result is a never-ending quest for balance; achieved by focusing their priorities, staying healthy and pacifying their manic schedules, as they try to have it all.

Altruistic spending shifts from causes that “make the world a better place” to efforts with more personal or measurable impacts. They couple-off and reward themselves for working hard through perks sustained by living in a dual income household, only to be stifled when they add new members to their family. And

an expanding household means more restructuring. Once again, lifestyles and budgets alike are uprooted and rearranged to accommodate this change.

One clear way to identify a Millennial micro-stage is by the contents of their shopping basket. Just as *10 Ramen Noodle Packets for the Price of One!* promos seem to call out to *Impressionables* in a pinch, the Fresh Prepared Foods Department is mecca to a busy *Conventionalist* looking to feed the family come dinner time. We see a substantial increase in frequency of Prepared Food purchases made between the *Impressionables* stage and the *Conventionalists*.

Generally, attention paid to the quality and assortment in the Deli department is

increasing steadily across the US. As more retailers listen to the needs of their shoppers, they learn shoppers are looking for healthy, natural and trend-led meal options. Shoppers don’t want to feel guilty for cutting corners, but they don’t have the time it takes to prepare a full meal themselves. The availability of fresh prepared food offerings is evidently less important to *Impressionables* with more flexible schedules and diets, but these offerings become a staple purchase for *Conventionalists*.

This presents an important opportunity to both retailers and manufacturers. Household demographics of *Conventionalists* indicate there is a need to expand Prepared Food options beyond single serve.

→ COMPARED TO TOTAL SURVEY RESPONDENTS, CONVENTIONALISTS ARE...

