

LEARNING MADE EASY



Marketing to Millennials

for
dummies[®]
A Wiley Brand



Identify key millennial characteristics and behaviors

—
Understand and adapt to millennial economic realities

—
Reach your target audience with integrated strategies

Corey Padveen

Marketing to Millennials

**for
dummies**[®]
A Wiley Brand



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by Corey Padveen

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dummies[®]
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Marketing to Millennials For Dummies®

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Contents at a Glance

Introduction	1
Part 1: Getting Started with Marketing to Millennials	5
CHAPTER 1: Getting to Know Millennials	7
CHAPTER 2: Creating a Modern View of Millennials	21
CHAPTER 3: Creating Your Target Audience	31
Part 2: Creating Your Millennial Marketing Strategy	55
CHAPTER 4: Using Data to Build a Strategy	57
CHAPTER 5: Connecting with Millennials on Traditional Media	79
CHAPTER 6: Engaging with Millennials on New Media	93
CHAPTER 7: Communicating with Millennials Using Twitter and Video	119
CHAPTER 8: Using Native Mobile Social Media	141
CHAPTER 9: Creating a Multichannel Media Strategy	153
CHAPTER 10: Creating a Mobile Strategy Tailored to Millennials	171
CHAPTER 11: Conducting a Millennial Marketing Strategy Audit	193
Part 3: Analyzing Millennial-Specific Engagement Opportunities	207
CHAPTER 12: Utilizing the Share Economy	209
CHAPTER 13: Leveraging the Desire for Experience	221
CHAPTER 14: Mastering the Market of Demand	243
CHAPTER 15: Adjusting Strategies for Millennial Consumption Habits	259
CHAPTER 16: Cause Marketing with Millennials in Mind	283
Part 4: The Part of Tens	297
CHAPTER 17: Ten Successful Marketing Campaigns That Won Over Millennials ...	299
CHAPTER 18: Ten Mistakes Marketers Make When Marketing to Millennials	307
CHAPTER 19: Ten Quick Tips to Keep Top of Mind	315
Index	319

Table of Contents

INTRODUCTION	1
About This Book	1
Foolish Assumptions	2
Icons Used in This Book	2
Beyond the Book	3
Where to Go from Here	3
PART 1: GETTING STARTED WITH MARKETING TO MILLENNIALS	5
CHAPTER 1: Getting to Know Millennials	7
Discovering Why Millennials Matter	7
There is power in numbers	8
Millennials influence the economy	9
They're a connected generation	11
Leveraging Millennial Influence	12
Identifying key influencers	12
Nurturing relationships	15
Meeting Millennials Where They Are	16
Communication	17
Sharing	18
Decision-making	18
CHAPTER 2: Creating a Modern View of Millennials	21
Understanding the Marketer's Perception of Millennials	21
Examining standard definitions that marketers use	22
Reviewing what marketers get right	25
Looking at what marketers get wrong	26
Recognizing common flaws in marketing campaigns	27
Finding the roots of the most common mistakes	27
The Millennial Mindset	28
Defining the Millennial	28
Identifying preferred Millennial media	29
Grasping the importance of relationships	30
CHAPTER 3: Creating Your Target Audience	31
Considering These Questions	32
What are your objectives by media type?	32
What does your ideal Millennial audience member look like?	32
How will the customer journey connect across various media?	33

How do you prioritize target demographics and psychographics?	34
Can you define some of the segmented audience pocket umbrella categories right away?	34
Engaging Audiences on Different Media	35
Traditional media	35
New media	39
Running an Interest-Identification Audience Analysis	43
Using the Facebook Insights tool	45
Analyzing your analysis.	48
Creating Segmented Audience Pockets	50
Identifying target audiences within your owned media	50
Categorizing target audiences within online public forums	51
Finding Millennials for brand awareness targeting	52

PART 2: CREATING YOUR MILLENNIAL MARKETING STRATEGY 55

CHAPTER 4: Using Data to Build a Strategy	57
Recognizing the Value of Data	57
Raw data	58
Cooked data	58
Social media user data	58
Customer lifetime engagement data	59
Brand profile data	59
Visualized data	60
Big data	61
Small data	61
Competitive data	62
Transactional data	64
Pinpointing Key Indicators in Your Data	65
Outliers	65
Peaks and valleys.	66
Correlations	67
Industry trends	67
Waste.	69
Using Your Data as the Foundation of Your Strategy	69
Identifying Data Sources	70
Data from your owned media	70
Data from social media.	73
Data from public channels.	75
Analyzing Your Data on a Regular Basis.	76

