



➔ Money Matters

**How Affluent Millennials are
Living the Millennial Dream**

Presented by



FUTURECAST



BARKLEY

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How Affluent Millennials are Living the Millennial Dream

- 1** The Changing Face of Affluent Millennials — p.1
- 2** Essential Questions — p.3
- 3** Methodology — p.4
- 4** Getting to Know Affluent Millennials — p.7
- 5** Affluent Digital and Social Trends — p.13
- 6** Key Insights — p.17
- 7** Segmenting Affluent Millennials — p.22
- 8** Activating a New Generation of Affluence — p.38
- 9** Get Inspired — p.42
- 10** Now It's Your Turn — p.48

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1

The Changing Face of Affluent Millennials

Anyone who has yet to be inundated with the plethora of research and reporting conducted on millennials must have been living on a well-stocked island over the last 10 years. We're jealous. For those who have seen the books, stories, reports and documentaries, it would appear that all things millennial have been well pored over, researched and sensationalized. Yet as they say on direct response TV, "Just wait, there's more!"

In the course of our consulting and research over the past year with all manner of clients looking to transform their businesses in the wave of the millennial tsunami, questions began to arise, especially in the luxury and finance sectors, about a small subset of millennials we had not previously paid much attention to: "affluents."

Affluence has been a growing buzzword when it comes to millennials in the marketing and business world. Across the board, brands from Burberry to BMW have been wondering how to engage a nascent but growing population of affluent young adults, due to their nontrivial impact on discretionary spending.

At less than 10 percent of the 18- to 34-year-old population, these millennials hold a disproportionate sway over both dollars and influence. Brands and businesses are attempting to figure out what makes these millennials tick, as compared to their less affluent counterparts, and what the best practices are to gain the loyalty and advocacy of this powerful population.

1

The Changing Face of Affluent Millennials

By the numbers, there are about 6.2 million millennial households that report earning at least \$100,000 annually. According to Unity Marketing, this group will take over as the largest generational segment in the luxury consumer market around 2018-2020. While \$100,000+ HHI may not qualify for "affluence" in a lot of marketers' target profiles, keep in mind that at only 18-29 years old on the younger end of the spectrum (46 percent of respondents), this younger cohort will continue to gain spending power as they climb the corporate (or noncorporate) ladder, start new firms and continue to find new ways to create value and disrupt industries.

Seventy seven percent of the 6.2 million millennial households we studied reported making over \$150,000 annually, customers every business would covet today and tomorrow.

In this report, we will show that millennial affluents are not homogenous. In fact in running a segmentation on over 1,100 data points, four unique segments emerged, each statistically different in behaviors, attitudes and general demographics. Each segment will require a nuanced, omni-channel, uber-relevant approach to engagement.

Although conventional wisdom might suggest that affluents are male, highly

educated and single, this convention is seriously challenged in our data. With many segments being female-dominated and less than college-educated - think early entrepreneur.

However, what ultimately defines the affluents is not that they are wholly unique, but that they are in fact the millennials that the media has portrayed to us. Unlike nonaffluent millennials who often say one thing and act differently (most millennials will say they buy organic but then run through the store register with the off-brand peanut butter), affluent millennials are unfettered from issues of general affordability. They do not have to trade up or trade down; they simply buy the things they want. Essentially, they can buy the products and services that fit their general millennial mindset - fresh, organic, fast, high quality - and do not have to trade up to get it. They can take the great adventures, chart the less traveled paths and embrace the risks they wish to pursue.

Whatever conclusions you draw, this report was designed to give you the data and insight to better understand this unique cohort and its segments. In creating this report, we developed a list of guiding questions that served as a foundation for our research. We hope that our curiosity matches yours and that through enlightenment your brands, clients and customers will prosper from the findings below.

2 Essential Questions

- 1** Who are affluent millennials based on general demographics?
- 2** What are the major differences between affluent millennials and non-affluent millennials, previous generation of affluent adults and the generation population?
- 3** What are the key insights regarding affluent millennials?
- 4** How do affluent millennials break down in terms of unique segments based on behaviors, attitudes, demographics and values?
- 5** What are the best ways to activate affluent millennials to drive advocacy and lifetime value?
- 6** What are the brands getting it right?

3 Methodology

Upon developing our initial questions, we worked with our data partners to consolidate all of the optimal research available to describe affluent millennial consumers' behaviors, attitudes, lifestyles, media usage and preferences – and all the nuances that guide the creation of brand strategy and actionable tactics.

3

Methodology

Our approach to conducting research covered three separate parts:

1 Affluent Millennial

Behavioral Segmentation

By aggregating the best-of-breed U.S. consumer databases into a comprehensive dataset, our partners at Consumer Orbit LLC utilized data representing over 110 million U.S. households and more than 230 million individual consumers to develop four segments of affluent millennials between the ages of 18 and 34 making more than \$100,000 annually. Overall, this research process painted a robust, data-driven picture of the 6.23 million affluent millennials living in the United States today.

Demographic/Psychographic

As we studied these affluent millennials, we focused on behavior-based segmentation tied to actual transactions, behaviors based on purchase history outside consumer-based behavior data collected from accredited survey research work, and aggregated data from third-party companies. These data sets were combined in a proprietary process that allowed for a simultaneous solution using disparate data sources.

Following a parallel timeline, we used demographics to describe affluent millennials rather than define market segments. Each demographic may contain up to 40 subsegments that create disparate behaviors within each demographic grouping.

Behavioral/Transactional

Behavioral data was essential in developing a deep, insightful understanding of affluent millennials. Behaviors can be expressed through customer transactions and through both syndicated and proprietary research. In fact, experience has proven that the most predictive segmentation solutions are those in which transaction-based behaviors are combined, statistically and simultaneously, with consumer database behaviors and survey research behaviors.

Attitudinal

While behavioral information allowed us to gain insights into what affluent millennials do in the consumer market, we knew it was imperative to understand why affluent millennials make certain purchases. To accomplish this, we utilized the wealth of attitudinal data available in syndicated survey research based on more than 500 individual statements, the majority of which have more than 15 years of historical reference points.

The use of consistent attitudinal data allowed us to utilize the descriptive statements as both drivers to certain types of partitioning solutions as well as descriptors to our solutions.

Defining the Segments

With these extensive resources, we performed rigorous statistical analysis in order to best determine the appropriate number of segments that encompass the different types of affluent millennial consumers. Then, using driver variables

3

Methodology

related to luxury and financial factors, we partitioned the data into four distinct segments: Calculated Go-Getters, Pragmatic Parents, Active Influencers and Big City Bachelors, thereafter described by thousands of behavioral and attitudinal characteristics. These segments will be described in significant detail in our segmentation section of this report.

2 Consumer Technographic Analysis

Forrester's data services provide deep insights into how technology impacts customers' attitudes, behaviors and expectations in a rapidly changing world. Leveraging Forrester's annual survey data from more than 400,000 consumers in 20-plus countries, we looked at affluent millennials to gain a deeper understanding of how these tech-empowered consumers and prospects make decisions.

These data delivered insights across a range of emerging technologies, behaviors, digital, mobile and social engagement.

3 Affluent Millennial Brand Analysis

YouGov BrandIndex is the only daily measure of public perception of consumer brands across a wide selection of industry sectors. Each day, YouGov BrandIndex captures six key indicators of brand health, and two measures of recent brand awareness: General Impression, Quality, Value, Corporate Reputation, Customer Satisfaction, Willingness to Recommend Attention and Buzz. Respondents are drawn from proprietary online consumer panels of 1.2 million respondents. For this report, we tapped into data collected from respondents in the 52 weeks prior to May 1, 2015.

We investigated brands that scored highly in regard to Buzz, Purchase Intent and Former Customer. We compared these scores to the nonaffluent millennial population and created a comprehensive list of brands that have successfully integrated themselves into the affluent millennial consideration set.

4 Getting to Know Affluent Millennials

Our research led to significant insights that will alter the way brands engage with a new generation of affluent millennials. But before we get to the insights, let's break down the affluent millennial population by the numbers.

Surprisingly, the affluent millennial population is 64 percent female. When we think about affluence in the United States today, the typical image that comes to mind is a man. Overwhelmingly, men make more money than their female counterparts. Fortunately, the gender wage gap has begun to decrease among millennials, a potential explanation for the majority female affluent millennial population. According to Pew Research

Center, today's young women are the first in modern history to start their careers at near parity with men. Among female workers in 2012, hourly earnings were 93 percent of what their male counterparts were making.

The narrowing of the gender wage gap for young adults is attributed to higher education levels among millennial women entering the workforce. Currently, females are also graduating from universities at higher rates than men in the United States. We have also experienced a relative decline in median hourly wages for men, with a 4 percent decrease between 1980 and 2012, according to Pew Research.

4

Getting to Know Affluent Millennials

However, despite advances made in regard to gender equality when it comes to affluence, we are still seeing a predominately white affluent population of adults between the ages of 18 and 34 making a household income of more than \$100,000 annually (78 percent) – echoing trends of affluent consumers from previous generations.

When it comes to age breakdowns, it's no surprise that the majority of affluent millennials are in the older half of the overall millennial population. More than 50 percent of affluent millennials are between the ages of 30 and 34. This is due in large part to the high percentage of affluent millennials who have reported completing college, a higher level than the general U.S. population. Fifty-six percent of affluent millennials have graduated from college, which slightly outpaces the 52 percent of the general affluent population. Overall, this number dwarfs the 30 percent of the total United States population who are college graduates.

Although graduation rates are high among the affluent millennial population, it is interesting to note that graduate school attendance for affluent millennials is significantly lower than what it was for affluent adults from previous generations (index 74) and even lower when we factor in the population of affluent millennials who have completed graduate school (index 60). This is potentially a result of the entrepreneurial spirit of many millennials who have the means to explore options outside of college.

Think about the most affluent millennials of today. Mark Zuckerberg left Harvard without a degree, after creating Facebook – a throwback to an earlier generation of entrepreneurs. Teen stardom, YouTube and blogging fame, and even reality TV, all offer models for success, however unlikely.

On a smaller scale, as millennials become more affluent, many see less value in the traditional educational system, as they are more capable to act on their entrepreneurial ideas and aspirations.

We can also attribute this to a changing value perception of the educational system. Traditionally, affluent adults connected their higher levels of income with higher educational degrees. Now, unless a field requires specific advanced schooling (medicine, law, engineer, etc.), the common mindset is that undergraduate utility is enough to propel a career rather than spending more money on an advanced education simply for the prestige of an additional degree.

Ultimately, the conventional wisdom that education drives wealth is true, but we have not seen affluent millennials jumping into grad school at the same rates as their predecessors. Only time will tell if this trend will continue or if affluent millennials are simply delaying this next phase of their educational careers longer than previous generations.

