EVERYTHING YOU THOUGHT YOU KNEW ABOUT MILLENNIALS MIGHT NOT BE TRUE.

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1. Popular Belief:

Millennials are brand agnostic and are not brand loyal in their purchasing habits. (Hartman Group, Culture of the Millennials, 2011) REALITY: Millennials are pragmatic in forming their perceptions around brands and loyal to the ones they deem worthy. Their criteria are fairly practical and include concepts such as perceived "reliability."

2. Popular Belief:

Millennials reject the consumption choices of their parents preferring to make their own product decisions when they move out on their own. (Hartman Group, Culture of the Millennials, 2011) REALITY: In fact, subsets of Millennials report being heavily influenced by and loyal to brands and products that were introduced to them during childhood.

3. Popular Belief:

Millennials are heavily influenced by and highly supportive of brands or companies that are aligned closely with a social cause or agenda that they believe in. (Edelman's 8095, 2012) REALITY: While Millennials were appreciative of brands supporting causes, it was not a key purchase driver. Factors such as having a historical relationship with a brand and being organic or natural substantially outweighed cause links when it came to purchase.

4. Popular Belief:

Millennials prefer complex ethnic and artisan flavors and ingredients in their food. (Hartman Group, Culture of the Millennials 2011) REALITY: While Millennials reported regularly consuming 3.5 different types of ethnic food, factors such as product origin and purity of ingredients outweighed their desire for exotic flavors when considering a purchase.

5. Popular Belief:

Millennials are heavy consumers of social media and follow many brands in this space. (eMarketer via Wedbush Securities study, 2010) REALITY: A whopping 78% of surveyed Millennials follow four or fewer brands on social media. 38.81% report that they do not follow any brands on social media. Of those that do follow brands on social media, nearly 40% want to hear from those brands once a week or less.

What gives?

How can credible research studies disagree regarding the most researched and analyzed generation in the past decade? The answer is likely tied to several factors. Most conspicuously, there is widespread over generalization of this huge population segment. Most studies lump the Millennial generation (those born between 1980 and 2001) into one homogeneous group. In fact, Millennials are a hugely diverse group who are entering a wide variety of life stages, ranging from teen years through secondary education and starting families of their own, each stage impacting their habits, preferences and influences. Even more important is gaining an understanding of what makes this generation the same and different from previous generations.

The results from this recent study are now available to you here in this white paper, "Everything You Thought You Knew About Millennials Might Not Be True. Commissioned by market research firm, hago, along with Concentric Marketing, it demonstrate some of these misconceptions about Millennials.

Everything you thought you knew about Millennials might not be true

This recent study, commissioned by hago and conducted by Concentric Marketing, demonstrates some of these misconceptions. We specifically looked at the portion of this generation currently attending college to discover their unique perspectives as they come into their own as consumers. The study results contain a wide range of data points around habits, preferences and lifestyles of students ranging in age from 17-32. Some of their answers may surprise you. The data suggests truly relating to this generation through marketing, like the Baby Boomers, will require some segmentation to capture the important nuances of this nearly 80 million strong group. Perceptive marketers will recognize the importance of gaining an understanding of the specific subset or segment of Millennials in your target market versus relying on a one-size-fits-all approach. In this white paper, we propose a level of initial segmentation of the Millennials.

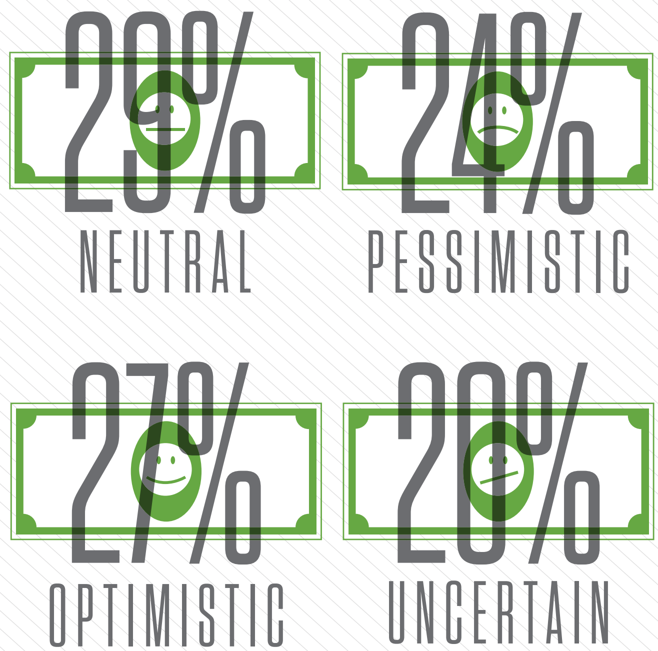
Motivation and Outlook

What motivates this segment of the generation that *Time* magazine famously referred to as “The ME ME ME generation”? It’s not just money. Motivation surrounding careers and employment ranged from a desire for personal satisfaction to adherence to social responsibility. The highest number of responders (36%) indicated they would be willing to work for less in a job that they love while only 22% were focused on finding the highest paying job. Nearly 25% wanted to work to make the world a better place. A notion that is supported in a 2011 survey of students conducted by the National Association of Colleges and Employers (NACE) found a declining number of college seniors looking to work in the for-profit private sector as their primary choice for employment.

