

## The Choice Generation: Dissecting & Marketing to Millennials

***Featuring:***

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Hi. My name is Gigi Carroll and I am a Vice President here at Draftfcb in Chicago, Illinois. I am a Creative Strategist. I'm lucky enough to work on many different accounts across the agency, kind of in a horizontal fashion; particularly those that deal with women's initiatives. More recently, I have gotten myself involved in the subject of millennials, which is a very fascinating group, ages 13 to 29. I thought it would be interesting today to talk about millennials. Why they are becoming such an important factor to us marketers. And importantly, what makes them *them* and fundamentally different from every generation that's preceded them.

One of the reasons they're different is that they're the largest population we have ever seen. Yes, they are larger in fact than the boomer generation. They are currently about 83 million Americans and by 2010 they will be 90 million. At that time, surprisingly they will be 50% of the 18 to 49 demographic which these marketers know is a very important demo. They're incredibly important not only because of their sheer numbers, but because of who they are as people. They have the power to change everything in the world and they certainly have the power to change everything in marketing.

There are many different adjectives that are used to describe millennials. They've been called everything from optimistic, to indulged, to empowered, to egocentric to ambitious, to probably

the proverbial favorite, which is *entitled*. For the purposes of our presentation, we're calling them the Choice Generation. We're calling them choice because on one hand, they've been given every choice imaginable, every possible advantage. And that's a lot of the reason why they're often referred to as entitled. But the other interesting part of that word choice is that they absolutely demand it. They demand choice, they demand personalization, and pretty much the world on their terms.

Who are they? Well, they are the children of boomers. They were born between 1977 and 1996. They've had the most. Fundamentally they are the most loved. These were the kids of the baby boomers and these people had a passionate desire to bear and raise them. This is when infertility drugs came into being. Adoption did a huge burst. People really wanted to have children and consequently when they were born, their parents truly embraced them. And they grew up pretty much becoming best friends with their parents. According to Zandal, the Dandel Report, they name their parents as their top role model and their family as the most important thing to them.

They have been the most included. These kids have been involved in all family decisions since they were about the age of 4. So from about the time they could really put together a sentence, they were really starting to influence much of what their parents purchased. And they currently influence about 88% of the household decisions as a result of that.

They are the most protected. When you think about it, these young people were brought up on car seats and bike helmets and knee pads. This is when all these safety products came into being.

This is also the time when the “everybody plays” mentality started. You know, you laugh, because your kids go play soccer now and they don’t know whether they won or lost a game. And everybody gets a trophy whether or not they touched the ball. And so consequently their parents have been very protective of them, very aware of making them feel safe and secure. In fact, that has gone into the parents pretty much negotiating everything for them. Whether it’s preschool, to college, to employment opportunities even here at our agency, it’s not unusual for the parents of these kids to come in and do the deal.

Adolescence, which used to be something that was kind of kept for 13- and 14-year-olds, now goes well into the 20s. There’s a fun little acronym out there that’s called Kippers, K-I-P-P-E-R-S, Kids In Parent’s Pockets Eroding Retirement Savings. And this is very much a part of the dynamic. In fact, 55% move home after college. 30% stay another year after they’ve completed college and 26% of them live at home at the age of 26. And almost three-quarters of them, of the 18 to 25 year olds out there, receive financial assistance from their parents. So life is good and, because of that, they choose not to leave.

They are the most diverse group we’ve ever seen. Although 80% of boomers describe themselves as white, only 55% of millennials refer to themselves as white. So they are much more racially diverse. They are much more gender diverse. You often now see men interested in fashion, in fitness and grooming. And conversely women interested in sports, adventure, careers. And they are a very tolerant group, much to their credit. They’re very accepting of gay marriages, inter-racial relationships, etc.

They are, for the most part, the most indulged generation we've ever seen. They've been called the prematurely affluent generation poised to become the next great luxury consumers. So even though they personally may not have large amounts of money to spend, they are very interested in affluent things. They are very likely to borrow large sums of money for their studies and their financing. And they take out more debt on credit cards than any generation preceding them. Last year teens alone spent about \$179 billion dollars.

They are also the most social generation we've ever seen. These are the kids that grew up on play dates where their social environments were being manipulated and arranged by the time they were 2 years old. And now, obviously, because of the Internet, Facebook and so forth, they've very much grown up in this group environment and that then has created this ongoing need for feedback and relationship maintenance. They need a lot of feedback and encouragement and commentary about how they're doing because that's really what they're accustomed to. Not terribly independent to say the least.

They're the most connected. These are the kids who never knew life without a computer. The number of techno-gadgets they own is staggering. 97% of college students own a computer. 94% own a cell phone. 75% have a Facebook account. 60% own some kind of portable music device. And it is more likely than unlikely that they use three to five pieces of equipment at the same time. So they are wildly connected. And consequently know about almost every trend that is going on.