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Getting to Know Affluent Millennials

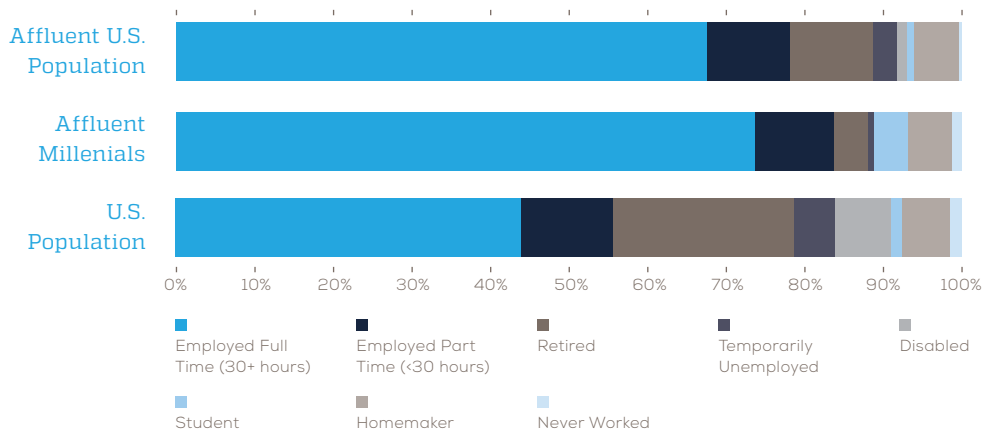
Of those already in the workforce, affluent millennials are very invested in their careers and the opportunities that lie ahead. We found that 74 percent of affluent millennials are currently working compared to just 44 percent of the general U.S. population. As these are young adults who already have a substantial income, it is no surprise that their work ethic reflects their driven mindset.

Overall, the hard work of affluent millennials is paying off. The average household income of the affluent

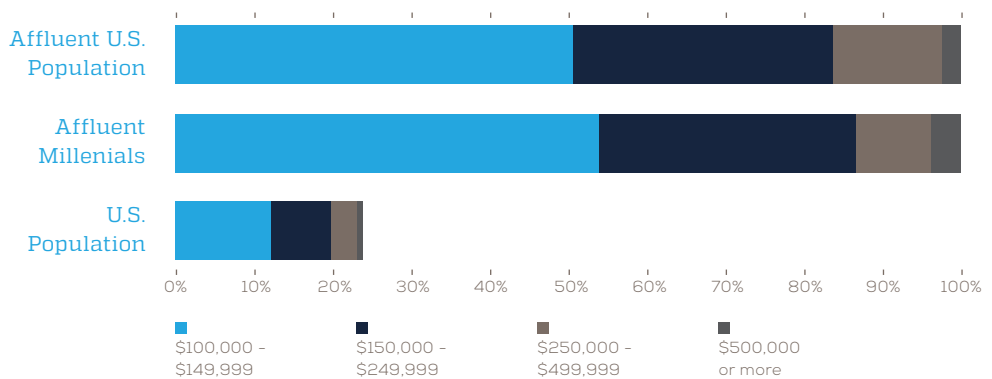
millennial population greatly surpasses the U.S. general population while still aligning with the average annual income for the overall affluent population. Narrowing in on the upper end of the income brackets, however, it is interesting to note that one-third of U.S. adults making more than \$500,000 annually are affluent millennials.

Why is this so valuable? Unlike nonaffluent millennials, this population of affluent adults has the capital to support the new market trends they are influencing.

Employment Status



Household Income



4

Getting to Know Affluent Millennials

In an attempt to better understand this segment of high-earning affluent millennials, TD Ameritrade conducted a study of more than 500 millennial investors. They divided these millennials into three segments based on their investing habits: High Net Worth Millennials, Potential High Net Worth Millennials and Mass-Affluent Millennials. When it comes to the affluent population of young adults making more than \$500,000 annually, we found the most value in the High Net Worth segment.

According to Ameritrade, High Net Worth millennials are young adults who have more than \$500,000 to invest and will likely hire a financial advisor when making major decisions.

This is in alignment with our research, as we found a significant amount of affluent millennials in the Active Influencer segment were significantly likely to over-index (202) compared to all other segments when asked if they would pay money for good financial advice. (We will dive more into the behaviors of this segment later in the report.)

We find that these young adults in the upper 4 percent of the overall millennial population (those making substantially higher incomes than their peers) have an extreme amount of influence on the brands that market luxury, financial services, travel and other largely

“aspirational” millennial products that, in reality, only the affluent population has the income to afford.

The image of youthful success ripples outward through millennial culture.

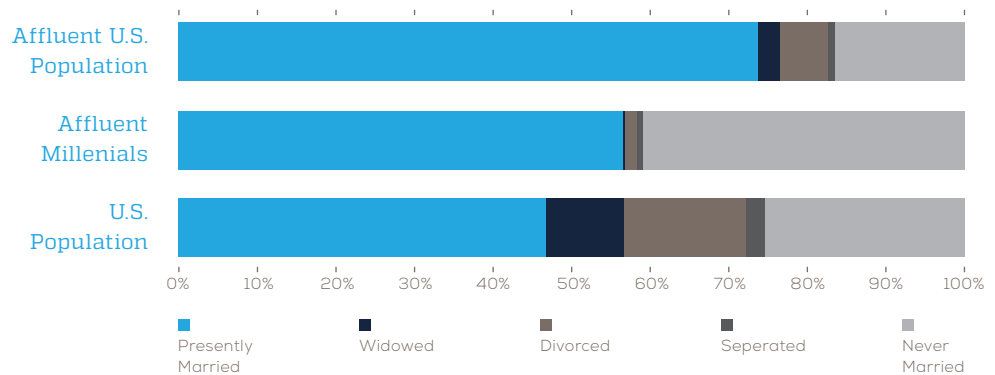
In addition to successful careers, many affluent millennials are in the process of transitioning into married life and settling down to start families. Because affluent millennials are more likely to be in the older half of the millennial generation (remember, more than 50 percent are over the age of 30), they are starting to look ahead and plan for the future. Our research shows that 57 percent of affluent millennials are currently married and 6 percent are currently engaged, a significantly higher number than nonaffluent millennials (index 121). Affluent millennials also over-index compared to nonaffluent millennials when it comes to expecting a child in the next 12 months.

Traditionally, the transition into marriage and parenthood occurs at a life stage when a young adult feels financially comfortable. This leads us to believe that affluent millennials are on the cusp of a transitional period in their lives – a key time for marketers to connect with consumers as they are changing their buying patterns. Unlike nonaffluent millennials, who are delaying marriage, affluent millennials do not have the fear of cost holding them back. This is huge for brands in the bridal and luxury industries that have the potential to connect with this generation in transition.

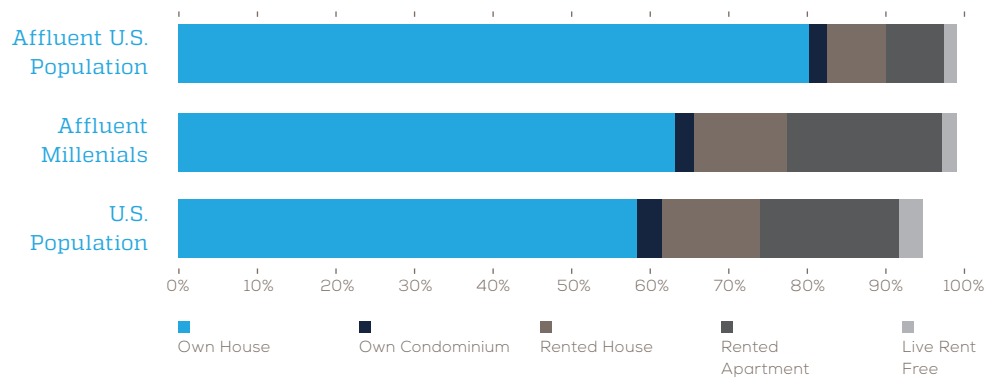
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Getting to Know Affluent Millennials

Relationship Status



Home Ownership/Renter Percentages



Beyond marriage, our research shows that affluent millennials are in a transitional life phase overall. Compared to nonaffluent millennials, affluent millennials over-index when it comes to changing jobs, buying a home and making home improvements in the past 12 months. Part of this transition includes purchasing a home for the first or second time. In regard to home ownership, affluent millennials are more similar to the general population than to the general population of affluent adults.

Overwhelmingly, home ownership is a life milestone that affluent millennials

are checking off their lists at greater rates than their nonaffluent peers. Affluent millennials are significantly more likely to own a home (index 165) compared to millennials making less than a household income of \$100,000 annually. This finding echoes trends from previous generations of affluence, as home ownership is typically a milestone that is reached depending on a certain income level.

Finally, in regard to their political outlooks, 42 percent of affluent millennials are significantly more likely to consider themselves Middle Of The Road, and 22 percent describe

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Getting to Know Affluent Millennials

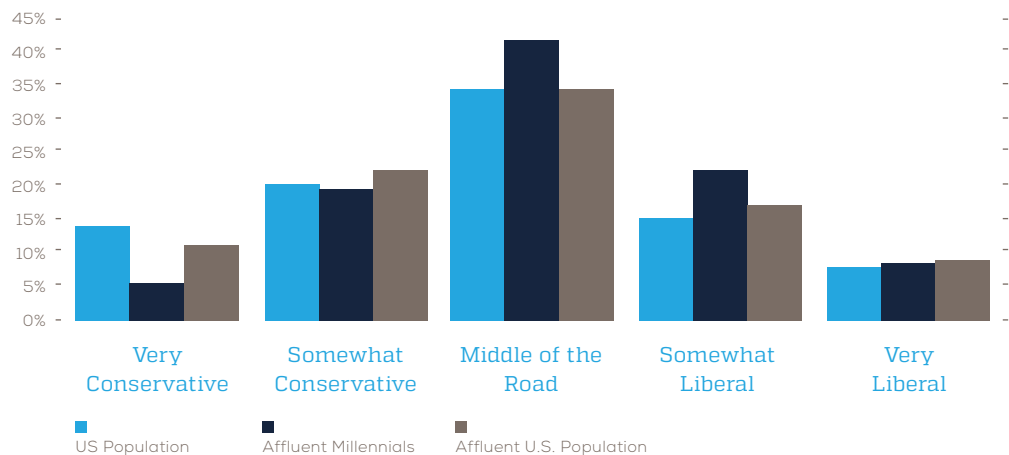
themselves as Somewhat Liberal. This aligns with overall millennial trends as many millennials have embraced a more liberal mindset when it comes to top priority issues in the United States today. For example, on average, 37.5 percent of the affluent millennials we surveyed believe that marijuana should be legalized. This is creating a new culture among the younger audience of affluent adults that is vastly different from affluent adults of previous generations.

The demographics of the growing population of affluent millennials present a very clear conclusion: The sheer power and growth of the affluent millennial population are making them

a potent force to be reckoned with. However, beyond just their powerful demographics, the social behaviors of affluent millennials are making them the trendsetters among the millennial population. We often talk about how millennials in general are influencing the overall market; however, we rarely talk about who is influencing the millennial population.

As the cohort of young adults with the means to act on their shopping attitudes and preferences, affluent millennials are overwhelmingly the population with the largest amount of influence today.

Political Outlook



5

Affluent Digital and Social Trends

In addition to their capital influence in the market, affluent millennials are overwhelmingly the social activators among their millennial peers. Although affluent millennials are not significantly more present on social networks than their nonaffluent peers (index 103), they are significantly more likely to actively participate in their networks rather than be simply socially present. This is a critical distinction.

Socially active media users are those who post reviews, share pictures, engage with brands online and have a strong influence on their followers (meaning their posts lead to action from their networks).

Socially present users are more passive on their social media accounts. These are the “passive scrollers” who are not likely to post a review or share brand pages, but will look to sites and social media for reviews and content posted by more socially active users.

Affluent millennials fall within the socially active category. In comparison to nonaffluent millennials, young adults who make more than \$100,000 are significantly more likely to post on ratings and review sites (index 126), brand product sites (index 132) and online forums/communities (index 126), according to Forrester.