How do they feel about the U.S. economy? Despite high unemployment rates (consistently over 13%) for recent college grads during the recession, college students reported mixed feelings about the current state of the economy and their outlook on future employment. Interestingly, the responses were almost evenly divided between optimism, pessimism, uncertainty and neutrality as reflected in the graphic to the right.

The younger generations of Americans are typically the most optimistic about the future and their belief that they will be able to achieve a standard of living that exceeds the previous generation’s. However, for the first time in history, a majority of Americans believe that today’s youth will unlikely achieve the same standard of living as their parents according to a 2011 Gallup Poll. Taking a closer look at these perspectives from a historical context, it should be noted that the economic attitudes and outlooks of this generation are likely deeply impacted by the events of the 2008 financial crisis. Many in this generation witnessed compromised income streams in their parents’ households leading to decreased financial security and tightened purse strings. At the same time, older Millennials faced record jobless rates for college graduates and a trend of moving back in their parents’ homes post graduation. The result is a more pessimistic and insecure outlook among youth than America has seen in decades.

OUTLOOK ON U.S. ECONOMY



BRANDS

General Brand Attitudes

Brand managers, agencies and retailers alike are all too familiar with the notion that the upcoming generation is much less brand loyal than their predecessors. One study even coined the term "brand-agnostic" to describe their ambivalence to consumer brands. Is everything a price-driven commodity for this group? What does the future look like for established brands? Can they relate? We took a closer look and here's what we found.

The notion of brand loyalty seems to be alive and well among college students. Nearly half (49.49%) indicated they stick with brands that they know and trust. In digging deeper into how they formed these trust relationships, it's clear that many were formed inside of their parents' homes. Friends introduced other brands to them. In fact, over 40% of those surveyed buy brands that were recommendations of friends and family. Only 30% reported the "agnostic" attitude where brands were worth nothing and decisions were price driven.

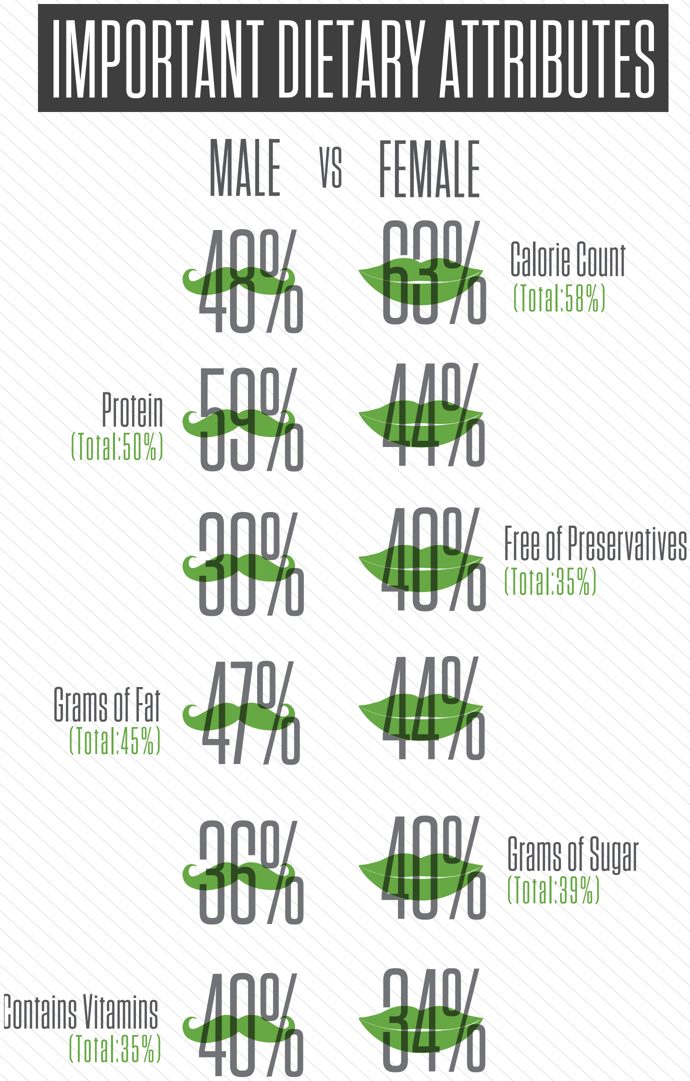
So which brands resonate the most with this audience? They feel the strongest connections to Apple, Nike, Coke, and Adidas. Interestingly, these are all brands that predate the Millennials themselves. It is likely that they have interacted with these branded products in some way their entire lives and their loyalty to products introduced to them by their parents remains as they transition into making independent purchasing decisions. In terms of brand categories, Millennials reported feeling the most connections with clothing/apparel brands, followed closely by technology.