CHAPTER 5:	Connecting with Millennials on Traditional Media	79
	Taking Advantage of Television (With or Without the Budget).....	80
	Looking at Millennial TV viewing habits.....	80
	Reaching viewers with the second screen.....	81
	Using Twitter TV targeting to reach Millennials.....	83
	Targeting Millennials with Print Media.....	86
	Reaching Millennials in magazines.....	86
	Connecting with Millennials through the use of newspapers....	87
	The case for investing in print media.....	88
	The case for abandoning print media.....	88
	Incorporating Email into Your Strategy.....	89
	Creating messages specifically for email.....	89
	Tying email into your traditional and new media strategies....	90
	Building subject lines and headings that generate opens.....	91
CHAPTER 6:	Engaging with Millennials on New Media	93
	Using Facebook at the Core of Your New Media Strategy.....	94
	Utilizing Facebook features.....	94
	Analyzing your Facebook audience.....	95
	Developing targeted content strategies.....	99
	Creating a Facebook Content Strategy Geared Toward Millennials.....	100
	Tone of voice outline.....	100
	Editorial calendar structure.....	102
	Considering thematic content development.....	107
	Developing hypertargeted content.....	109
	Building a Relationship with Your Millennial Audience on Facebook.....	111
	Hypertargeting.....	111
	Exclusivity.....	111
	Responsiveness.....	112
	Consistency.....	112
	Value.....	113
	Advertising to Millennials on Facebook.....	113
	Launching your campaign.....	113
	Making your campaign more successful.....	117
CHAPTER 7:	Communicating with Millennials Using Twitter and Video	119
	Determining How Millennials Use Twitter.....	119
	Building a content strategy for Twitter.....	120
	Analyzing your Twitter audience.....	121
	Planning content strategy segmenting.....	123
	Choosing content for Millennials.....	125

Developing Your Editorial Calendar	126
Repurposing your content on a rolling basis.	127
Keeping your schedule flexible	127
Planning for themed content.	127
Leveraging insights	127
Determining your evergreen content.	128
Making time for promotional content	129
Developing Twitter Content	129
Evergreen content	129
Promotional content.	130
Third-party sourced content	130
Reaching Millennial Twitter Users.	131
Targeting Millennials in Twitter ads	131
Running campaigns on Twitter	133
Using advertising best practices on Twitter.	134
Engaging with Your Audience Using Video	135
Creating video content that resonates with Millennials	136
Looking at content types	137
Making your content work	138
Soft-selling your brand with video content	139
CHAPTER 8: Using Native Mobile Social Media	141
Delving into Instagram and Snapchat	141
Creating a Strategy to Reach Millennials on Instagram.	142
Leveraging influencer marketing on Instagram	144
Advertising best practices on Instagram	146
Navigating Snapchat.	147
Encouraging engagement	148
Using content best practices on Snapchat.	151
CHAPTER 9: Creating a Multichannel Media Strategy	153
Grasping the Unity of Media Types.	153
Developing a Unified Omni-Channel Communications Strategy	155
Identifying opportunities by media type	155
Choosing the right media for your objectives.	156
Establishing engagement goals by media	158
Creating content that appeals to Millennials on each channel.	160
Determining KPIs.	161
Targeting Your Strategy to Millennials.	168
Creating a seamless content experience.	169
Personalizing the content experience for Millennials	169