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Affluent Digital and Social Trends

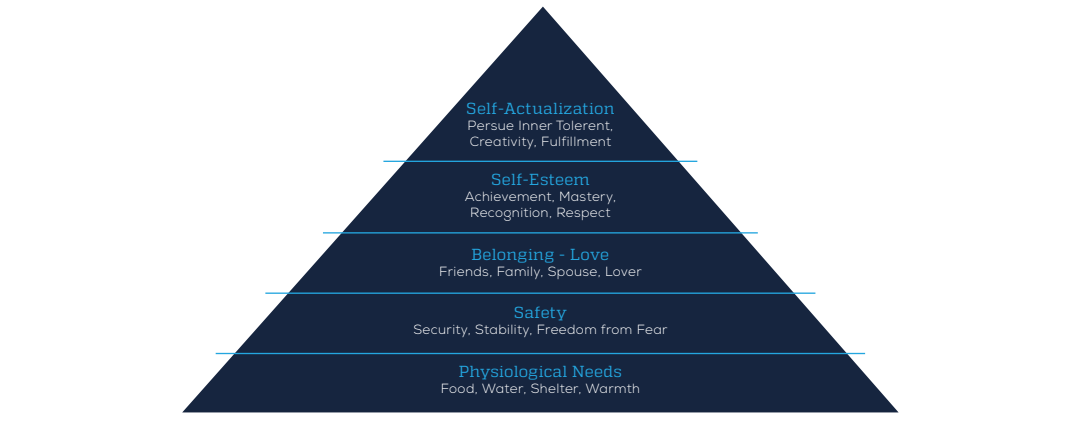
Additionally, on all social media platforms, affluent millennials are significantly more likely than nonaffluent millennials to post, comment, share, tag or like content. Ultimately, this solidifies our assumption that affluent millennials are the trendsetters in millennial culture. Essentially, these young adults are more reactive to the market online because they are more active in the market in general.

Despite the difference in social activity, all millennials are defined by their digital and mobile native-ness. As digital and mobile natives, millennials have created an environment where digital platforms are seamlessly integrated into daily

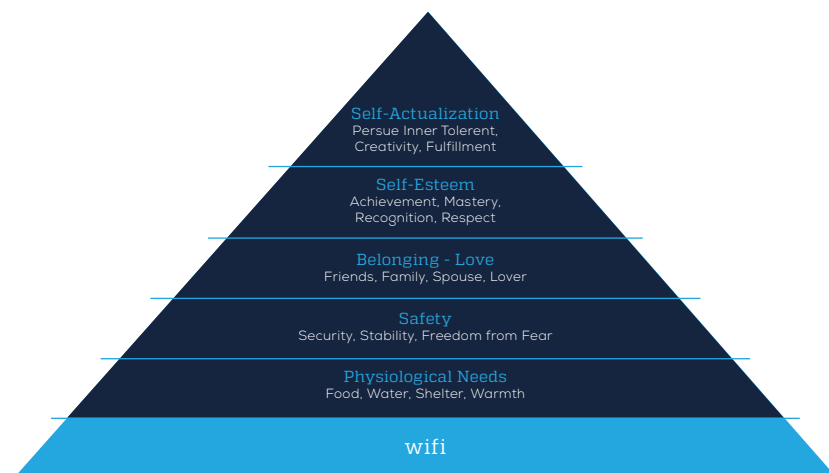
life. Many of these young adults have never even experienced life without the Internet and demand brands to have an omni-channel presence across multiple platforms in both the physical and digital spaces.

To put this into perspective, think about our traditional view of what advertising and marketing was based on – Maslow’s hierarchy. The pyramid was structured so that every basic need had to be met before advancing to the next level, starting with physiological needs (i.e., water, food, shelter). Millennials, however, have added a level even before those basic needs: Wi-Fi.

Maslow’s Hierarchy of Needs



... FOR MILLENNIALS



5

Affluent Digital and Social Trends

For affluent millennials, this even goes a step further when we consider their capacity to afford products that they deem necessities (smartphones, tablets, smartwatches, etc.) compared to their nonaffluent peers. As a result, we have experienced the convergence of the physical and digital culture – this overlap is what has generated Millennial Mindset Consumers.

Traditional consumer activities like shopping and working out were once completely isolated from the digital space. Now, it is nearly impossible to separate the two. Shopping almost always involves some component of digital search (or buying), and brands like Nike and Fitbit have completely bridged the two worlds when it comes to fitness.

For example, a 50-year-old man is not a millennial as defined by his age, but he is just as dedicated to wearing his Nike FuelBand every day as his 23-year-old son.

This digital fluency represents a sea change in the market, and affluent millennials are more than on board – they are steering the ship. On average, 42 percent of affluent millennials agree that they often access social networks via multiple devices. They are engaging with brands across multiple screens, and what they are finding online affects a brand's health. When asked if they talk about the things they see on social sharing/networking websites in face-to-face conversations, more than half

of affluent millennials strongly agreed that the content they see online fuels their physical interactions. This means that online marketing and, even more importantly, mobile integration are key for brands aiming to connect with a more affluent population of young consumers.

Nearly 80 percent of affluent millennials reported that the Internet has changed the way they get information about products and services. More than just online marketing, however, comes from those engagements. Affluent millennials will not respond to a digital strategy that simply says, "shop here," "buy this," "go there." These are savvy shoppers who see through the traditional marketing tactics and want more benefits and more recognition for their dollars. This has led to a growing divide between the different ways in which affluent and nonaffluent millennials spend their money.

While nonaffluent millennials embrace a trade-up/trade-down shopping mentality, affluent millennials are trading differently, out of their own response to changing variables. When an affluent millennial walks into a store to purchase a product or service, they expect a certain level of quality and will adjust their price accordingly. Nonaffluent millennials, however, have a set price and will alter their quality expectation based on their budget. Essentially, both sets of millennial shoppers are day traders by nature; however, the difference is in what they are trading.

For example, imagine a nonaffluent millennial shopping in the grocery store. While browsing, he stumbles upon a

5

Affluent Digital and Social Trends

great salmon filet behind the fish counter. On an impulse, this shopper buys the filet and decides to forego the nicer cheese this time in order to balance out the grocery budget. An affluent millennial, however, does not need to make those similar trades where price is concerned. Instead, she is trading up and trading down where quality comes into play.

For example, an affluent millennial may find the same salmon behind the counter but sees a much thicker filet right behind the first for more money. Without second thought, the affluent millennial will choose the filet of greater quality (more meat) and will get the cheese to go along with it because she has the capability to do so.

We already know that all millennials, regardless of income level or trade-up/trade-down mindset, prefer to spend money on experiences as opposed to things. According to a study conducted by Eventbrite, a global events and ticketing online marketplace, more than three in four millennials would choose to spend money on an experience instead of buying a product or service. Income variances, however, play a big part in the quality or “leveling-up” of those experiences.

For example, nonaffluent millennials who attend the music festival Coachella may camp out or crash with friends, while affluent millennials will pay more for an upgraded, VIP experience featuring closer seats (backstage access, anyone?), private tents with free booze and potentially reserved hotel rooms. For millennials who can afford it, that is the experience they are looking for.

These days, nearly every concert venue, restaurant or bar offers a VIP option, whether it’s bottle service on the dance floor or sitting at the chef’s table for dinner. These types of experiences have been designed to capture the dollars of affluent millennials, who will often pay extra to gain entry behind the velvet ropes of the world.

Along the lines of the VIP experiences, affluent millennials aren’t happy with standard vacations. Instead, they prefer exotic spots. Let’s be real, a sunset in Thailand would make a great Instagram picture. The access affluent millennials have to travel increases their motivations to look for locations that go off the beaten path. According to our research, affluent millennials are more likely to pick a different destination every time they travel instead of returning to the same place twice.

Without a doubt, these adventurous young consumers are setting the standard for what the rest of the millennial generation aspires to become.

These socially active millennials are not afraid to voice their opinions and will reward brands who give them a space to do so. VIP access, high-quality products and travel, to name a few, are not off-limits for affluent millennials. The influence these purchase decisions exert makes them a highly coveted cohort among the millennial generation overall.

Gaining an understanding of what makes them tick and turning insights into actionable takeaways will be what sets your brand apart from everyone else.

6 Key Insights

That was a lot of information about a huge population of young adults living in the United States. In an attempt to be more concise, we have boiled down all of our findings into eight key insights.

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Key Insights

1 Affluent millennials are a female-dominated group.

Sixty-four percent of affluent millennials today are female. This is a drastic shift from previous generations of affluence. According to Pew Research Center, the wage gap between men and women has lowered significantly. This is due in large part to higher college attendance and graduation rates for women in the past decade. Pew Research found that in 2013, millennial women were 21 percent more likely than men to be college graduates and 48 percent more likely to have completed graduate school. This elevation in graduation rates among women is a major factor contributing to the higher levels of affluence for millennial women overall.

This changes the game for many marketers and brands that typically target higher income households. The traditional target for this household was predominately male. Now, as we see a changing demographic among affluent millennials, top brands will have to adjust their marketing strategies in order to connect with the changing face of affluence in the United States today.

2 Affluent millennials are social activators.

Without a doubt, millennials are quickly becoming the most influential generation in our market today. However, while the common narrative is that all millennials are social activists, it is important to recognize the difference between socially active and socially present. As

we mentioned earlier, socially present digital consumers are the “passive scrollers.” They have a strong digital presence but should not be considered “influencers” when it comes to establishing new trends. Socially active users are the next level up.

These consumers are extremely active on social media and in the digital space. They post multiple times a day, share pictures, post reviews on blogs and product sites and voice their opinions on their multiple networks. This is also the group of consumers that is more likely to share, comment, like or tag branded content. Affluent millennials are significantly more likely to fall within the latter group. Overwhelmingly, affluent millennials outpace their nonaffluent peers when it comes to their activism on ratings and review sites, blogs, brand and product sites, and online forums and communities. While both populations have extremely high social presence, 59 percent of affluent millennials are likely to participate in online ratings and review sites compared to 47 for nonaffluent millennials. More than one-third of affluent millennials regularly post on brand and product sites compared to 26 percent for nonaffluent millennials.

This brings us to the conclusion that affluent millennials are fueling many of the opinions and trends we see the overall millennial generation latching on to. As consumers who are more active in the market in general, they are, unsurprisingly, more reactive to the market in their digital social networks.

6

Key Insights

3 Affluent millennials are the trendsetters among the millennial population.

The social activity of affluent millennials is the perfect lead-in to our third major insight. When we think about the millennial generation in general, we often describe them as the trendsetters in the overall consumer economy. However, who is setting the trends within the millennial generation? Who are the millennial consumers that influence their peers to believe that organic is better and buying local is important? These hugely aspirational trends we see the majority of millennials looking toward are realities for affluent millennials.

While it could be argued that because nonaffluent millennials are the majority, they are influencing the buying habits of affluent millennials (which came first, the chicken or egg?), our research strongly suggests that affluent millennials are the first adopters of new products, services and trends because they have the means to do so and are sharing their opinions at greater rates than nonaffluent millennials.

4 A significant amount of wealth is being generated in the upper end of the income brackets among affluent millennial segments impacting the direction of the luxury market.

Affluent millennials make up one-third of adults in the United States with household income of more than \$500,000 annually. This means that the upper income brackets in our market

have a very strong millennial presence. This presence is significantly affecting the buying patterns and trends of general affluence in the United States today. While Gen Xers and boomers still make up 66 percent of the general affluent population, the rate at which millennials are reaching higher levels of affluence is occurring much faster than it did for previous generations.