While philanthropic brand Tom's received recognition as a brand they connect with, only 2% of the survey respondents mentioned it. This was surprisingly low given the prevalence of reports indicating Millennials are drawn to social purpose brands. When asked which brands they felt best related to their generation, it was not surprising to find Apple and Nike again topping the list by a significant margin. However, the number three spot was this time given to mass retailer, Target.

"Target has low prices and generally great quality even in their store brands," stated one respondent. This underscored another pattern: the recognition of brand hierarchies, store brands and above all, pragmatism.

This generation seems to find comfort and security in the brands they grew up with. This is a concept very counter to the notion of the subversive teens and young adults that marketers have traditionally embraced when appealing to the 18-25 year old audiences. Historically this group has been the marketer's sweet spot for introducing new products and concepts. In this study, less than 10% reported they were "among the first of their friends to try new things." Today's 18-25 year olds seem to be more inclined to embrace the practical choices and habits learned from their parents than to debunk them in favor of doing things their own way. They also embrace the collective and are heavily influenced by opinions expressed by their individual networks. Perhaps this is an early indication that a hallmark of this generation's consumer behavior will be security-seeking conservatism.

Trust was the cornerstone for the relationship of Millennials with brands. How can a brand earn their trust? As illustrated in the word cloud above, they answered fairly rationally and not so different as past generations. Quality came out on top with the expectation of quality products, quality interactions and quality customer service.



Nutrition and Food Brands

When it comes to selecting brands to stock their kitchens, the majority of college-age Millennials (50.65%) echoed their tendency to stick with brands they grew up with. The second highest consideration (40.48%) in the food aisle was whether the product was organic or natural. This is much higher than stated in previous studies that found taste and freshness to be paramount. (Trouble in Aisle 5) but remains consistent with the overall sentiment across many studies that this younger generation is very tuned into making healthy food choices.

So which dietary attributes matter the most? Overall, the highest-ranking concern was the caloric count with nearly 60% of respondents indicating calories were one of their top three concerns in packaged food selection. The second and third ranked attributes were protein and fat grams, respectively. There were some gender differences in these responses with calorie count index much higher for females (132) and protein indexing highest for males (131).

Also interesting were the lowest ranked dietary attributes. Gluten-free, calcium content and presence of artificial sweeteners were the least of their concerns when checking labels. Is this an indication of the shifting mainstream dietary concerns? It most certainly is an indication that this generation is more nutritionally savvy than previous generations. This could be attributed to growing up in healthier households combined with having a wealth of information at their fingertips regarding the impact of diet on health.

College Millennials report cooking five times or more per week in our survey while another 25% report often consuming “heat and eat” options. Lining up the Hartman’s Group’s finding that cooking among Millennials is gender neutral, we too noted almost equal levels of men and women reporting regular at-home food preparation. But all cooking is not created equal. While 42.76% reported being very nutrition conscious in their meal preparations, another 22% reported they much preferred simple and fast options that only require simple heating. On the other end of the spectrum, 18% consider themselves total foodies, watching cooking shows, trying new recipes and discovering new ingredients.

We asked the survey respondents which product features would influence them to pay more for a particular food brand. Not unexpectedly, quality and taste were easily numbers one and two by a hefty margin. At a distant third was convenience. The feature they valued the least with less than 9% of those surveyed indicating it was important, was the single-serve package. For a generation that lives on-the-go, the convenience of single serve is perhaps outweighed by the price premium attached to it.