CHAPTER 10: Creating a Mobile Strategy Tailored to Millennials	171
Establishing Mobile-Specific Goals	172
Data collection	172
Online-to-offline conversion	173
Customer service	173
Behavioral segmentation and targeting	173
Experience personalization	174
Creating Mobile-Specific Content for Your Website	174
Creating a fully responsive site or mobile version of your website	174
Adapting your existing webpages to mobile	176
Using Social at the Core of Your Mobile Strategy	177
Targeting Millennials with Mobile Advertising	179
Search advertising on Google	179
Display advertising	181
Facebook Audience Network advertising	182
Twitter advertising	183
Instagram creative campaigns	189
Snapchat's ad options	190
Running a Cohesive Mobile Campaign That Targets Millennials	192
CHAPTER 11: Conducting a Millennial Marketing Strategy Audit	193
Cornerstones of a Strategy Audit	193
Reviewing the Foundation of Your Strategy	194
Objectives	194
Key Performance Indicators (KPIs)	194
Benchmarks	195
Data	195
Audience segments	195
Selected media	196
Evaluating Your Objectives	196
Progress	197
Restructuring	197
Creation	198
Examining Your KPIs	198
Pacing Your Audit	200
Identifying New Opportunities with Data	202
Outliers and influence points	202
Dramatic rates of change	203
Sustained highs	204
High-value correlations	204

Auditing Your Individual Initiatives	204
Measuring against established benchmarks	205
Re-evaluating your target Millennial audience segment	205
Recognizing the reasons to end an initiative	206

PART 3: ANALYZING MILLENNIAL-SPECIFIC ENGAGEMENT OPPORTUNITIES 207

CHAPTER 12: Utilizing the Share Economy 209

Positioning Your Brand Around Sharing	209
You have an active community forum	210
You have a peer-to-peer opportunity	210
You can afford short-term opportunity costs	210
Your product or service has an online component	211
Establishing a Voice	211
Mapping out your target audience	212
Creating a content strategy	213
Running a Niche Campaign for the Share Economy	215
Encouraging Audience Participation	216
Reach out to your existing database	216
Leverage native video ads	217
Target ads to the share economy audience	217
Develop incentivized adoption schemes	217
Measuring Results	218
Is the goal to build a new community?	218
Are there secondary goals that extend beyond the share economy?	218
Should you place a timeline on secondary goals?	220

CHAPTER 13: Leveraging the Desire for Experience 221

Creating a Brand Experience Strategy	221
What is the ideal medium for a first interaction?	222
Where will your efforts to educate switch to efforts to sell?	223
Will you invest in establishing multiple entry points?	223
How does the experience differ from prospects to customers?	224
An example road map	224
Identifying Touchpoints for Your Audience	225
Checking Off Elements for Each Touchpoint	226
Developing a Customer Relationship	227
Engaging users with conversational content	227
Sharing useful information that highlights your expertise	227
Offering first-time customers specials, freebies, or deals	228
Building trust by sharing third-party content that mentions your brand	228

Segmenting Your Content	229
Creating experience-specific content	230
Unifying your content across every channel	232
Integrating the Experience for an Omni-Channel Strategy	233
Creating an identifiable theme	233
Using a tracking mechanism	234
Repeating the campaign title or slogan on all media	234
Facilitating movement in any direction	234
Ensuring that all assets are easily discoverable	234
Tracking the Brand Experience Across Different Media	235
A tag management system	235
Trackable links	236
Segmentation of data	237
Running Brand Experience Campaigns	237
Increasing brand engagement	238
Driving up brand awareness	239
Building a new, segmented audience	239
Selling more product	239
Garnering customer loyalty	240
Fostering relationships	240
Launching a well-rounded campaign	240
CHAPTER 14: Mastering the Market of Demand	243
Evolving Your Organization to Cater to Demand	243
Offering digital access to your product/service	244
Functioning in real time	245
Focusing on mobile as a stand-alone platform	245
Creating On-Demand Services	245
Tailoring your product to the demand economy	246
Building your on-demand audience	247
Identifying communications opportunities	249
Building a Real-Time Response Strategy	250
Communicating with your audience in real time	250
Getting started with automated replies and bots	252
Leveraging alternatives to popular platforms	255
Building Out the Components of Your Real-Time Strategy	256
Audience identification	256
Primary objectives	257
Secondary objectives	257
Opportunity indicators	257
Social care	258
Real-time communications playbook	258