This is huge for brands in the luxury markets that are undergoing a transition in terms of what affluence looks like in the U.S. today. For example, traditional badges of wealth, like a \$10,000 Rolex watch, do not carry much weight with affluent millennials. These savvy young adults are not looking for products that show off their paycheck. Instead, they are looking for brands that align with their personal values. Essentially, the value is not in the product, it's in the consumer.

For example, Bose is a top-performing brand among affluent millennials. Bose music systems and headphones, ranging in price from \$200 to \$3,500, are just out of the price range for the general millennial population. However, affluent millennials will pay the premium for the quality of the product and the belief in the company commitment to better sound. This is a seismic shift from traditional luxury marketing to boomers, who believed the things they bought reflected their income and financial standing.

6

Key Insights

5 Affluent millennials are addressing education in a different way than previous generations of affluence

While affluent millennials are more likely to have a college degree than the general population, it may come as a surprise that 44 percent of affluent millennials did not graduate from college and another 4 percent have not completed graduate school. While the number of those who have graduated still trumps nonaffluent millennials, this is very off-trend with traditional patterns of affluence. Traditionally, affluent adults were more likely to have attended graduate school than millennial affluents today. This is due in large part to a shifting perspective among millennials on the value of the educational system.

As mentioned earlier, affluent millennials, unlike affluents from previous generations, are not as likely to link a graduate degree with higher levels of affluence. As an entrepreneurial generation, these young adults are more interested in putting the knowledge gained in their undergraduate programs to use in the workforce. This brings us to an era of utility over prestige when it comes to education.

Additionally, growing student loan debt is a large deterrent for young adults attending universities today. Even though affluent millennials may have higher incomes than their peers, taking on more debt in graduate school is not something that ranks high on their priority list. As many affluent

millennials are in a transitional period and the decision to go back to grad school is more viable, only time will tell if the trend to forego higher education will continue or if affluent millennials are simply delaying this next phase of their educational careers longer than previous generations.

6 Home ownership among affluent millennials reflects trends from previous generations of affluence.

Affluent millennials who are buying homes are doing so in a way that reflects trends from previous generations of affluence. The insight here is that although this is not a new trend, affluent millennials are not rejecting traditional means of home ownership. Our research shows that affluent millennials are significantly more likely than nonaffluent millennials to own property (index 165) and homes (index 182). Additionally, many affluent millennials are already planning on purchasing their second home in the next 12 months (index 230), often to accommodate growing families.

These findings lead us to believe that affluent millennials are confident about their financial standings and have a positive outlook for the future. While many nonaffluent millennials see renting as a more viable living option, affluent millennials are following patterns of previous generations of affluence and are most likely the first among their friends to make the jump from renting to owning.

6

Key Insights

7 Affluent millennials are at a second-phase turning point in their lives where new buying patterns are being developed.

You read earlier about the transitions occurring in the lives of affluent millennials today. They are getting married, buying homes, and many are starting families. These young adults are also more likely to be changing jobs or to have changed jobs in the past 12 months than nonaffluent millennials (index 146). But what does this transition mean?

For brands, this means that as soon as all these changes take place, affluent adults will be settling into a new lifestyle with altered buying habits. Similar to a rock thrown into the sand displacing all the grains, everything will ultimately settle back into place in a new order.

This is salient for luxury brands aiming to target the new generation of affluence in the coming years. Ultimately, the new buying patterns of affluent millennials will direct the future of the luxury spending market and consumer trends that will dictate the consumption patterns of all affluent adults in the United States.

8 Affluent millennials are savvy shoppers; however, their savviness is segment-dependent.

The trade-up/trade-down mentality among millennials has been a defining characteristic of this generation for the past decade. A trade-up/trade-down mindset means consumers will spend a premium on brands they deem worthy but are happy to buy private-label brands when the “equivalent” name brand has failed to create a high enough value. This mindset has fueled a generation of savvy shoppers who have strong justifications for their purchases. However, the key is to understand what variables an affluent millennial is willing to trade on versus their nonaffluent peers. For nonaffluent millennials, purchase decision is highly dependent on cost while affluent millennials are much more invested in quality.

This manifests itself differently for each segment of affluent shoppers. For example, while someone in the Trendsetter segment may trade up or down based on quality when it comes to technology, a Big City Bachelor does not place as much value on those same technologies. However, they are certainly going to dish out whatever cash they want on prime seats for the baseball game next week. We will dive more into these segmented shopping nuances later in this report.

7 Segmenting Affluent Millennials

Now that we understand the affluent millennial on a broad level and have a better understanding of what make this population so powerful in our consumer market today, let's find out how brands can best connect with them. In order to do that, we had to break down the 6.2 million affluent millennials into subgroups to study them further.

7

Segmenting Affluent Millennials

Using its six databases containing over 43 trillion household-level data points, Consumer Orbit collected a sample of 6.2 million millennials aged 18-34 with household incomes of \$100,000 or greater to create four affluent millennial segments: Pragmatic Parents, Active Influencers, Calculated Go-Getters and Big City Bachelors.

This snapshot paints a picture of who these affluent millennials are at a high level.

When we dig into the individual nuances of each segment, we see a very clear picture of who these people are and what motivates their buying attitudes and behaviors.

	Pragmatic Parents	Active Influencers	Calculated Go-Getters	Big City Bachelors
Marriage, Sex, Age	Married, Female, 25-34	Married, Female, 18-21/30-35	Married, Female, 25-34	Unmarried, Male, 18-29
Pop Size	18%	27%	22%	33%
HHI	\$100K-\$250K	\$100K-\$250K	\$100K-\$150K, \$250K-\$500K	\$150K-\$500K OR MORE
Education	Attended college without graduating	College attendance/grad, graduate degree	College and Grad School Graduates	HS grads, college attendance
Employment	Full-Time	Full-Time, Part-Time Skew	Full-Time, Homemaker, Student	Full-Time, Skew for Student & Temp Unemployed
Political	Middle-Liberal	Middle-Conservative	Middle-Liberal	Middle
Rent/Own	Rent	Own, Skew Live Rent-Free	Own, Skew Rent House	Own, Skew Live Rent-Free
County Size	B'-C'	'A'-B'	A'-B', Skew 'D'	'A'
Region	Northeast, West	South, West	South	Midwest
Ethnicity	White, Some Hispanic	White, Some Hispanic	White, Black Skew	White, Black & Asian Skew

7

Segmenting
Affluent
Millennials

Pragmatic Parents

“I did it for my kids.”

Segment highlights:

- 22% of overall affluent millennial population
- 71% female, 29% male
- 63% aged 30-34
- 76% are married
- 78% are parents
- 56% earn \$100,000-\$150,000 annually
- Twice as likely as other affluent segments to consider themselves very busy and family oriented.
- Want to share experiences with their family rather than doing something on their own.
- Most likely segment to indulge their children in “little extras.”
- Most likely segment to have not graduated from college or be pursuing a graduate degree.

Getting to know Pragmatic Parents:

- Most likely segment to agree that in their spare time they like to spend time with their family.
- When it comes to shopping, these parents are not likely to be fazed by the number on a price tag.

Meet Molly and Brad. Molly, 32, and Brad, 34, are high school sweethearts and happy parents of two. They married right after Brad graduated from his state university. They had their first child, Jonah, within the same year they got married. With a baby boy running around, Molly and Brad thought it best for Molly to drop out of her MBA program to focus on raising her family. Two years later they had their second child, Grace.

Now with a 6- and 8-year-old, the couple once so focused on career goals and climbing the ladder now primarily focuses on their family, and they could not be happier. However, they are both still working hard to provide a good life for their family. Molly works for a popular mommy blog reviewing parenting products, and Brad works as a manager for a corporate financial firm. They spend their free time between T-ball and ballet lessons, or with one another, either enjoying time at home or jetting off on a weekend vacation together (the kids love staying at grandma and grandpa's!). Occasionally, Molly will go shopping with her girlfriends. Brad always encourages Molly to get whatever she wants; as a wife and mom of two, she deserves it!

Both Brad and Molly are often calling their parents for financial advice as they tend to splurge and do not see the value in working with financial advisors. Overall, these two parents are invested in making life great for their family and do whatever they can to provide the very best of everything for their kids.

7

Segmenting Affluent Millennials

As the name suggests, millennials in this segment are extremely pragmatic. Seventy-six percent of millennials in this segment are married and another 9 percent are currently engaged (index 137). They are also twice as likely to be parents as affluent millennials in other segments. This is due to the fact that millennials in the Pragmatic Parents orbit are more likely to be in the older half of the millennial population with the majority between the ages of 25 and 34.

Unlike millennials in other segments, Pragmatic Parents are defined by the responsibilities associated with parenting.

To understand this group, we must acknowledge the dramatic shift happening from single, self-invested individuals to collaborative, family-focused moms and dads.

While the difference seems obvious, consider the significant role adjustment that is taking place for these young millennials as they embark on the journey of parenting for the first time. As parents, these young adults are twice as likely, compared to other segments, to describe themselves as very busy and family oriented.

Like Brad and Molly, when asked what they like to do in their spare time, Pragmatic Parents over-indexed on the response, "I like to spend time at home with my family," compared to other orbits (index 120). Again, with the Pragmatic Parents segment, it is important to define the new family dynamic

associated with being a family leader as opposed to a family member.

When we study family values, it's clear that, similar to previous generations of parents, the children are the focal point and have a significant influence on purchase decisions. Parents in this segment are likely to agree that they want to give their kids the things they missed out on in their own childhood. Whether that means an international trip, a private education or simply a new toy, millennials in the Pragmatic Parents segment are significantly more likely to indulge their children with little extras every now and then (index 179).

Even though these young adults value "millennial" experiences, they are more invested in experiences shared with the whole family. These parents prioritize family over everything and will make sacrifices in their individual lives to benefit the larger family unit. For example, like Molly, many women in the Pragmatic Parents orbit made the decision to forgo graduate school to take better care of their family and be at home with the kids (at least while they are below school age). While most of these parents have young children, we cannot predict if the same sacrifices will be made as soon as their children start school, but we can be sure that Pragmatic Parents will continue to place the needs of the family over their own individual needs.

When it comes to education, out of our four groups these affluent millennials are the most likely to attend college without graduating. Additionally, they are two times more likely than the next

7

Segmenting Affluent Millennials

closest segment to attend graduate school without earning their graduate degrees. We can assume that the decision to leave school is correlated with the growing responsibilities associated with starting a family. Taking a deeper look, we find that 71 percent of millennials in this segment are women. When we compare this data with the fact that 78 percent of millennials in this segment are parents and 76 percent are married, we narrow in on a small cohort of this segment that are single mothers. This leads us to the question, how are these affluent mothers balancing families and careers?

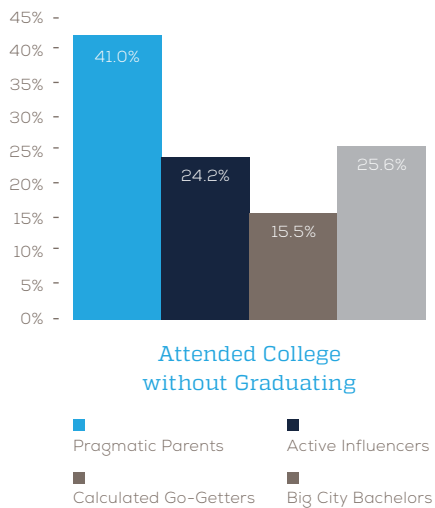
Historically, the phase at which women advance higher in their careers (professional or educational) is when they typically begin starting families of their own. This leads us to the assumption that affluent millennial women with children have taken a step back and made family the priority, reflecting traditional trends from previous generations.