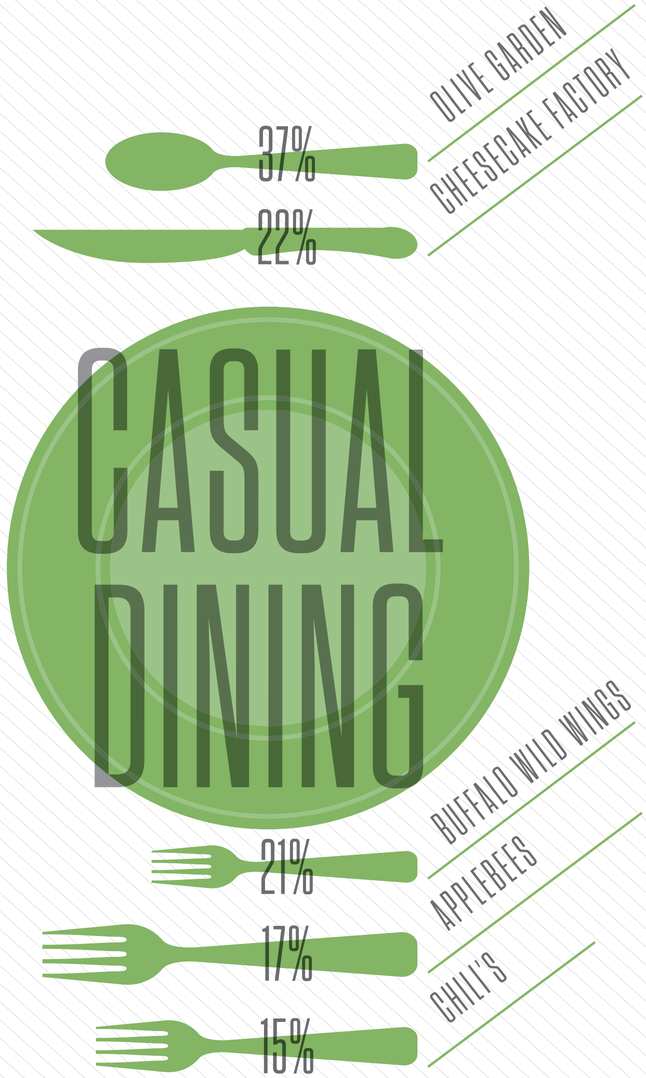
Restaurant Brands

A recent, much publicized survey, NPD’s National Eating Trends, reported that Millennials have significantly decreased their rate of dining out. Since the twenty-somethings have historically been the segment that dines out the most, restaurants find themselves in stiff competition for the dwindling dollars. According to NPD, there was a 12% decline in quick-service restaurant visits alone by Millennials from 2007 to 2012. And shockingly, McDonald's, America's largest fast food operation, recently announced that it doesn't even rank among these demographics' top ten restaurant chains. (*Advertising Age*, March 25, 2013) This study corroborated this notion with less than 15% citing that they eat out often.

So where does this money-conscious crowd head for food when they decide to dine out? We examined which fast food restaurant brands resonate and discovered two brands ranked in the top five for over 42% of respondents: Subway, Chick-fil-A and Chipotle. What are the common elements shared by the top three brands allowing them to resonate above both McDonald's and Taco Bell who are aggressively pursuing this demographic? The answer is healthier menu options, a trustworthy brand and consistently good service. All of these attributes are true to this segment's core values. It's a triangle of attributes that resonates beyond the marketing messages.