CHAPTER 15: Adjusting Strategies for Millennial Consumption Habits	259
Looking at Crucial Media Types	259
Examining video's impact on consumer brands	260
Creating your video content	260
Utilizing top video types	262
Running Social Care Programs on Various Media	263
Dealing with assumptions about your social care program	263
Choosing networks	265
Considering elements that go into a social care strategy	266
Integrating email into your marketing strategy	268
Building Lasting Relationships	269
Running multiple audience analyses	270
Building out smaller audience segments	271
Creating content strategies based on audience traits	272
Running an ongoing, automated audience audit	274
Managing a Brand Crisis	275
Creating multiple strategies	276
Detailing the components of a crisis strategy	278
Managing a crisis	280
CHAPTER 16: Cause Marketing with Millennials in Mind	283
Recognizing Opportunities to Align with a Cause	284
Making the right choice	284
Looking for cause affiliations in an audience analysis	286
Identifying a cause that aligns with your brand	288
Marketing Your Brand with a Cause	290
Establishing objectives associated with your brand and the cause	290
Leveraging cause marketing for brand growth	292
Using Your Cause to Build Relationships with Millennials	293
Avoiding Damage to Your Brand	294
PART 4: THE PART OF TENS	297
CHAPTER 17: Ten Successful Marketing Campaigns That Won Over Millennials	299
Domino's Tackles Snapchat	299
Nike's Experiences on Instagram	300
Chipotle and Digital New Media	301
TOMS Focuses on a Cause	301
Dollar Shave Club Picks Price and Viral Videos	302
Uber Develops Millennial-Friendly Campaigns	303
Coca-Cola Plays the Name Game	304

	Adblock Plus Identifies a Need	304
	Hendricks Makes Gin Cool	305
	Best Western Caters to One Group	305
CHAPTER 18:	Ten Mistakes Marketers Make When Marketing to Millennials	307
	Assuming Laziness	307
	Assuming Selfishness	308
	Assuming Vanity	309
	Assuming Frugality	310
	Assuming Ignorance	310
	Focusing on Age	311
	Ignoring the Mindset	311
	Focusing Only on the Campaign	312
	Aggressively Selling	312
	Ignoring the Relationship	313
CHAPTER 19:	Ten Quick Tips to Keep Top of Mind	315
	Start with Data	315
	Remember the Psychographics	316
	Evaluate Additional Age Brackets	316
	Establish Demographic-Specific Objectives	316
	Choose Your Causes Wisely	317
	Identify the Foundation of Your Relationships	317
	Focus on the Experience	317
	Regularly Audit Your Performance	318
	Keep Your Voice Genuine	318
	Go Mobile First	318
INDEX		319

Introduction

Millennials aren't magical, elusive consumers, but marketers have had a great deal of difficulty figuring them out. Millennials are defined as individuals born between the years 1980 and 2000, and they make up the largest audience of consumers in the world. Although they're defined by their age, Millennials are essentially prototypes for the modern consumer. Importantly, they're poised to inherit the largest transfer of wealth ever recorded in human history!

A seismic shift has taken place regarding buying behavior, and it's up to the marketers of the world to find new ways to reach customers. There is no one-size-fits-all model for reaching this coveted demographic. Every consumer is an individual and will uniquely respond to different brands, campaigns, and content.

Marketing to Millennials For Dummies is written to provide you with a framework to develop an effective Millennial marketing strategy. It's filled with information that you can use to craft programs that are right for your brand.

About This Book

I wrote this book to provide guidelines that marketers in virtually any field can leverage. Whether you're working in a business-to-business setting selling raw materials to manufacturers or developing consumer-oriented communications strategies to sell discounted school supplies to an incoming class of mobile-oriented college freshmen, there's something in this book that can help you.

The methods outlined in this book don't preclude any level of marketing professional from participating. Whether you're a seasoned veteran who is looking for new ways to spice up your brand's communications strategies or a new marketer wondering how to tackle certain types of campaigns, you'll be able to develop your strategies.

Foolish Assumptions

First and foremost, I assume that you're either a business owner who handles your own company's marketing, or you work in the marketing department of a brand, organization, government, or other entity. I assume that you're already familiar with certain marketing strategies and tools. Therefore, you can use what I cover in this book to expand that knowledge. I also assume that

- » You're familiar with some of the business applications of social networks, like Facebook and Twitter.
- » You've already created content and other assets for channels — for example, blogs and branded social platforms.
- » You or your staff have worked on marketing campaigns in the past and are familiar with some of the more general processes involved in marketing a product or service.
- » You recognize that Millennials are regular consumers with unique traits and habits and should not be looked at in a vacuum.
- » You're willing to work with hard data and take the time to analyze and optimize your campaigns and strategies based on what these data are telling you (admittedly, not the most exciting thing in the world).