In the next 10 years, it will be interesting to see whether or not these affluent women will follow the same path as their affluent predecessors and take a step back from their careers when the decision is made to have children or if they will continue on their current trajectory to “have it all” after the kids are in school.

Even with an average household income between \$100,000 and \$149,000 (56 percent) or \$150,000 and \$249,000 (37 percent), these new parents struggle with finances, reporting that they are often bad at saving money (index 170). This comes as no surprise considering Pragmatic Parents are less likely to ask for financial help, rarely look for the best deals when seeking out financial services and are unwilling to pay any price for good financial advice.

Fortunately, this does not mean that Pragmatic Parents have an unstable future. About half of millennials in this orbit have a positive outlook and believe

Affluent Millennial Education



7

Segmenting Affluent Millennials

that their financial stability will be about the same in the coming 12 months (index 160).

Keep this in mind as we look at how the Pragmatic Parents approach purchase decisions. Pragmatic Parents are more likely to over-index on the statement, "I do not want responsibility; I would rather be told what to do (index 142). While this may seem like a very passive statement, it is essentially marketing gold. When it comes to spending, pragmatic parents are the most responsive to advertisements because they are more concerned with their parental responsibilities rather than deciphering advertising messages. Essentially, the "shop here," "buy this," "go here" messaging that worked on affluent boomers still has a trace of validity among Pragmatic Parents as well.

When they do shop for clothing, Pragmatic Parents like Brad and Molly overwhelmingly tend to report that functionality is the most important factor in clothes (index 147). However, affluent millennials in the Pragmatic Parents segment still find the means to enjoy their favorite retail brands. This is a loyal bunch that is willing to drive an hour or more to shop at their favorite stores or at factory outlets. They are also more likely not to be fazed by the price tags of their favorite brands if they are able to justify the value (index 154). However, they are not nearly as interested in the glam, fashion and superficiality of many big name brands. Affluent millennials in this segment prefer to invest discretionary dollars back into their family homes.

They are hospitable and enjoy entertaining people in their home (index 121), and they make an effort to have their home reflect their identity and personality (index 123) as opposed to relying on clothes and fashion to project their unique personalities.

When it comes to technology, these millennials are looking at the world through a pragmatic lens. They are not as concerned about the latest tech and the most up-to-date features. What really drives them is whether or not that new technology can help solve their problems, make them better parents and make their lives easier. This group is leading the pack when it comes to the useful is the new cool™ mindset.

Eighty-two percent of Pragmatic Parents believe their cellphone should help them get work done when and where they want (index 124). However, they do not see as much value in their phones as a social connection; they are more invested in how that connection can make their lives more efficient.

For example, Pragmatic Parents are significantly more likely to shop online now than they have in the past as a result of easier access via multiple devices.

Although these millennials reported that they care about the environment, they are more beholden to their family's needs and aren't overly concerned with obligations to be environmentally

7

Segmenting Affluent Millennials

responsible. For example, they would likely purchase more eco-friendly goods if they were less expensive (index 127). Although these parents have a comfortable income, they are still choosy about the products they purchase. They are invested in finding a balance between family experiences and home products in their budgets but won't choose products that are less convenient simply because they are environmentally friendly.

While other affluent millennial segments are influenced by environmentally conscious brands, when it comes to car buying, Pragmatic Parents are not likely to trade the functionality of a

family-sized vehicle for a downsized, eco-friendly car. This is also important because it shows that when in the car, Pragmatic Parents are rarely driving solo. Between soccer games, piano lessons and dance recitals, these parents usually have at least one other passenger in the car.

Overall, these affluent millennials may be considered affluent based on their household income; however, as parents they are intentional with their purchase decisions. With the responsibilities of parenthood, Pragmatic Parents are savvy shoppers but will spend their hard-earned dollars when the quality is right and the experience is worthwhile.

7

Segmenting
Affluent
Millennials

Active Influencers

“I’m on my game and I make sure people know it.”

Segment highlights:

- 27% of overall affluent millennial population
- 69% female, 31% male
- 30% aged 18-24, 70% aged 25-34
- 54% are married
- 29% are parents
- 42% earn \$150,000-\$250,000 annually

Getting to know Active Influencers:

- Most likely affluent millennials to be the first among their friends to try a new trend.
- Extremely socially active and are often the most likely to share their opinions online.
- Place a high value on living a healthy lifestyle.
- Their cellphones and tablets are an extension of themselves.

Meet Tori. Tori is 28 years old and works in corporate real estate sales. She graduated with a degree in business and has been very successful at work in the past five years. Tori works very hard on achieving her sales goals and as a result has received hefty commission bonuses on a regular basis. Tori leads an active, healthy lifestyle and starts her day early with a yoga class or a jog at her local gym. While she’s working on the stair stepper, she skims through her many social media accounts and catches up on the news and stock market trends via her favorite news apps on her iPhone.

Tori is very conscious of her carbon footprint and does whatever she can to reduce waste. She has made a habit of shopping at organic food outlets and supports only conscious brands with responsibly sourced materials. She is more than willing to pay more for brands that are environmentally friendly, regardless of the industry. Tori is an avid Yelp review author. She is not afraid to voice her opinion about brands that don’t meet her standards and those that exceed her expectations.

Tori is always connected and is often the first of her friends to try new things. She engages only with brands that are authentic and treat her as an individual and friend but is quick to avoid and even stand up to brands that don’t give her a voice or listen to what she has to say.

7

Segmenting Affluent Millennials

Unlike other affluent millennial segments, the Active Influencers are characterized by their influence on overall millennial trends. And what else would you expect from a highly affluent segment of young, successful and ambitious women? (This segment is 69 percent female.) Unlike our first group of affluent millennials, this cohort is all about having the latest and greatest products and experiences, no matter the price. These millennials are often the first to try a new food product (42.3 percent), go to a new store (17.3 percent) or have the latest electronic equipment (41 percent).

This majority female segment is relatively young compared to the rest of the segments – 30 percent are between 18 and 24 (18-21 index 147; 22-24 index 124). In contrast to Pragmatic Parents, 67 percent of Active Influencers have at least graduated from college and almost one-third of Active Influencers are currently pursuing a graduate degree following the belief that a higher education leads to a more prosperous career. This mindset strays from the overall affluent millennial mindset but reflects more traditional views of the graduate educational system.

These millennials believe that their educational success is setting them on the path to become the CEOs of the future.

However, due to their age, Active Influencers are more than likely to still be at their first job, as 70 percent of affluent millennials in this group have worked for their current employer for less than five years (index 151).

This is on par with the overall millennial generation, as the average tenure of employment for millennials is two years compared to five years for Gen Xers and seven years for boomers.

Fortunately, their hard work is paying off. Forty-two percent of millennials in this segment make between \$150,000 and \$249,000 annually, 64 percent already own their own property, and, despite their young age, more than half of these young women are married. This speaks volumes for the mentality and progression of this group.

With all this in mind, let's look at how these trend-setting affluent millennials view money and purchase decisions. Active Influencers are careful with their money and consider themselves to be talented at money management. They are also invested in being in-the-know about current events regarding finances. Active Influencers are more than 2.5 times more likely than nonaffluent millennials to read the financial section of the newspaper (index 280). They are also 20 percent more likely than the other segments to pay money for good financial advice but are not above getting a good deal on financial/investment services. All of this lends to the insight that Active Influencers still believe they will be in a better financial situation next year despite the tendency to spend money without thinking (index 184).

Because this segment of Active Influencers places a significant emphasis on their projected identity, it is important to understand what aspects make up their aspirational profile.

7

Segmenting Affluent Millennials

Active Influencers are extremely environmentally conscious and believe everyone has a personal obligation to be environmentally responsible (index 133). They will not tolerate companies that have wasteful practices such as sending catalogs via mail (index 140). The best strategy for brands aiming to connect with this audience is to engage them online on mobile-friendly sites and social media platforms.

Like Tori, affluent millennials in this segment are incredibly health-conscious and will pay whatever it takes to maintain those identities. Maintaining their healthy lifestyle is very important to them, and they actively seek out information about nutrition and healthy diet (index 174) and frequently take preventive medicine (index 127). You can find these millennials at the gym or running outside, as they are significantly more likely to exercise on a regular basis compared to millennials in the other three segments (index 163).

For Active Influencers, shopping is a huge part of daily life, and many of them consider their appearance to be a significant priority. When shopping for clothes, Active Influencers believe that top designers make quality clothing (index 155), and they have budgets that allow them to buy more expensive designer clothing. These millennials are often tempted to browse a new store and are more likely to make an impromptu purchase of a new item they simply must have without considering the price. The perfect pair of shoes comes only once in a lifetime, even if they are \$300, right?

Active Influencers approach major purchase decisions in a similar way. When buying a car, they buy for looks (index 160) and prefer driving a luxury vehicle (index 188). Gadgets are one of their passions. They are always the first among their friends to buy the latest electronic equipment (index 190) and are willing to pay just about any price as long as it's the brand they like (index 146) and exactly what they want (index 122). Ultimately, Active Influencers know what they want and they will not stop until they get it. If a brand does not have exactly what a millennial in this trendsetter segment is looking for, they will not hesitate to go look somewhere else.

Active Influencers are often using their phones in order to find those perfect products. Their devices are nearly an extension of their body.

These millennials report that from the time they wake up until they go to bed, their phone or tablet is just an arm's reach away (index 167).

This affluent segment not only views constant connectivity as essential to their careers, but also believes that their phones are their primary source of entertainment (index 133), a way to get the latest news (index 137), and a means to research new products and brands. As a result, they often carry more than one mobile device (index 170) and use social media habitually. These are the socially active millennials we discussed earlier. They are more likely to click on things posted by other

7

Segmenting Affluent Millennials

people (index 150), invite friends to join different social media sites (index 130) and access social media from multiple devices (index 130).

Considering how seamlessly they've integrated mobile devices into their everyday lives, it is no surprise that this segment has an interactive relationship with their favorite brands, meaning they often write product reviews (index 170) and follow their favorite brands on social media (index 173). They are also more likely to purchase products recommended or used by friends on social sharing/networking sites. With this in mind, don't expect them to share your content just because they like your brand.

These choosy millennials expect

advertising to be entertaining and will reward brands that make them laugh or connect with them on a personal level.

Overall, Active Influencers are the segment of millennials that most nonaffluent millennials aspire to become. These young adults are excelling in their careers and have a good education, and they are sure to let everyone know it. They have worked hard for their money and do not shy away from opportunities because of budgets or cost – they will make it work.

These are the actual millennials most often portrayed in the media's depiction of the "modern millennial." They are ultimately the consumers who are setting the trends for the rest of their peers and revel in their role as the

7

Segmenting
Affluent
Millennials

Calculated Go-Getters

“How can you help me?”

Segment highlights:

- 22% of overall affluent millennial population
- 75% female, 25% male
- 61% aged 30–34
- 72% are married
- 38% are parents
- 64% earn \$100,000–\$150,000 annually

Getting to know Calculated Go-Getters:

- The most educated segment.
- 85 percent are between the ages of 25 and 30.
- Calculated Go-Getters have already established themselves in their careers and in their families.
- Are more likely to follow trends than to experiment with them.
- Are less likely to pay more for perks and have little regard for technology.