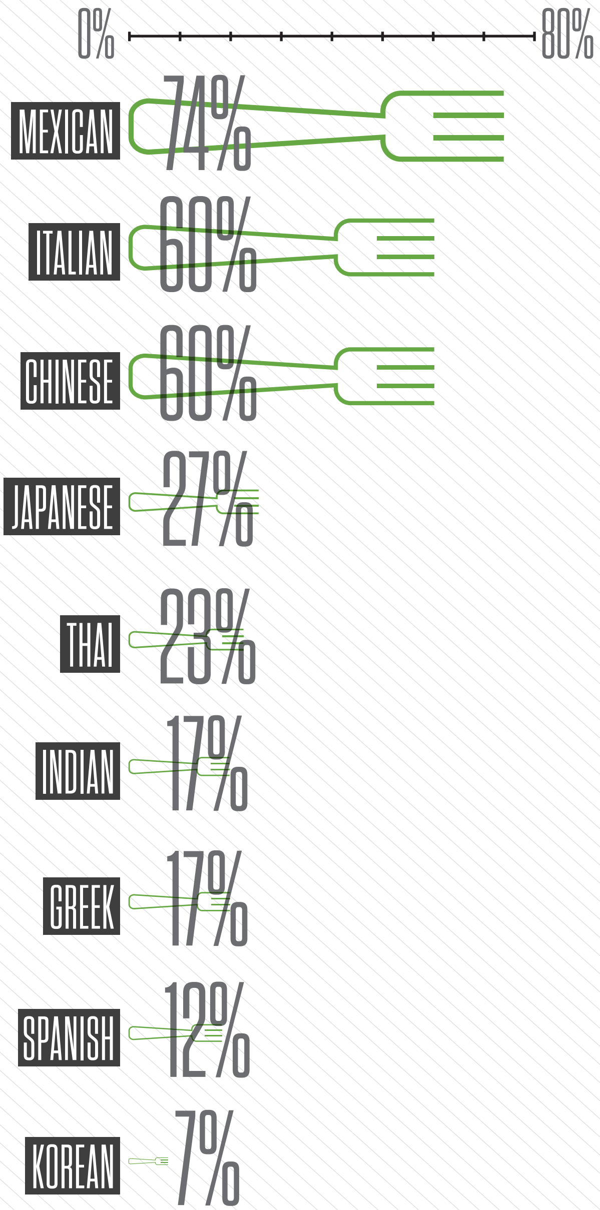
FAVORITE FAST FOOD RESTAURANT

SUBWAY	46.85%
CHICK-FIL-A	42.42%
CHIPOTLE	37.72%
MCDONALD'S	34.26%
TACO BELL	31.68%
WENDY'S	27.52%
FIVE GUYS	22.69%
DOMINOS	18.66%
PAPA JOHN'S	17.58%
BURGER KING	13.42%



What does the landscape look like for the casual dining chain brands? Olive Garden was a clear winner, chosen as a favorite of 37.25% of those surveyed followed closely by The Cheesecake Factory. This is not too far off from the findings by Market Force Information's annual general population survey that ranked The Cheesecake Factory as number one and Olive Garden as number three.

ETHNIC FOODS CONSUMED REGUARLY BY COLLEGE-AGE MILLENIALS



Buffalo Wild Wings, the third most popular brand among the Millennials in our survey, did not make the top ten list for the general population. This popular sports venue indexed decidedly male at 178. And what about ethnic food preferences? We've all read so much about how this culturally diverse cohort were reared on a wide range of ethnic foods impacting their adult preferences. In our study, we found that less than 3% of responders reported not liking ethnic foods. The clear favorite among the college crowd was Mexican cuisine with 74% reporting regular consumption. Italian, Chinese, sushi and Japanese rounded out the top five respectively and making a great case for the growth of the Asian food category both in restaurant dining as well as grocery stores. All of these are consistent with the idea that this Millennial has cultivated a cultured palate and continues to pursue diversity in cuisine. However, it is important to note, ethnic flavors were not among the top five factors impacting purchasing decisions. Here again, price, quality and purity of ingredients outweighed the taste.

Shopping Preferences

A large scale 2011 Millennial study by Barkley showed that Millennials shop for groceries in traditional grocery chains and mass retailers in nearly equal amounts. This contrasted with older generations (those 35 and up) for which the traditional chains still rule by a margin of 44% to 27%. This is a trend that can be partially explained by the group's focus on price/value and is likely related to both income levels and growing up during a time of economic uncertainty.

We opened up the store preferences beyond the grocery to ask college students of this generation where they enjoyed shopping the most; we discovered nearly 58% had traditional grocery stores or mass merchants in their top four preferences. This surprising result indicated a much higher interest and engagement in food selection and grocery shopping than witnessed in previous generations. Clothing stores and online retailers were the only other formats that were preferred by more than 40% of responders. While there is certainly a propensity to shop online, it appears that products such as food and clothing continue to inspire patronage of local brick and mortar over the simplicity of e-commerce.