Icons Used in This Book

Throughout the margins in this book, you see little pictures that point out important information. The following list tells you what those icons mean:



TIP

The Tip icon marks tips (duh!) and shortcuts that you can use to expedite processes or improve the results of your campaigns in a shorter time frame.



REMEMBER

The Remember icon marks the information that's especially important to keep top of mind.



TECHNICAL
STUFF

The Technical Stuff icon marks information of a highly technical nature or something related to the specifics of a particular network or industry that is being reviewed.



The Warning icon tells you to watch out! It marks critical information that may save you headaches and identifies common mistakes or mix-ups that can easily trap marketers.

Beyond the Book

In addition to what you're reading right now, this product also comes with a free access-anywhere Cheat Sheet that gives you pointers on the topic of marketing to Millennials. To get this Cheat Sheet, simply go to www.dummies.com and search for "Marketing to Millennials For Dummies Cheat Sheet" in the Search box.

Where to Go from Here

You can read this book in any order. The chapters don't have a linear structure. Cross-references throughout the book refer you to important concepts in other chapters.

If you're wondering which chapter to start with, I strongly recommend Chapter 2. Chapter 2 is designed to provide you with an outline of how modern marketers see Millennials and how the view of Millennials needs to change to foster lasting relationships.

Part 2 focuses largely on strategies that take different media and practices into account to create a Millennial-facing program. Part 3 dives into some of the more specific markets and economies that Millennials occupy in significant numbers. Any chapter or section you choose to read, however, will provide you with the steps and information necessary to create effective communications strategies that cater to the increasingly relevant and influential Millennial audience.

1 Getting Started with Marketing to Millennials

IN THIS PART . . .

Discover the importance of Millennials in terms of their economic impact and their influence.

Provide a clear definition of Millennials that stretches beyond simple age brackets.

Build out segmented, detailed audience pockets and analyze the behaviors of audience members.

- » Understanding the Millennial market
- » Grasping the importance of relationships
- » Reaching Millennials where they are

Chapter **1**

Getting to Know Millennials

Familiarizing oneself with the intricacies of Millennials is one of the most crucial steps a marketer can take. Today, personalization is the name of the game. The tailored experience that you want to create starts with getting to know the Millennial mind: how they operate and why they matter so much to your business.

In this chapter, you discover the short and long-term value Millennials bring to your organization. You see how they interact with brands across various media. You also find out ways you can connect with them.

Millennials are consumers, just like the generations that have come before them. However, circumstances, technology, and a changing global landscape have created a unique Millennial mindset.

Discovering Why Millennials Matter

Millennials are valuable because they now make up a major part of the global economy. Therefore, marketers need to focus on this group to develop effective, successful strategies that reach, engage, and convert Millennial consumers.

For our purposes, the term *Millennial* refers to consumers born between 1980 to 2000. The term Millennial can extend far beyond those age barriers, though, as I discuss in more detail in Chapter 2.



TIP

When creating a marketing plan, it can be quite effective to not define Millennials strictly by age. However, you'll want to make this distinction when analyzing the physical size of the market

There is power in numbers

In 2015, Millennials edged out Baby Boomers as the largest demographic in the United States. Immediately, without any additional information about the demographic, they become important to your business. Volume alone makes them a highly coveted group. They're all independent consumers, and the vast majority have a steady income. There are very few brands that wouldn't be interested in marketing to the largest group of consumers in the country.

The Millennial cohort provides plenty of opportunities for marketers. As the largest demographic in the American economy, you ignore Millennials at your own peril. Millennials currently have tremendous buying power and over time will become wealthier.