Meet Marie, a 26-year-old financial advisor. She and her accountant husband, Owen, earned master’s degrees in finance and accounting, respectively. Needless to say, the duo has worked hard to get to where they are and have each established themselves in their careers. They don’t, however, plan to maintain this pace for long, as they have just purchased their first home and are looking forward to starting a family together within the coming year.

Along with their home purchase, Marie and Owen are in the market for a new vehicle. With family planning in mind, they are looking at a luxury SUV; they like the safety benefits that come along with them. Even though Marie is looking for a new luxury car, she doesn’t necessarily shop only at luxury outlets. Target is more often than not her go-to, one-stop shop. When it comes to spending money, Marie looks primarily for items that provide her with functional benefits rather than items that promote her financial status.

Marie loves her smartphone but doesn’t feel like she needs it to get by. Owen, however, is much more connected via his new Samsung Galaxy. Unlike Owen, Marie feels as though she can get along just fine without the latest update to her phone and doesn’t use technology as a crutch. As long as she can become comfortable with the functions of her personal technology, she is happy. Overall, Marie and Owen are looking forward to entering the next phase of their life and are in the market for items that will make the phase as practical as possible.

7

Segmenting Affluent Millennials

The Calculated Go-Getter segment is one of the more puzzling at first until we realize their complexity comes from their regularity. Calculated Go-Getters actually happen to be one of the more predictable groups within the affluent cohort. They place high value on utility and look to brands to answer the question, "How can you make my life better?" As the name suggests, these millennials are all about function.

Let's consider what makes affluent millennials in the Calculated Go-Getter segment, like Owen and Marie, unique. Calculated Go-Getters are the most educated of all four segments; nearly half of them have a four-year degree, and 27 percent hold a graduate degree. However, they also report the highest unemployment rate at 21 percent. A curious insight until noting that 12 percent of affluent Calculated Go-Getters said they were homemakers (72 percent of millennials in this segment are married), while another 6 percent claimed a student status. These millennials are in the older range of the millennial population, as 85 percent are between the ages of 25 and 34, and most are female (75 percent) and Caucasian.

What we realized was that Calculated Go-Getters are the most likely affluent millennial group to portray similar qualities and trends as affluents from previous generations. These young adults have already established themselves in their careers, gotten married and bought their first home (71 percent already report home

ownership). Now that these young adults have checked all the boxes, many of them reported that they have either recently had their first child (index 133) or are planning to have a child in the next year (index 149). Calculated Go-Getters also tend to embrace more traditional values, as 36 percent of millennials in this segment currently belong to a church, synagogue or mosque.

Recognizing that Calculated Go-Getters are an established segment of educated young adults beginning to put down roots, you can start to see the implications in their shopping behavior. These millennials care much less about keeping up on fashion trends (index 72) or expressing themselves through their clothing, suggesting that they will not spend large amounts on clothing, even though they can afford to splurge. More often than not, Calculated Go-Getters are following trends rather than experimenting with them. They index well below the average when asked whether they are the first among their friends to try a new clothing style (index 66) and do not have a desire to buy new clothes every season (index 37) as we've seen in other affluent millennial segments.

This behavior parallels the way Calculated Go-Getters operate in their digital communities. These millennials are significantly more likely to read product reviews and posts rather than post their own opinions. If you can't tell by this point, this segment is highly motivated by function rather

7

Segmenting
Affluent
Millennials

than image, and they tend to be more practical in justifying purchase decisions. They believe that every purchase decision should be calculated and justified.

Calculated Go-Getters agree that many similarly priced brands look alike (index 122), so these millennials often frequent department stores and specialist stores where the shopping experience is most efficient

While Calculated Go-Getters may not justify paying a premium on smaller ticket items, it is important to study how they approach more significant purchase decisions. This segment reports spending more on cars and prefers to buy them brand new (index 133) mainly because they are looking for quality safety ratings (index 129). They are unwilling, however, to pay more for

perks, such as more horsepower (index 76), and have little interest in the luxury driving experience (index 35).

They also have little regard for technology and report that they are not impressed by computers (index 130). While some report that they try to keep up with technological developments, others feel that these advances occur far too quickly to even bother attempting to stay up to date (index 148). Overall, this group believes they are typically able to function without many of the technology products that others find essential (index 139).

Calculated Go-Getters worked hard to get to where they are today, and they are positive about the future. Similar to Pragmatic Parents, this group is well established and confident about their lives. We suspect that in the next few years, these millennials will take the jump into parenthood and live their lives in a similar way to Pragmatic Parents.

7

Segmenting
Affluent
Millennials

Big City Bachelors

“Whatever, man.”

Segment highlights:

- 33% of overall affluent millennial population
- 43% female, 57% male
- 30% aged 25-29
- 25% are married
- 10% are parents
- 29% earn \$150,000-\$250,000 annually

Getting to know Big City Bachelors:

- The only male-dominated affluent

millennial segment.

- Only 31 percent have a four-year degree, and 31 percent said graduating from high school was their highest level of education.
- Are four times more likely to be earning an average household income of \$500,000 or more annually.
- Do not care to keep up with the latest trends and are not nearly as health-conscious as the general millennial population.

Meet Garrett, a 28-year-old tech startup owner. Garrett lives in downtown Chicago in a high-rise condominium. He is independent, free-willed, and has never been married. Rather than pursue higher education, Garrett expanded on a project he developed in high school and has since built it up to a valuable product. Although he has found success in his career, he is not ruling out the possibility of returning to school, especially now that he can afford it.

Garrett loves technology because it allows him to consume many different pieces of entertainment. Movies, videogames and shows are big hobbies of Garrett's, and whether he knows it or not, they influence his purchase decisions.

Garrett lives in the here and now. He enjoys the real world and doesn't spend much of his time combing through social media. He would much rather enjoy the atmosphere of a sporting event such as a Cubs, Bulls or Bears game than post about it on Snapchat, Instagram or Facebook. While he is particular about the jerseys he wears to these events, he doesn't much care about other items of clothing. He sees shopping as a fun thing to do with his girlfriend but doesn't have much stake in the clothing items themselves. Overall, Garrett is a fun-loving, optimistic professional who is focused on getting the most out of life.

7

Segmenting Affluent Millennials

It's important for us to look at this last segment of affluent millennials as a bit of an outlier. They do not follow many of the same trends as the other segments; in fact, they do not follow the same trends as the majority of millennials overall. These young adults are not defined by their social media use, their social connectivity or their brand awareness. What sets this group apart is the fact that they are different.

Let's start with the basics: The majority of Big City Bachelors are men (57 percent), single and live in large urban areas like Chicago and New York City. As the name suggests, 73 percent of this segment have never been married. Only 31 percent of affluent millennials in this segment have a four-year degree, and 31 percent said graduating from high school was their highest level of education. This may come as a surprise after learning that this segment is nearly four times more likely to be earning an average household income of \$500,000 or more annually.

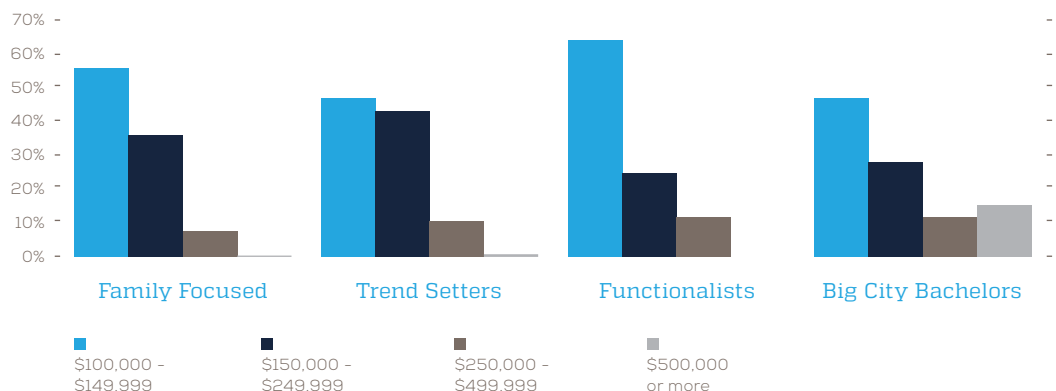
How is the least educated segment the

most likely to make the highest average salary? Our previous research highlights the entrepreneurial mindset that many millennials embrace. This segment of affluent millennials perfectly represents the highly successful side of tenacious entrepreneurialism.

In that same breath, it is also important to recognize the other, perhaps darker, side of self-made startup success. For example, in the past 12 months, many have lost their jobs (index 158) or recently have had to take lower-paying jobs (index 164). Others report that they are returning to school (index 121), and 16 percent expect to change to a better job in the near future. Unfortunately, despite these changes, these young men have a relatively pessimistic view of their financial futures (index 204).

Keeping in mind that this segment reports the highest income at a relatively young age, it's important to understand how this new wealth drives motivations and decisions. This highly aspirational segment is still developing tastes and purchase behaviors.

Affluent Millennial Household Income



7

Segmenting Affluent Millennials

Our research reveals that these millennials say they rarely go shopping and report very few specifics about their experience in the store. However, they prefer to shop with their female friends or significant others. Big City Bachelors also tend to be indifferent clothing shoppers. They are rarely the first among their friends to try new clothing trends (index 75), nor do they see the value in buying name-brand products. However, when they do see something they like, affluent millennials in this segment will pay the premium, but they rarely try to make a fashion statement.

While trends and new styles have little influence on Big City Bachelors, celebrities and product placement in TV shows and movies play a huge role in motivating these young men to try a product (index 141). Affluent millennials in this segment are significantly more likely to buy a product they saw in a movie, television show or video game.

Big City Bachelors are big sports fans and influenced by their favorite sports teams and players. Nearly 20 percent of men in this segment have noticed a video ad at a sporting arena in the past 30 days, and 1 in 10 men has noticed a nonvideo ad at a sporting arena. More than just fans, this is an incredibly active and experiential group of affluent millennials, and they are

significantly more likely to have played multiple sports in the past 12 months. From traditional team sports to hiking and boating, Big City Bachelors are big gamers, and they invest in their favorite sports. Keep in mind that participating in sports might not always correlate with a healthy lifestyle. This segment is not nearly as health-conscious as the other affluent segments and does not consider their diet to be very healthy (index 26).

Like all millennials, Big City Bachelors engage with brands via their mobile devices. In fact, Big City Bachelors are more likely than all affluent millennials to have an interest in receiving advertisements on their cellphones. However, in contrast to the average millennial population, Big City Bachelors do not see their cellphones as an expression of themselves.

Unlike most millennials, these young men don't want to engage with brands. They are focused on making money and having fun and don't want marketing to interrupt their daily lives. That being said, they don't mind seeing product placement in movies or ads in their video games as long as they're not too distracting. In fact, they tend to think those ads give those mediums a more real-life feeling. Since these men don't rely heavily on their smartphones or social media, brands can best meet this group with more traditional forms of advertising, such as placing ads in magazines or in radio and TV programs.

8 Activating a New Generation of Affluence

Understanding who these affluent millennials are on an individual basis is only the start. Let's look at this a bit closer. We often hear about how important the overall millennial population is in influencing consumer culture, and we have the insights to prove it. After all, the millennial nuances are part of what made this emerging generation so important in the first place.