STORE TYPE PREFERENCE

TRADITIONAL GROCERY

MEN: 55% TOTAL: 59% WOMEN: 45%

MASS RETAILERS

MEN: 54% TOTAL: 58% WOMEN: 46%

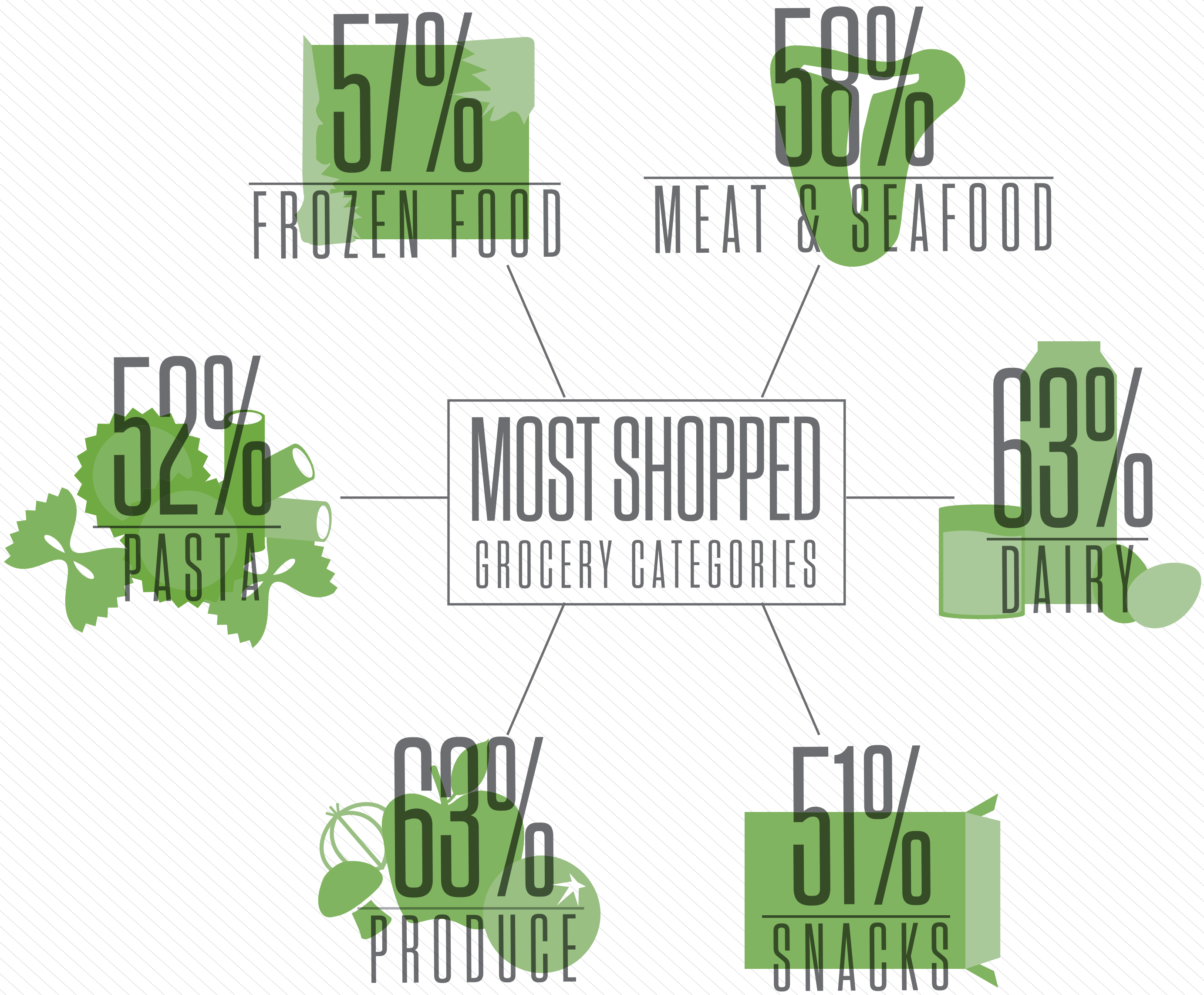
ONLINE RETAIL

MEN: 51% TOTAL: 40% WOMEN: 33%

CLOTHING & APPAREL STORES

MEN: 22% TOTAL: 41% WOMEN: 53%

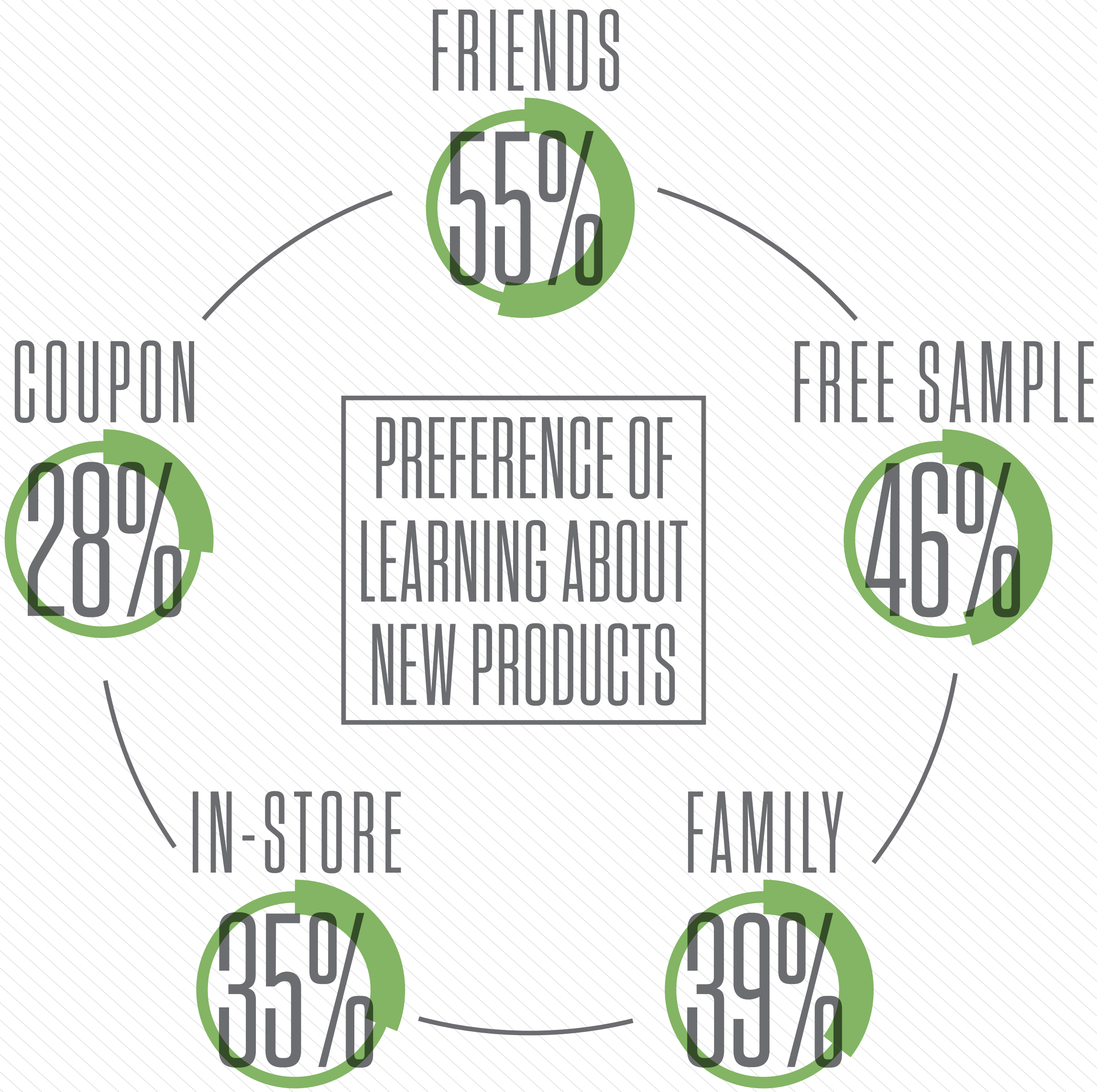
Taking a walk through the grocery and mass retailers, what sections of the store do Millennials report regularly shopping? See the following chart which lines up nicely with the their food and cooking preferences, as well as their dietary concerns as outlined in the previous sections of this report. Dairy and produce sections were most shopped areas for the entire population, with the produce section over indexing for females at 138.



The frozen category is the fourth most shopped section of the store. Products in this category support the "heat and eat" habits of these time-pressed consumers but they also may represent a new definition of "home cooking" which involves starting with a prepared food and then customizing it to individual tastes with added ingredients. Again, this is a pragmatic approach to balancing nutrition and taste with convenience and lifestyle. Perhaps this is an approach to cooking embraced by their parents as they balanced hyper-involved family schedules with work or other responsibilities.

Advertising and Purchase Influencers

What drives the decision to purchase? Earlier studies have profiled Millennials as primarily price-driven purchasers for everyday goods and savvy online researchers for larger purchase decisions. According to a Times & Trends Report by Symphony IRI, 68% of Millennials report coupons from home are influencing their brand decisions. This same report showed that this generation of consumers is over 247% more likely than the average shopper to be influenced by online user-generated content. Do all of these findings ring true for the college cohort in our survey?



Our findings revealed that college students are in fact heavily influenced by friends and family and are constantly connected in real time to a network of family, friends and peers via technology. Nearly 55% of students reported they find out about new products from friends first and an overwhelming 85% stated they were likely to tell friends about products and brands that they like. Taking into consideration the dynamics of the college environment, as well as the prevalence of social media usage among this crowd, it's easy to see how word-of-mouth is amplified. This helps explain the success many brands have found through campus ambassador programs.

But what about traditional advertising? Is it a lost cause among the college crowd? Not if you are doing it right. Nearly 85% of students reported generally feeling positive about advertising. 20% felt it helped them learn about new products and another 24% felt like advertising made a brand seem more credible. Almost 65% indicated they pay as much or more attention to advertising as their parents. This is contrary to many studies that infer they are a generation that has tuned out.

However, all ads and media channels are not created equal in their minds. To the left are the defining characteristics of each type of media as defined by the majority of our respondents in our study.