They are also the most entrepreneurial. Three-quarters of the 18 to 29 year olds in this country now say they want to start their own business. It's really not surprising that they believe they are entrepreneurial because they are digital natives. They are conceptually strong. They're very adaptable. And they're also very leery of corporate America. As we talked about, they're very much self-centered and so they're much less likely to respond to the command and control center of big business in America. Which is why many of them have the desire to start their own business.

They are the most about "we." They are a very group-oriented society. And they're very altruistic. 51% of them desire to do volunteer work. A whopping three-quarters of them are now paying attention to politics and obviously a lot of it has to do with Barack Obama. There have been wonderful articles written about Barack Obama and how he is a brand that so perfectly fits with this group being about change. Breaking down the bureaucracy, doing the right thing, this is very much their *speak*. And it's certainly paying off for them. In 2000, only 13% of the 18 to 29 year olds paid any attention to the presidential campaign at all. Now it's about three-quarters of them. I think it was really striking when they did the presidential debates this year and CNN hosted them and solicited all the questions that were asked of the candidates. Not from journalists where questions typically come from, but rather from people putting in video questions on YouTube.

So what does this all mean to marketers? Well, just as this generation is called the Choice Generation because they've had so many choices, interestingly they want more choices, more customization, anything that lets them express themselves. What that means for marketers is that brand innovation and brand re-invention have probably never been more important to this group because they're always looking for something new. Probably one of the single best brands that has done just a stellar job of this is Apple. Obviously, with the introduction of the iPod and now the iPhone, you can tell that they are completely in touch with this millennial consumer in allowing them to have this brand basically be whatever they want. And these people have been largely instrumental in shaping that brand.

Another factor of marketing today to these millennials is that they want more dialogue. They want more participation in a brand. 76% want a two-way dialogue. One of the better brands, I think, that illustrates this is threadless T-shirts. It's an online site; all the T-shirts are created by individuals and then those individuals vote on which T-shirts should be produced. And there are just pages and pages and pages of people that participate in that brand.

Another factor to keep in mind is this whole notion of transparency and straight talk. I don't think there's ever been a group or a generation that is more aware when they're being talked to in a less than direct way and in fact, they don't even hear you. Word of mouth obviously has always been tremendously important to people, but now this group, 86%, consider word of mouth to be the most credible source. And that outweighs not only marketers, but it outweighs professionals on subjects that 86% are more likely to consider what their friend tells them than

what potentially somebody recognized in a field might tell them. One of the best sites to get an example of how well this works is Yelp.com where the entire site, no matter what it is you're looking for, there are no figure-heads telling you what restaurant to go to or where to shop or what dry cleaners to go to. It's all word of mouth by people that this group feels they can trust.

Another factor I think for marketers is millennials need to like you. They need to like you as a brand. Which is more to say than that they just like your product. They need to like what you stand for and many companies have picked up on this and have really pushed the envelope on altruism, which we talked about earlier. It is top of mind with these young people. Tom Shoes is a shoe brand that really has put itself on the map. As a result of this, whereby when you buy a pair of shoes from Tom's, they donate a pair of shoes. They often have live videocasts of them dropping shoes in underprivileged countries to show that what used to be considered a guilty pleasure--buying a pair of shoes--you don't have to feel guilty about at all anymore because as you buy a pair of shoes for yourself, you're buying it for someone else as well. It's interesting because it was kind of a small niche brand sold only online. And now you can find them in Nordstrom's shoe department.

These millennials are also looking for more experiences from their brand, from the marketer. Another retailer that we just love is Trader Joe's. You walk in there and if you've never been in Trader Joe's, you think you're in some sort of high-end grocer that has tons of choices and tons of touchy, feely products. Lots of different interesting wines and flowers and all the cues are there that would have suggested a very high-end place. But when you look closer, you find out

that, in fact, they're one of the most affordable grocery stores around. So they really have found that perfect intersection of creating a wonderful experience that prior to a Trader Joe's, you really had to pay through the nose for to get.

Which brings me to one of my last points of what I think is happening in marketing to millennials and where marketers could benefit. I think that Trader Joe's and maybe some of the other ones I have mentioned have recognized this need for "bi-polar" demand, which is an interesting thing. This notion of high/low, and whether it's high/low dressing sort of freedom again. The freedom of expression to pair something from Juicy Couture with something from Forever 21, that used to be a big no-no. But now actually that high/low bi-polar demand is really embraced because it really illustrates that you're an individual and you choose what you want. You don't subscribe to other people's rules; you make up your own. A lot of brands have found a way to marry those two and, I think, we're going to continue to see a lot more of that.

I think those are the points marketers should think about: obviously choice and customization and self-expression and this whole notion of having more dialogue and participation. Think about whether or not they're really going to like you. Think about the social interactions they have and the pool of friends they have and how much good or damage they can do to you as a brand as to whether or not they like you. This is probably the first generation we've ever seen that influences a brand as much as the brand itself. So that's what I have for you today. Thank you so much.