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Overview

The next consumer spending boom is scheduled to arrive in 2026 thanks to Millennials on the road to affluence -- Is your brand ready to profit from the Boom or will it go Bust?

Very soon a generational shift is coming to the consumer market, as the Baby Boomers move aside and Millennials take over as the prime customers for marketers at the high-end and low-end of the market and everywhere in between. That means marketers must learn a new bag of tricks to appeal to the vastly different tastes, attitudes and perceptions of the emerging consumer generation.

Who are the Affluent Millennials? The affluent are at the top 20% of incomes within the U.S. consumer market. This is the top quintile. Over 40% of all consumer spending comes from these 20%. That makes them the 'heavy-lifters' in the economy - across all segments of the market. Their greater income means they can shop at the high-end of the market, the low-end and everywhere in between. Beginning in 2015, the Millennials will start to reach their peak earning years, but it will take ten or so years before their growing numbers in affluence brings a consumer economic boom.

It will bring challenges to brands that aren't prepared, as well as opportunities for brands and marketers can adapt to the emerging generation of newly affluent Millennials. Unity Marketing has just published a study, Millennials on the Road to Affluence, as a map to bridging the gap with today's core consumers and tomorrow's affluent Millennials.

This study answers the following critical questions for marketing success as the Millennials reach their peak earning and spending years, from 35-54 years of age, in 2015-2034. Marketers will gain valuable new insights into the next huge consuming generation:

- How demographics of Millennials on the road to affluence and the current population projections by age 2012-2040 identify 2026-2029 as the peak years to tap the generation's customer potential.
- How Millennials career aspirations and lifestyle impact their earning potential.
- How their parents' economic status impacts Millennials' purchasing power and spending potential.
- How Millennial's lifestyle aspirations, such as aspirations for marriage, children & family, and the goals for their lives, such as financial security, happiness, success in career, etc, influence their future as consumers.

- What consumer lifestyle goals and aspirations are most important to Millennials and how can marketers position their brands around those aspirations?
- What achieving Millennials' lifestyle aspirations will mean for their happiness, satisfaction, contentment and ways marketers can align their brands with those feelings and experiences?
- How Millennials view emerging consumer business models, such as the new sharing economy, plays in their lives as consumers?
- Social media and how it influences Millennials in their purchasing and shopping decisions?
- Ways that Millennials manage their finances, the role of debt as it impacts their spending power and their preferred money-management strategies, such as coupon clipping, pre-purchase research, sales shopping, etc.?

This study does deep-dive into Millennials and their current attitudes about luxury

What luxury means to these Millennials and where dangers lie for marketers that fail to take their prejudices and predispositions about luxury into account? These insights into what luxury means to Millennials also will help brands align their values with the most positive attributes that Millennials associate with luxury.

A detailed analysis is included that compares Millennials on the road to affluence with GenXers who are already affluent to identify key generational differences in how they behave as consumers.

Valuable insights are delivered about how Millennials shop and buy

These are insights marketers can take action on immediately and not have to wait till this generation reaches affluence:

- What categories of spending give Millennials the most pleasure and how they view shopping -- as a pleasure or a curse?
- What stores they like to shop in and whether they prefer to shop online, in-store or some other way?

VALS® types help marketers understand the underlying motivations and attitudes of Millennials

Finally, this report is enhanced by an analysis of the VALS segments that make up the Millennials on the road to affluence.

These insights reveal the most prominent VALS type found among Millennials on the road to affluence -- Achievers -- and how to appeal to their special consumer attitudes and predispositions to capture their future spending. In addition, the VALS analysis shows how Innovators are the prime targets for luxury marketers today, but trouble may be looming for targeting this type with more luxury offers. The VALS analysis also offers advice on ways to capture the spending power of Thinkers, luxury's sale shoppers, and Experiencers, which represent an important segment of young Millennials. And why luxury marketers need to forget about Strivers who don't have good potential but could waste a lot of luxury marketers' time and attention.

A very select sample of Millennials were surveyed: Millennials on the Road to Affluence

This is not a study of a representative sample of Millennials. Rather, it is study of a very select, unrepresentative sample -- Millennials on the road to affluence. Based upon their education, career goals -- how they are set as consumers reaching their peak earning and spending years, aged 35-54 -- those people most likely to become affluent can be identified. This study delves into those young people set to succeed and reach affluence, defined as having income at the top 20%. To provide context and comparison, a sample of GenXer consumers are included in this report. The GenXers are comparable in every way with the Millennials in terms of educational background and career goals, but they have already achieved affluence.

Methodology

An online survey was conducted in May 2014 among n=1,186 consumers, aged 18-44 years. Those aged 18-34 years are defined as Millennials, birth years -1980-1995 and those aged 35-44 years are GenXers, born 1970-1979. In addition to age, the survey sample was further qualified by education (completed 4 or more years of college or if Millennials, enrolled in college with plans to continue to graduate school) and self-supporting (unless enrolled in college). The goal is to survey the best and the brightest of each generation who are bound for the top of the income ladder. The raw survey sample was weighted to reflect equal distribution of males and females and to represent 75% Millennials (25% 18-24 years and in college 50% 25-34 years and self-supporting, unless enrolled in advanced degree) and 25% GenXers (self-supporting with completed college education). The GenXers were included in the survey to provide a comparative context in which to view the Millennials. The average age of the Millennials surveyed was 27.2 years; GenXers 39.9 years, so for all practical purposes the GenXers are roughly 10-12 years older.