Here are several reasons why the size of the market is a particularly important consideration:

- » **Economic influence:** As older generations shrink, Millennials have a growing share of the consumer base. This results in the transfer of wealth. If you don't develop products that appeal to them today, then you risk your business becoming obsolete.
- » **Trend setting:** Some trends are set intentionally, such as popular challenges that pop up on social media. One example is the Ice Bucket Challenge, which asked individuals to pour a bucket of ice over their heads to raise awareness for Amyotrophic Lateral Sclerosis (ALS). Other trends occur because of the sheer size of this demographic. Thanks to the availability of web data on Millennials, marketers can spot naturally occurring trends. (For more information on the analysis and implementation of data, see Chapter 4.)
- » **Fast sharing:** The volume of data available and the rate at which it's shared creates a changing landscape for marketers. You can currently find more online data about Millennials than any poll, questionnaire, survey, or census could collect. Therefore, marketers need to be ready to adapt to the information revealed by thousands of data points.

» **Brand advocacy:** The Millennial market has the power to make or break a brand overnight. The power of the people has never been stronger than it is now. Brands need to be transparent and respond to the demands of activist Millennial consumers. You can't ignore Millennials who work together to aid or defeat a brand. One such example took place during the original Pokémon Go craze, where a small ice cream shop in Washington state was set to close its doors for good. Millennial players stumbled upon the shop, thanks to the game, and then began campaigning to save the business online. These efforts drove enough foot traffic to triple sales and keep the business alive.

Millennials influence the economy

Millennials have a tremendous influence over the national and global economy. The Fung Business Intelligence Centre (www.funggroup.com/eng/knowledge/research.php) estimates that by 2020, Millennials will control 30 percent of retail spending in the United States, up from 13.5 percent in 2013. That 30 percent, according to Standard & Poor's, accounts for about \$1.4 trillion per year — and that number will undoubtedly grow.

Millennials are poised to receive the greatest transfer of wealth in economic history. Estimates from major American financial institutions, like Morgan Stanley, and research firms suggest that over the next several decades, Millennials will receive somewhere near \$30 trillion from the generations that preceded them. That is a startling figure, and one that undoubtedly whets the appetite of marketers in any field.

To determine where that money is likely going to go, marketers should become aware of the spending habits of Millennials. This knowledge will help them build effectively targeted campaigns.

Goldman Sachs has provided key information about Millennials' traits that you can see at www.goldmansachs.com/our-thinking/pages/millennials.

Some of the factors that affect their behavior are as follows:

» **Money is coming in, but it isn't necessarily going out.** Mean income for young Millennials has gone down over the last decade. Millennials are working, but the cost of living has significantly increased. Income indicators like average national minimum wage have gone down. So, while Millennials are currently a significant portion of the national population, their disposable income isn't significant. This may have a big impact on buying behaviors, even after the transfer of wealth.

» **Millennials carry a huge amount of debt.** The cost of education is a big one for Millennials and has a major impact on what they are willing to spend. In the last decade, according to the Federal Reserve, mean student loan balance has more than doubled for young Millennials. This counts as a form of *long-term debt*. (That is, debt that is not set to be repaid over the next five years.) This has a significant impact on Millennials' decision-making processes. Because of this debt, buying decisions are methodical and based largely on utility. A significant part of that utility is rooted in the extraneous benefits of a purchase. For example, on top of the usefulness of a product or service, is there more to be gained from the brand or ownership in the long-run? This is one of the reasons why creating relationships with Millennials and establishing yourself as a trusted brand are so important to both acquiring new customers from this market and keeping them committed over the course of their consumption lifetime.

» **Ownership is not a priority.** Major, long-term financial commitments are not as important to Millennials as they were to previous generations. In a world where the share economy and on-demand services have exploded, ownership is less important than access. The sharing economy (see Chapter 12) plays a major role in the Millennial consumer cycle.

The sharing economy, which is covered in detail in Chapter 12, is the market for shared goods and services, giving participants in the economy access over ownership. Millennials have gone through the stages of consumer maturation during a recession era, which has led to significant financial conservatism. Companies or products that fall into the share economy, such as Uber or Airbnb, allow Millennials to access the goods and services they need, when they need them, without requiring them to pay the price of ownership.

» **Millennials are willing to play the waiting game.** Just because ownership is not as important to Millennials doesn't mean that it isn't on their radar screen. Millennials are more patient and willing to wait for the right time to buy. This, once again, is because of the accessibility granted by both the sharing economy and on-demand services. Almost everything is accessible at the touch of a virtual button, so the necessity to own isn't quite what it used to be.