They believe in radical transparency, are constantly seeking the next adventure, and have higher standards and expectations in the brands they engage with than ever before. They've created a world for brands to live, based on this new millennial lifestyle. However, these nuances become

hyperpotent when tapping into affluent millennials. The things that the general millennial population believes in – organic, fresh food and conscious capitalism, for example – all become realities for affluent millennials because they have the means to more easily afford to incorporate their beliefs into their purchase behaviors. After all, in a world with nearly infinite choices they often prefer brands that align to their values.

While affluent millennials are acting on this aspirational millennial lifestyle, how can brands become part of that lifestyle and activate these increasingly important consumers? These rules are a great place to start:

8

Activating a New Generation of Affluence

1 Embrace the Entrepreneurial Movement

While the early 2000s brought in the social entrepreneurial movement, affluent millennials are amplifying this do-it-yourself spirit in a new way. These young adults are more entrepreneurial in their careers than any other subgeneration of millennials and are taking matters into their own hands when it comes to their consumer journeys as well. Instead of looking for brands to hold their hands throughout a purchase decision, affluent millennials do not want a brand's constant involvement in the decision-making process. Brands need to identify the points of contact where affluent millennials can't do it all on their own and guide them to make the right decision based on their individual lifestyle.

When brands embrace affluent millennials' entrepreneurialism and accept that they do not need to have a constant presence, they can help redefine the DIY purchase process and intentionally be hands-on at various points when consumers need them instead of having a "white noise" type of presence. They can act as a critical resource for affluent millennials when the time is right.

Brand getting it right: **American Express**

American Express started Small Business Saturday in 2010 with the goal of encouraging shoppers to support small, local businesses every year on November 27th. Since then, the idea of Small Business Saturday has expanded to embracing the passion millennials have for entrepreneurialism. The most recent American Express campaign, The Journey Never Stops, features key millennial entrepreneurs talking about their journey to the top and how American Express supported them. The key is that the campaign is that it is not focused on the benefits of an American Express membership. Instead, millennial role models, like Mindy Kaling, share their stories with the implication that they would not be where they were without American Express.

This type of absent-but-present marketing is exactly what a young generation of entrepreneurs is seeking out. They want to make decisions on their own but feel supported by the brands they use when they need them.

8

Activating a New Generation of Affluence

2 Promote Opportunities for Co-Ownership

Millennials have redefined the definition of brand value, not only seeking functional and emotional benefits in their purchases, but now integrating the act of participation into the process as well. How much a brand allows millennials to be a part of its story through participation is critical. However, while affluent millennials also seek opportunities for co-partnerships with brands, they feel more like they are making an investment and becoming a co-owner when choosing a brand.

While this does not mean that millennials are always literally buying stock in a brand, they are purchasing more from brands because of their affluence. It also means that affluent millennials are more likely to walk away from a brand that has let them down because they don't want to associate themselves with owning a negatively associated brand. Brands can activate affluent millennials by looking for more opportunities to truly let them take ownership in the brand and socialize the message with nonaffluent millennials as well as nonmillennial consumers.

Brand getting it right: **Uber**

Uber, a ride-sharing platform, has completely embraced the idea of co-ownership and is a top millennial brand as a result. When we think about affluent millennials and the idea of co-ownership, we begin to realize that they do not just want to be a part of the creation process; they genuinely want to feel like they have a sense of ownership over their favorite brands. Uber was founded on the idea of Democratization of Fairness™, meaning that the entire company was created “for the people, by the people, of the people.” The idea was to create a business that is completely run by the very people who use it – affluent and non-affluent consumers. For affluent millennials, this accessibility for all is key. They are invested in companies that stand for more than their bottom line and invite everyone to the party.

8

Activating a
New Generation
of Affluence

3 Understand the Difference in Price of Admission for Affluent Millennials and Nonaffluent Millennials

We have long described millennials as being a tech-savvy generation. By this definition of savvy, adopting new products and technologies is innate. Affluent millennials, however, are savvy in a slightly different way. While they too adopt new technologies at faster rates, and are often the ones doing it first, they see being savvy as a way to find products and brands that fit their lifestyle best.

When it comes to making purchases, affluent millennials always have a justification and a cognitive, intentional purpose for how a product fits their needs. This justification-centric decision-making process leads to a more complex twist on the millennial trade-up/trade-down mentality. While nonaffluent millennials typically will trade up or trade down on smaller purchases like CPG or restaurants, affluent millennials use their discretionary income on larger, big-ticket items that are more quality driven rather than cost driven. Essentially, price is a driving purchase decision factor for nonaffluent millennials while quality is the driving factor for affluent millennials. Brands in these categories can leverage the affluent millennials' justification process by empowering their intentional decisions and supporting them in making smart choices.

Brand getting it right: **Bose Sound System**

When looking at the overall millennial population, the overwhelming winner in the audio space is Beats by Dre. However, narrowing in on affluent millennials, Bose is a top-performing brand. According to findings from YouGov BrandIndex, 43 percent of affluent millennials agree that Bose represents a high quality brand compared to just 18 percent of non-affluent millennials who thought the same thing about Beats. The Bose music systems and headphones range in price from \$200-\$3,500, and are just out of the price range for the general millennial population. While non-affluent millennials turn towards Beats because of the "cool" factor and the more affordable price point, the Bose brand is confident it is swaying affluent millennials because of the higher quality in sound production. The higher quality results in a difference of price starting at \$100 between the two brands. However, affluent millennials will pay the premium for the quality of the product and the belief in the company commitment better sound.

8

Activating a New Generation of Affluence

4 Redefine Innovation through Digital Efficiencies

Innovation is a term that often gets very watered down. Typically, we talk about innovation as being the newest, latest and greatest technology. Whether that is the new Apple Watch or Google Glass, we have really put “innovation” into a corner and taken away the depth that actually comes with true innovation. In actuality, we see two forms of innovation that exist in today’s marketplace: sustainable and disruptive.

Sustainable innovation asks how we can make today’s model better while disruptive innovation asks how we can cannibalize the current model and elevate the entire category to something bigger. Affluent millennials’ reaction to new innovations as “it’s about time” instead of “wow” has truly marked the importance of disruptive innovation. A new smartphone isn’t cutting it anymore – what comes next will be a new innovation that will elevate the entire industry as a whole. Affluent millennials are looking for brands to help cater to their everyday digital anxieties and create innovation through digital efficiencies. These expectations mean innovations are not only adopted quickly by affluent millennials, they are recognized and applauded when finally put into the market. Finding ways to make the ideal millennial lifestyle not only attainable but also efficient is a great way to connect with affluent millennials.

Brand getting it right: **Venmo**

Venmo is a mobile app that that combines convenience and personal finance. The app connects to a users bank account and enables them to make a payment to anyone that uses the app or cash out past payments instantly. For many millennials, paying with cash is a huge anxiety and many see it as a nuisance. With Venmo it’s easy to go out to dinner with friends and split the bill without worrying about having cash. According to a study from the Independent Community Banker of America, about one in four millennials carries less than \$5 cash with them seven days a week. Affluent millennials especially are not fond of using cash for their purchases. When asked if they prefer to make purchases using cash, affluent millennials indexed 75, proving that they are much more in favor of mobile payment apps like Venmo. Ultimately, Venmo has tapped into a key anxiety that millennials have surrounding their finances and completely disrupted the market by creating a more efficient payment system.

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Activating a New Generation of Affluence

5 Support the Self-Aware

Millennials often carry a number of negative stereotypes. Whether that's being poor, living in their parents' basement, being self-centered or entitled, the list goes on and on. In addition to carrying these negative perceptions, affluent millennials also battle an elitist perception. The reality is, affluent millennials are very self-aware. All selfie jokes aside, this generation has the same unrealistic expectations of brands and the same desire for instant gratification, but they have affluence to be able to act upon enforcing these expectations. This shouldn't paint affluent millennials in a negative light; in fact, they are the enforcers when it comes to making brands prove their worth and provide higher-quality products. Brands can leverage this by offering the VIP experience to not just affluent consumers, but all consumers to amplify their brand messaging and core purpose.

Brand getting it right: **BirchBox**

Paid subscription boxes are becoming all the rage among the millennial audience. Everything from razor blades to fresh produce can now be found in a box that is delivered directly to your front door. BirchBox was founded in 2010 in an attempt to create an easier process of searching for new beauty products. Instead of spending hours at the beauty counter trying on countless samples of expensive face cream, the founders of BirchBox wanted to create a way where consumers could skip the frustration of going to the store and try great products in the comfort of their own home. Affluent millennials completely buy into this experience because it is like getting the VIP treatment on their own couch. Boxed brands like BirchBox have reimaged the consumer market and created a system that combines instant gratification and accessibility to high quality products for everyone.

8

Activating a New Generation of Affluence

6 Identify the True Social Influencers

Traditional marketers love to throw social media and millennials into the same conversation. The answer to any millennial engagement question means making a hashtag or getting a Snapchat account. Yes, millennials are more active in the social space because they grew up with it being a part of their culture. However, affluent millennials especially are those influencing the social trends that nonaffluent millennials are adopting. The affluent millennials are the true social influencers, not Kim Kardashian. The reason for their influence is tied to their interest in being heard. Affluent millennials have a tremendous amount of digital real estate, and when they advocate a brand, the weight they have in their opinion is amplified. It's difficult to achieve and maintain digital property, which results in affluent millennials' constant need to use their affluence as a way to influence their peers. Brands can use the social space as an outlet to be truly transparent, share their brand purpose, and let affluent millennials fuel the fire by reacting to the brand, not just responding to it.

Brand getting it right: **Revolve Clothing**

Revolve Clothing is an online retailer that features clothing from more than 500 brands and boasts more than 30 million page visits every month. During the 2014 holiday shopping season, the online brand made the decision to lease out a brick and mortar space at the Grove Shopping Center in Los Angeles. The company invited local millennial fashionistas with high influence in their networks to come to the store before it opened to try on and purchase the clothing - the marketing happened on its own. After her experience in the store, Instagramer Chriselle Lim posted pictures of her new jacket on her social accounts and garnered more than 12,000 likes. Revolve received high praise for this strategy and extreme success during the holiday season because it did exactly what affluent millennials want - listened and created an opportunity for them to share their opinions and stay ahead of the trend.

9 Get Inspired

Now that you have read all about affluent millennials, learned who they are on a segmented level and have been given six key ways to activate this new generation of affluent adults, we arrive at the question, “Now what?” We realize that all of this information has the propensity to be overwhelming.

You have been given the destination and the map; how do you chart your own path? We like to look to top brands that are getting it right for inspiration and guidance when it comes to creating new strategies.

By studying the best-in-class examples, you will have a better idea of what you

can do to engage, connect with and activate this powerful cohort. Don’t worry, we’re not sending you on your way with just that. We have created a list of the most inspired brands getting it right with affluent millennials in the travel, financial, auto, grocery and retail industries.

Our analysis of these brands came from a partnership with YouGov BrandIndex, which allowed us to tap into a data set of 1.2 million respondents to study brand buzz, consumer purchase intent and former customer reviews in order to understand what brands are best engaging with the affluent millennial audience.

9

Get Inspired

JetBlue

Despite the love of travel, most people do not enjoy flying. According to the American Customer Satisfaction Index, only Internet service, subscription television, and health insurance ranked lower in customer satisfaction. The generally negative perception many people have of the travel industry makes JetBlue's success all the more impressive – especially when it comes to activating millennial consumers. With an ACSI score of 81 out of 100, compared to a sector average of 71, JetBlue provides the most satisfying flying experience of any U.S. airline.