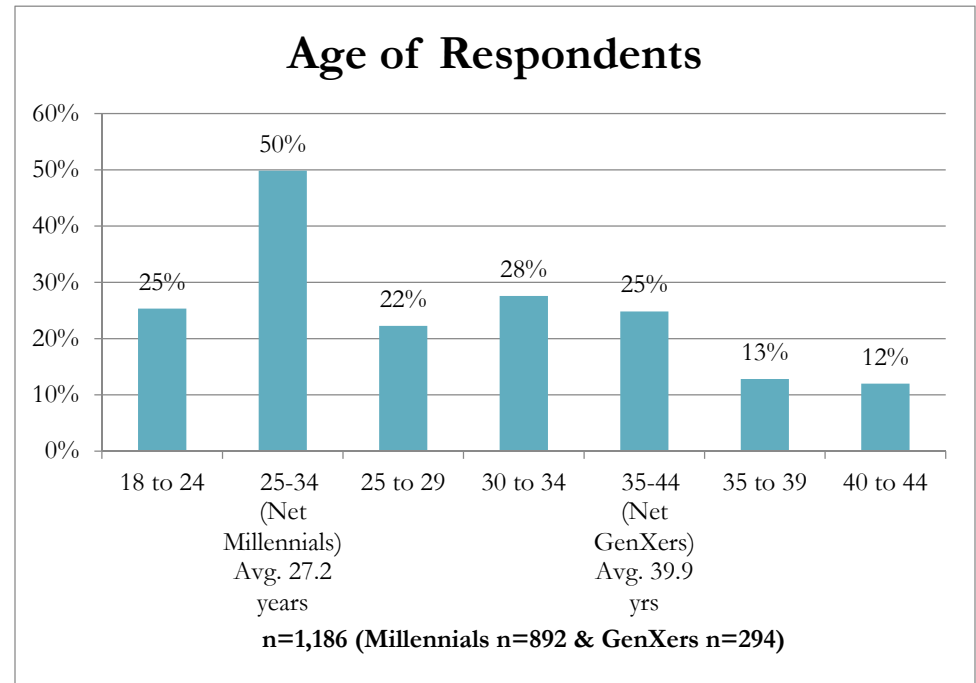


Figure 1: Age of Survey Respondents

Surveyed topics included:

- Demographics (age, income, marital status, children, ethnicity, home ownership)
- Educational attainment (if in college, type of school and educational goals used to qualify respondent)
- Career goals and aspirations
- Family of origin (educational attainment and financial status of parents)

- Marital goals (note: affluence is correlated with being married)
- Lifestyle goals and values
- Owning vs. Renting
- Social networks and use of social media
- Money management strategies & debt
- Consumer spending and categories of spending that give greatest personal enjoyment
- Shopping behavior, including online vs. in-store shopping preferences
- Role of luxury in their lifestyles
- Attitudes toward luxury

Research Objectives

The research objectives of this study are quite simple: Marketers, especially luxury marketers who target the most affluent consumers, need to understand the coming generation of customers. By understanding how these young people are set today, their values and their attitudes, marketers can anticipate what these young people will want, need and desire as they mature into affluence.

The focus of this study is Millennial's values and underlying belief system. Why? Because consumer attitudes, values and beliefs change little over the course of time, while consumers' shopping behavior -- what they buy, where they shop, how much they spend -- will fluctuate with time. While there still is a great deal of predictability in consumer behavior due to the transitions from one life stage to another (young single, married, family formation, family maturation, empty-nesting, retirement), much consumer behavior is still subject to great variability due to trends in the culture, economy, and technology developments. However, consumers' underlying value system and lifestyle approach will change little as people mature. Though their circumstances can change, consumers' values surrounding consumption will remain largely intact.

Why is this study important?

- **Millennials poised to become the biggest spending generation in history** -- Affluence comes with middle age, as the period from 35-54 years is when people's incomes peak. The Millennials, the leading edge of which is 34 years in 2014, is just beginning to enter this peak income and earnings period. As a generation, the Millennials are at least as large, if not larger, than

the Baby Boom generation, who are Millennials' parents born from 1946-1964. Over the next two decades the Boomers will move into retirement with dramatic change in consumption patterns, and Millennials will become the leading force in the consumer market. And among the Millennials the most important target for marketers, especially those at the high-end or luxury edge, will be the affluent.

- **Luxury consumers are of more value to marketers when they are younger than when older --** While affluence comes with middle age, the younger middle-agers (35-44 year olds) are more valuable to marketers than the older middle-agers (45-54 years). Over the past ten years of Unity Marketing's tracking of affluent consumer spending, younger affluents consistently spend one-and-one-half to two times more than older affluents on high-end/luxury goods and services. With the Millennial generation poised to assume the reins in the luxury market, marketers that aim to cross over to the new luxury generation need to understand these Millennials on the road to affluence.

Marketers need to get started now planning for the inevitable transition from one dominant generation (i.e. Baby Boomers and GenXers) to another (Millennials). That transition will start around 2018-2020 and begin to take hold in 2026-2029, given the projections of the U.S. population. To assume that Millennials will respond the same way to the same brands and to the same marketing and branding propositions as the older generations is ridiculous. The Millennials once they come into affluence will be as different from the generations that went before as the Boomers were from their Depression/World War II era parent's generation. Millennials are going to create a whole new definition and expression of luxury. The report that follows will show marketers how to get out in front of the changes so that they can lead in the market, rather than follow behind the huge generational shift that will occur as surely as day follows night.

Marketers' Take Away>>

The years 2026-2029 are the prime years for marketers to get their act on for affluent Millennials. It will be the period when the share of young affluents (35-44 years) will be at their zenith over older-affluents (over 45 years). Marketers need to be planning today to make the huge generational shift that will come starting about 2020 as the Millennials start to gain dominance in the consumer market.

Figure 2: Population Projections by Age 2012-2040