13%

more likely to purchase from Prepared Foods department on a weekly basis

20%

more likely to shop for groceries online

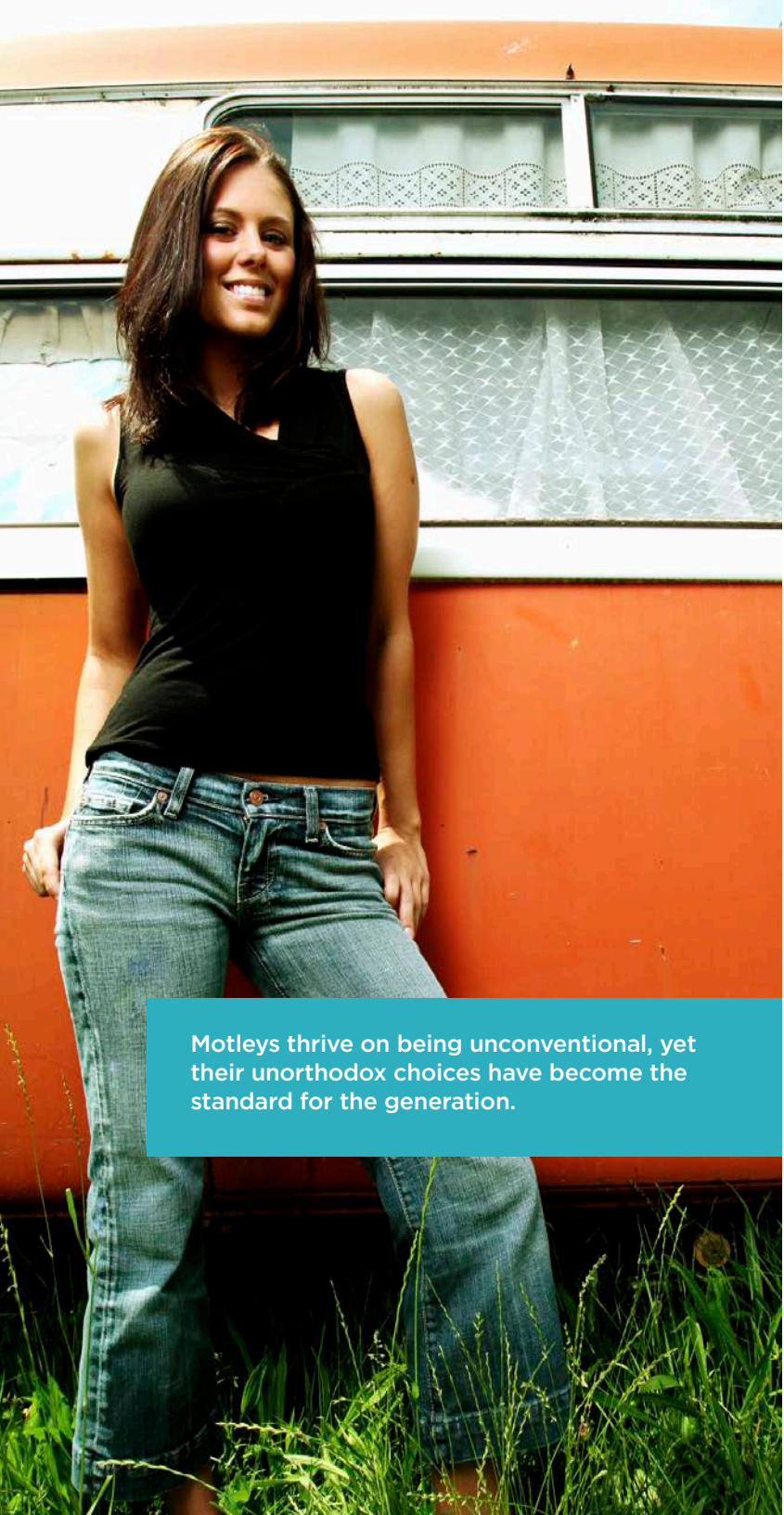
21%

more likely to spend \$100 or more each week on groceries

30%

more likely to shop with their spouse

Manufacturers can attract more Conventionalists with meals that engage and satisfy two adults or a small family, without sacrificing the shopper’s time, budget—or morals.



Hitting the Spot With the Motleys

So where do you fall if you're a Millennial who doesn't quite identify with the scholarship-landing, keg-standing peers who comprise *Impressionables*; nor the lawn-mowing, credit-scoring *Conventionalists*?

You, my friend, are a *Motley*. You're not pigeon-holed by your demographics or your data trail. You're defined, but not restricted by, your indefinability. You have assorted interests, strong opinions and your

own theories about which paths constitute success. Despite some aspects of your lifestyle which we deem "unconventional", your values and buying styles align closely with your peers. This denotes an

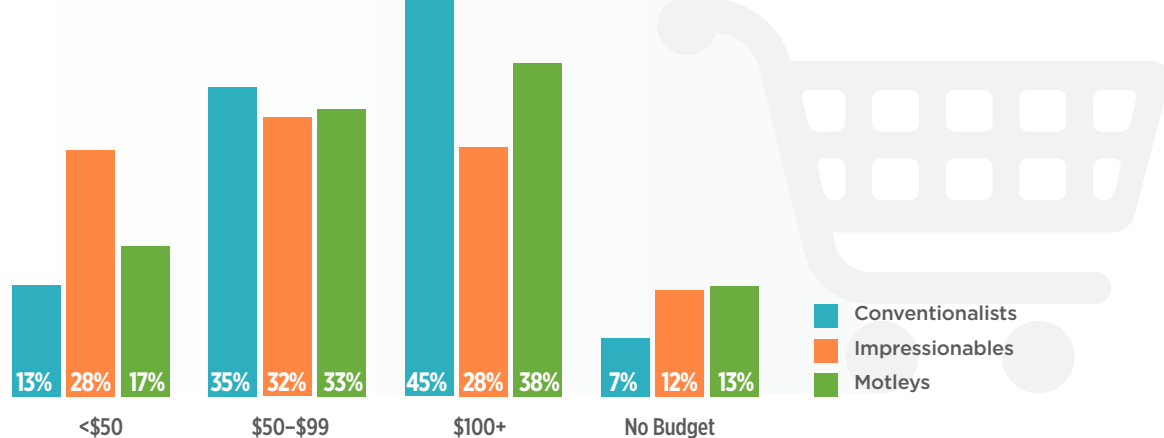
important lesson about your generation: Your mothers were right. You, dear *Motley*, are extremely unique. But because *Motleys* represent the largest share of your generation, in many ways, you're just like everyone else.

Motleys thrive on being unconventional, yet their unorthodox choices have become the standard for the generation.

MOTLEYS IN THE MIDDLE

The most settled group—the *Conventionalists*—spend the most, while *Impressionables* spend the least. That leaves the *Motleys* in the middle, who are most likely to say they don't have a grocery budget. But then, why would they?

WEEKLY GROCERY BUDGET



Boost Your Bottom Line

Custom Market Research for Better Business Decisions

Let SMARTeam™ Market Research strengthen your story! The Team leverages its CPG expertise and integrates that knowledge with traditional and proprietary marketing research offerings to provide valuable, actionable insights for our clients and customers. More importantly, SMARTeam's seasoned industry professionals speak the language of retail.

By interpreting this language through analytics and market research reporting, SMARTeam™ facilitates the strongest retail stories with the best custom solutions for each business challenge.

Assist your clients to better understand the consumer and respond to pressing retail questions with powerful and supportive data. Get help with questions such as:

- **How do shoppers react to new or innovative merchandising or marketing scenarios?**
- **What are the key drivers in the purchase decision for your category?**
- **What are the underlying dynamics of a purchase decision and how does it differ by channel, chain and type of product purchased?**
- **What is the consumer's perception of the "shopability" of a category?**
- **What factors motivate shoppers to switch brands, make an impulse purchase or try something new?**
- **What unique characteristics do shoppers perceive with your brand's positioning?**
- **What are the key factors in a shopper's decision of where to shop and how does it differ by class-of-trade?**

Find out how SMARTeam™ can boost sales with data analysis and targeted opportunities. Whether you're looking for existing consumer insight data or customized research, SMARTeam™ will drive consumers to your business.



→ FOR MORE INFORMATION

Contact Nick Sabala today at 208 395 7041 or email him at nick.sabala@theSMARTeam.com to find out what SMARTeam™ can do for you!