Some insightful thoughts are captured here that cause us to question the popular dogma that the ultimate key to reaching the Millennial is rooted in reaching them online. No one disputes their comfort with and pervasiveness of technology in their daily lives. However, it doesn't mean that other forms of media are no longer relevant. In fact, gaining an understanding of how the targeted subset uses and views each channel could have huge implications for effective campaigns and avoiding painful pitfalls.

As far as content is concerned, they felt there was room for improvement. 46% reported a desire for more straightforward messages in advertising. This aligns well with the "desire for brand transparency" cited in other Millennial studies. Another 32% wanted ads to be more entertaining. Despite their digital prowess, only 5% indicated they felt ads needed to be more interactive.

And although 29% of students reported wanting a coupon to try a new product, we didn't find the same prevalence of coupon use for college students as Symphony IRI found for the wider population. In fact, 30% reported never using coupons while another 50% reported very seldom use. This likely indicates the shift to couponing behavior occurs post-college when new family households are established.

Social Media

Some of our most surprising results were realized when we asked students about their use of social media in relation to brands. After all, they are the most avid users of mobile and Internet technology and rely heavily on digital media to manage countless aspects of their lives ranging from social interaction to communication to entertainment. Pew Research famously reported Millennials are so connected to their digital devices that over 83% report sleeping with their cell phones right next to their bed. In another study from International Center for Media & the Public Agenda (ICMPA), college students were asked to give up all media for 24 hours. The results reported, "most college students are not just unwilling, but functionally unable to be without their media links to the world."

It's no wonder why many marketers have interpreted this appetite for digital and social media as the Holy Grail for reaching Millennials. It's the, "meet them where they are" theory. But does that translate into effectiveness? We asked our survey respondents for their thoughts on this matter.

Although the prevalence of social media was exceptionally high (over 96% had a Facebook account and over 75% use Twitter), it was clear that the majority were not enthusiastic about engaging with brands in their social space. In fact, nearly half stated they didn't believe brands should be on social media or they didn't personally follow brands. Nearly 70% report following three or fewer brand across all social media, a far cry from the portrait of Millennial online engagement painted in earlier studies of the entire cohort.

When asked what brands are doing wrong on social media, over half of the respondents stated they were posting way too often. Another 40% felt they were simply trying to sell to them and not talking to them. How much is too much in terms of posting? The majority said once a week or less was plenty.

The takeaway for brands is that the key to using social media effectively with this generation takes a lot more prowess than simply posting marketing messages or launching clever promotions. It needs to start with an understanding that the power of the platform doesn't radiate from what brands say about themselves but what Millennials say about brands to one another. Brands should seek to connect with these younger consumers in meaningful ways that will then be amplified through traditional and digital interconnectivity.

SENTIMENT AROUND BRAND PRESENCE ON SOCIAL MEDIA

1.3%
I FOLLOW THE BRANDS THAT I SEE MY FRIENDS ARE FOLLOWING

5.3%
I ENJOY FOLLOWING MANY BRANDS

27.3%
I ONLY FOLLOW MY FAVORITE BRANDS

7.2%
I USED TO FOLLOW BRANDS BUT NOW THERE ARE TOO MANY BRANDS ON THERE

7.8%
I OFTEN START TO FOLLOW BRANDS BUT THEN UNFOLLOW THEM

39%
PERSONALLY, I DO NOT LIKE TO FOLLOW BRANDS

12.3%
THEY SHOULDNT BE ON SOCIAL MEDIA AT ALL

Conclusion

Millennials aren't necessarily who you think they are. For a number of reasons, they are a very complex group of emerging consumers that debunk many of the characteristics of past generations of youth. The attitudes and mindsets of this cohort have been impacted by several historic events including the Y2K paranoia, the terrorist attacks of 9/11, the ongoing war on terror and the economic crash of 2008. Coupled with the fundamental and seismic changes in technology and communications that have taken place in the last decade, as well as the increased speed and instability of the business cycle, it is not difficult to understand that this group of American consumers brings a multi-faceted perspective to the market.

When it comes to connecting with Millennials, recognizing that they are not a homogeneous group and identifying a particular subset for your product, campaign or brand and understanding their particular nuances is critical to effective and efficient communications. How well do you know your Millennial consumer and does your strategy line up?

Study Details

This study was conducted through an online panel consisting of 890 college students on 54 campuses across the U.S. Respondents ranged in age from 17-32. The sample was comprised of 60.45% females and 39.55% males. 82.86% of respondents were 17-22 years of age, 15.45% were 23-30 and the remaining 1.69% were above 30. All participants were college students residing in near-campus apartments.

The study was conducted via an online panel survey by Concentric Marketing, a consumer packaged goods marketing and research firm on behalf of , an experiential and sampling firm specializing in reaching college students across the U.S.

Published August 1, 2013.