This paired with the fact that JetBlue flies mostly to either major metropolitan areas, such as New York, Chicago, and San Francisco, or vacation destinations, like Hawaii and Cancun, largely explains why affluent millennials love the brand. Remember, affluent millennials are our “adventurous” millennials and rarely take a vacation to the same place more than once.

Research from YouGov Brand Index shows that affluent millennials demonstrate greater favoritism toward JetBlue than their nonaffluent millennial peers and affluent nonmillennial cohorts.

Affluent millennials are also 11.3 percent more likely to have heard something positive about JetBlue than something negative. This beats out nonaffluent millennials and affluent nonmillennials

by 5 and 8 percent, respectively. Clearly, this cohort has plenty of opportunity to travel, and they are eager to take advantage. In general, affluent millennials place greater importance than the general affluent population on having vacation experiences that differentiate them from their friends (index 143). JetBlue's blend of vacation destinations and big city connections makes them a number one choice for affluent millennials, as more than one-third will choose to fly JetBlue rather than any other airline in the sector, compared to the 20.3 percent of nonaffluent millennials that claim they will do the same.

JetBlue also distinguishes itself against competition when it comes to quality satisfaction of in-flight experiences. ACSI reports that JetBlue's free baggage check and ample legroom are essential to this highly satisfying experience. For travelers who don't buy into the nickel and diming scheme that most airlines take on, JetBlue is a prime choice for affluent millennials who are not trading down for a low-cost airline like Spirit or are not ready to trade all the way up for first class on United.

Hilton

After getting off the plane, travelers' next most important purchase is the hotel. For both affluent and nonaffluent millennials, the top choice is Hilton. However, while nonaffluent millennials may say good things about Hilton, they are 13 percent less likely than the almost one-third of affluent millennials

9

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to have actually stayed at a Hilton. Among those affluent millennials who have rented a room at a Hilton, 44.8 percent are more likely to consider staying at a Hilton again compared to 18 percent of nonaffluent millennials. Additionally, when asked what their first choice is when it comes to hotels, 9.8 percent of affluent millennials choose Hilton compared to just 6.2 percent of nonaffluent millennials.

Similar to JetBlue, a major contributing factor to Hilton's success with affluent millennials is the highly satisfying experience customers have in their hotels. As affluent millennials are more likely to opt into VIP experiences, Hilton is a prime choice, as it is known for its higher quality. In fact, Hilton received a top ACSI score of 80 out of 100, compared to a sector average score of 75. These scores represent a major victory for Hilton as firms with higher levels of customer satisfaction tend to have higher earnings and stock returns relative to competitors.

Overall, when it comes to the hotel industry, the old adage "you get what you pay for" still stands true. Travelers looking for a better quality hotel are willing to pay more, and affluent millennials do not have the same travel mindset as many nonaffluent travelers who may opt for more budget-friendly travel accommodation options.

Fidelity

In general, millennials are skeptical of financial services. This trend does

not change when it comes to affluent millennials, many of whom saw what happened to their parents and peers during the Great Recession in 2008. However, overall, affluent millennials are significantly better at saving their money than their nonaffluent counterparts and tend to place higher value on good financial advice (index 124) than the general millennial population. Our research shows that nonaffluent millennials index much lower than affluent millennials in regard to the statements, "I believe the stock market is too risky for me" (index 71) and "I feel uncomfortable trusting a bank with my money" (index 56).

When investigating brands in the YouGov BrandIndex tool that aligns with this mindset, Fidelity Insurance was a top performer in regard to Buzz, Purchase Intent and Consideration among affluent millennials in the financial industry.

This is due in large part to the wide range of content Fidelity produces designed specifically for the affluent millennial audience. The Fidelity MyMoney page is a separate site created by Fidelity that features video and written content regarding savings, investing, spending, borrowing, etc.

Affluent millennials tend to over-index when asked whether or not they agree that they will spend any amount of money on good financial advice. When that advice is free and online in the

9

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platforms they are seeking out, they are even more likely to interact. Additionally, staying up to date on financial current events is extremely important for millennials specifically in the Active Influencers orbit.

Ultimately, affluent millennials are the most likely to be seeking out good financial content online, and Fidelity has completely tapped into that mindset creating actionable and useful material for affluent millennials to use and interact with. More than half of affluent millennials agree that they talk about the things they see on social media when face-to-face with their friends. As more affluent millennials are engaging with the content Fidelity produces, it comes as no surprise that it scored as one of the top financial services among affluent millennials.

Audi

In Marvel's *The Avengers*, Captain America questions Iron Man's character, asking him what he would be without his suits. In response, the jovial Iron Man responds "billionaire, playboy, genius, philanthropist." Beyond any of that, however, he would also still own an impressive collection of Audis.

In four words, Iron Man sums up the aspirational mentality of most millennials today. Therefore, it comes as no surprise that Iron Man's favorite form of automotive navigation is also a favorite of millennials. An Audi represents more

than a method of getting from point A to point B. It is a status symbol that represents the lifestyle and hard work of affluent millennials behind the wheel.

According to the AutoTrader.com Millennial Survey, millennials aspire to automotive brands that align with their image of themselves: sophisticated, innovative and stylish. The study also found that for both younger (aged 16-24) and older (aged 25-34) millennials, Audi makes the top of the list, challenging traditional luxury car brands like BMW and Mercedes. This insight becomes especially powerful when considering that both affluent and nonaffluent millennials have a strong belief that their cars should express their personalities compared to the general population (index 122).

As we can see from our YouGov BrandIndex metrics, while there is a slightly stronger buzz perception of Audi among nonaffluent millennials, the purchase intent of affluent millennials more than triples that of nonaffluent millennials. Unlike Tesla, which is still largely aspirational even for more affluent millennials, Audi has positioned itself as the attainable luxury vehicle for millennials who have an income a step above the general population.

The North Face

Across the United States, North Face is a favored brand of the millennial generation. The brand came to the

9

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height of its success in the early 2000s when most millennials were beginning to develop their own sense of style and personal brand. Now, North Face is making a comeback as a top brand for affluent millennials in a second phase transitional period.

When we think about affluence in the past, it was often marked by impressive suits, expensive jewelry and high-end accessories. Walk down the street in Silicon Valley today and you will see none of that. Some of the wealthiest millennials today casually rock a hoodie and T-shirt, changing the affluent wardrobe drastically. This seismic shift in affluent attire has made North Face a go-to clothing brand for millennials making more than \$100,000 a year.

Narrowing in on our YouGov BrandIndex brand analysis for North Face, affluence once again proves to be a greater indication than age of whether or not a consumer will buy the brand. However, while the rate of ownership among nonaffluent millennials is very similar to that of affluent millennials, Purchase Intent and Consideration metrics indicate that affluent millennials will widen their narrow lead in the future.

Affluent millennials further distinguish themselves as more likely than nonaffluent millennials to purchase North Face when considering their attitudes toward quality and price.

Specifically, affluent millennials are significantly more likely than nonaffluent

millennials to report that most everything they wear is of the highest quality (index 137) and that they are willing to spend more on clothes than they can really afford (index 121).

When it comes to the North Face brand, which has average prices well over \$100, the quality is implied and the budget is slightly out of reach of nonaffluent millennials.

The North Face will continue to succeed with affluent millennials because it was established as a “cool” brand when millennials were first developing their style, and now it is back as the affluent wardrobe.

Trader Joe's

Throughout this study, we repeatedly found that affluent millennials consistently prioritize quality products rather than bargain products because, unlike their nonaffluent peers, they do not need to trade down based on price. Trader Joe's, a favorite among the entire millennial generation, has also tapped into the quality-driven mindset of affluent millennials.

While Trader Joe's is constantly referred to as the overall millennial favorite, affluents hold them in especially high regard. In fact, affluence proves to be a more significant indication of Trader Joe's loyalty than age.

This is best explained by the American Consumer Satisfaction Index, which found that in a supermarket industry that saw a 2.6 percent drop overall in

9

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customer satisfaction, Trader Joe's and Wegmans obtained ACSI scores of 85 – well above the average.

Examining millennial love specifically, Trader Joe's is best summarized in a point made by Mark Gardiner, author of *Build a Brand Like Trader Joe's*. "At the product level however, TJ's 'gets' Millennials," Gardiner said. "People under 35 today were the first demographic group raised entirely in the era of Hot Pockets, Lunchables, and the Starbucks drive-through. Perhaps that's why snacks and prepared meals (particularly frozen meals) contribute most of the profit from TJ's food sales."

Our research supports these findings, as affluent millennials are more likely to eat store-made precooked meals at significantly greater rates than the general population (index 128). Affluent millennials also report often

eating frozen dinners in relatively larger percentages than nonaffluent millennials (index 114) and at significantly greater rates than the general population (index 130). This is a potential result of the extremely on-the-go nature of affluent millennials, many of whom are climbing the corporate ladder and starting families for the first time.

Unlike traditional grocery stores that encourage the trade-up/trade-down mentality, Trader Joe's simply offers products that are always higher quality, making them slightly out of reach or aspirational for most millennials living on a budget but largely attainable for affluent millennials. While nonaffluent millennials may choose Trader Joe's once in a while or for a specific product when trying to be healthier, it is the everyday grocery store of choice for affluent millennials.

10

Now, It's Your Turn

Millennials are lazy. Millennials live at home with their parents. Millennials are unemployed. Millennials are poor. The stereotypes are abundant. If we have accomplished anything with this report, it is dispelling the multitude of untruths that surround the most powerful population of consumers in our market today. As a generation that is growing in affluence and therefore capital power, affluent millennials will soon be the leaders of our economy. These young men and women are working their way up the financial ladder and already make up a third of adults living in the U.S. today making more than \$500,000 annually.

10

Now, It's
Your Turn

As a large presence in the upper 1 percent, these dominant consumers are not just influencing the way the general market interacts with brands and consumes products; they are the trendsetters among the millennial population. The implication associated with their ability to act on their attitudes is that they take the general intentions of the group and put tangible decisions and brands behind them. For example, the overall millennial ambition in regard to the environment is that the search for clean energy should be a top environmental priority for the U.S. government. This has fueled brands like Tesla to excel.

However, while this is a hugely aspirational brand for the majority of consumers between the age of 18 and 34, the top end of affluent millennials have the dollars to put behind their attitudes, solidifying the trend. Marketers need to understand that Tesla didn't set the "eco-friendly" trend; it was the dollars and support of affluent consumers, many of whom are millennials, that allow brands like Tesla to get the spotlight.

Millennials are growing up in the most dramatic acceleration of culture and consumerism ever, and the changes they are undergoing as a result are what will continue to shape them as an influential generation. Remember, many millennials are still in school or beginning their careers. But as they continue to grow older, become more experienced and gain affluence, their influence will continue to grow. Throughout this report we have painted a picture of what that affluence looks like. We have dived into the behaviors and attitudes of our four segments of affluent millennials in order to provide a full perspective of the affluent millennial population. We have pulled the key insights regarding this cohort in general and created a list of actionable rules that will fuel the activation of a new generation of affluent consumers.

These things, along with a major understanding of general millennials trends, will propel brands into the new future where millennials are calling the shots and setting the bar for the rest of the consumer market.

We're ready for them.
Are you?

→ Thank You!

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