» **Brand loyalty goes deep.** Previously, when making a sale, recognition and a strong brand were all that mattered. Now, it's the relationship between the Millennial and the brand. Also, referrals matter more than ever. Millennials care what their friends and family say. Customers trust referrals more than traditional advertising.

» **Quality matters more than price.** Millennials are a particularly price-sensitive bunch primarily because they became consumers during the Great Recession of 2008. Price sensitivity combined with a heavy education debt load means that they are cautious spenders. When they do decide to make a purchase, the focus is much less on price than it is on quality. Millennials want a product that lasts as well as a long-term relationship with the brand in question.

They're a connected generation



REMEMBER

Millennials are the most connected generation ever, and they use that connectedness as a tool in the buying process. If you don't find a way to leverage that characteristic in your communications, your chances of long-run survival are slim.

You need to be aware of certain characteristics to take advantage of Millennials' communications habits:

- » **Millennials are over-sharers.** Millennials share everything they do, want, or think, which is great for marketers. It provides a wealth of data and information that you can use to construct highly targeted, personalized marketing messages and campaigns.
- » **You learn more by studying Millennials than you do from asking them.** Thanks to the over-sharing nature of Millennial consumers, you can find answers to any questions you have or didn't know you had by analyzing your data. (For information on effectively analyzing your data, see Chapter 4.)
- » **They trust each other more than they trust you.** Every year, worldwide public relations and consulting firm Edelman releases the Trust Barometer, indicating consumer trust levels in different groups. For the past several years (after the Great Recession), the highest level of trust is placed in peers, friends and family, and industry experts. That means that brand is not on top of the list of resources consumers look to when they need a trustworthy answer. This statement is particularly true of Millennials. They want to hear unbiased, honest opinions from people in their inner circles, likely on social media.
- » **The buying cycle is not linear.** The buying cycle has an endless number of touchpoints. You have control over some of them while the audience creates others. The key is to note where your prospects connect with your brand so that you can plan to be there. (Chapter 9 covers a complete omni-channel marketing strategy.)

Touchpoints refer to the various interactions that a consumer has with a brand throughout the buying cycle. Touchpoints can vary by medium, creative design, and content type, such as images or video. In traditional media, such as television or print, far fewer touchpoints are in the buyer's journey. When you consider new media, like social networks, mobile, and other digital platforms, the number of touchpoints can skyrocket over the course of the buyer journey.

- » **Mobile matters most.** Mobile is where Millennials spend the majority of their time. They connect with each other and connect with brands. If you don't have a mobile strategy, you'll lose out on the tremendous potential it provides and likely face extinction in the near future. The generation that dictates how markets operate is telling you to think mobile first, and you need to listen. (I cover the details of creating an effective mobile strategy in Chapter 10.)

Leveraging Millennial Influence

The connectedness of the Millennial market may require you to create more complex, interwoven communications strategies than you're used to. It also means that you have a new marketing tool at your disposal — the consumers themselves. Taking advantage of influencers and utilizing your brand advocates is a powerful strategy.



TIP

The 2016 Edelman Trust Barometer reveals that Millennials trust “a person like yourself” and industry or academic experts over virtually any organizational operator, such as the CEO of a company. This kind of influence is crucial in making buying decisions, and it's something that marketers need to be both aware of and ready to use.

Influencers are consumers who have amassed large, loyal followings on various social platforms. High star power actors are one form of influencer, but for Millennials, those that hold the most power are consumers who have built organic followings by sharing great content. An example of a modern Millennial influencer would be a consumer who has built a YouTube following by sharing reviews of a particular line of products. The influencer gains trust above the brand because of the implicit honesty and integrity of these reviews.

Identifying key influencers

Consumers aren't as interested in traditional advertising messages as they once were. Of course, paid campaigns still serve a major role in the consumer buying cycle, but identifying influencers within your existing audience is more important.

The following sections offer a few helpful tactics for finding influencers.

Create a loyalty program

Loyalty can't be bought, but it can be encouraged. Establishing a loyalty program is an excellent way to

- » Encourage repeat business
- » Increase customer lifetime value (CLV)
- » Build a relationship with your Millennial audience