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THE MILLENNIAL MINDSET®

QUANTIFYING THE IMPACT ON
CONSUMER SPEND AND BRAND
PREFERENCE ACROSS GENERATIONS



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About Barkley

At Barkley, we take pride in future-proofing business models and modernizing iconic brands. However, we are more than an ad agency. We are integrated business partners who are analytic and innovative at the core, using data to drive marketing conversation and strategies. This culture of innovation allows us to partner with our clients to create the solutions of the future. Our emerging technology innovation practice has built and deployed new technologies that create more engagement with the savviest generation of consumers we've ever seen.



About FutureCast

FutureCast® is a marketing consultancy that specializes in millennial trends and modern consumer behavior. We literally wrote the books on it. *Marketing to Millennials* and *Millennials with Kids* are top selling marketing books that have renovated businesses all over the world. We utilize our deep understanding of the Millennial Mindset® and a proprietary typing tool to help brands identify their unmet consumer demand across generations fueled by millennial cultural trends to unlock their greatest opportunities for activation.



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WHO ARE MILLENNIALS

Who are millennials?

We have been in the millennial business for almost a decade and this is the most common question we are asked.

The answer depends on whom you are talking to.

Statisticians will tell you millennials are young adults born after 1980 and that there are more than 80 million of them living in the United States today with a direct spending power of \$200 billion, according to the first-ever comprehensive study of millennials we released in 2010.

But anthropologically-minded researchers will tell you a story that's more psychographic than demographic. Millennials are digital natives at their core and their desire to change the world is impacting the way companies are doing business all over the world.

Millennial consumers think and behave differently and their influence extends up and down the generational line. At Barkley and FutureCast, we have studied and applied the insights of our studies for many of the Fortune 500 brands since 2010 when we formed a research partnership with Boston Consulting Group and Service Management Group. Since then, we have completed the most comprehensive research projects of the millennial generation across different cohorts and written two books on the topic (*Millennial Marketing*, 2013 and *Millennials with Kids*, 2015).

As a result, we have identified the key trends that set the tone for a marketplace connecting with a new generation of modern consumers.



1. Millennials are content creators and curators

Millennials are creators and consumers of videos, pictures, music, experiences, etc. and expect brands to not just create the content for them but also to give them the tools to create their own.

2. Millennials seek peer affirmation

Expanded social networks (not just social media) have widened the net and millennials today are more likely to crowd source information and ask friends for opinions before making any purchase decision.

3. Millennials fuel the experience economy

There is a new paradigm that exists for organizations today and it is rooted in co-creation, co-participation and experience innovation. As millennials have greater access to brands today, they expect more consumer control of the brand and their own customer journeys and experiences.

4. Millennials redefine affluence and luxury

Today, there are 6.2 million millennial households that report an annual income of more than \$100,000 ([CLICK HERE](#) or visit millennialmarketing.com for our full affluent millennial report). These highly influential young adults are redefining what affluence means in the United States. Today, high income is not reflected in the products you own but rather in the experiences you collect and how you share them. Furthermore, 64 percent of the affluent millennial population is female. This is a drastic shift from previous generations of affluence, and it is affecting the way brands are marketing to major decision makers across the board.

5. Millennials are the biggest instigators and influencers of market trends

No surprise that as the majority generation in the United States millennials have the greatest influence on market trends and behaviors. According to our research, millennials are 2.5 times more likely to be early adopters of digital, social and mobile trends. What we are finding is that millennial behavior permeates older and younger generations creating an overarching mindset that is determining brand health and financial performance.



INTRODUCING

MILLENNIAL MINDSET MAP

As a marketer, you are probably already well aware of all that has been written on the millennial generation. We certainly have written our fair share of reports and books. But beyond just the facts, the question is truly how can brands begin to navigate and, more importantly, prioritize and quantify that coveted millennial influence? The answer to this question lies in what we call the Millennial Mindset.

We took what we knew about millennials and extended it to the general population between the ages of 18 and 65 and found through our research that six overarching mindsets (Social Circle, Self, Innovation, Trusted, Purposeful, Accessible) emerged among consumers that has stemmed from millennial behaviors and attitudes.

HOW WE DID IT

To develop the Millennial Mindset quantitatively, we partnered with The Cambridge Group, a leading growth strategy consulting firm and part of Nielsen. We also found a large global brand beta partner to help translate the data into a real business situation. For the purposes of our report, we have masked some of the data to protect the confidentiality of our beta partner. Just know our beta partner is a Fortune 100 company.

Key questions we wanted to answer:

1. **What are the true millennial mindsets shaping beliefs and behaviors today?**
2. **How are the millennial mindsets transcending generations?**
3. **Which millennial mindsets drive spending, share and preference in a category and for brands?**
4. **Reveal where focusing on the Millennial Mindset will have the greatest impact.**

ACROSS GENERATIONS, WE FOUND THAT THE SIX MINDSETS CAN COLLECTIVELY ACCOUNT FOR UP TO 50 PERCENT OF CONSUMER SPEND AND PREFERENCE WITHIN A CATEGORY OR AMONG BRANDS.

METHODOLOGY

We fielded a comprehensive quantitative study with a representative sample of 2,500 respondents age 18-65 across the total U.S.

The study included:

- Over 200 belief and value statements.
- Over 20 brands across industries including Amazon, Uber, Apple, McDonalds, Oreo and Tom's Shoes.
- Beta test partner – a Fortune 100 company.

From the data collected, we were able to:

- Model scores on each individual statement to create the six Millennial Mindset clusters (Social Circle, Self, Innovative, Trusted, Purposeful, Accessible).
- Score each brand on the Millennial Mindset in aggregate and by each individual mindset.
- Go one step further and look at stated vs. derived importance for the beta test partner brands, including determining the influence the millennial mindsets have on spend, preference and share.



MILLENNIAL MINDSET®

SOCIAL CIRCLE

When brand marketers hear the word “social” they instantly turn to social media. This is not always the case. Yes, social media is a powerful tool but the real value of a social circle is so much more than just activity on social media. The Social Circle refers to the team of advisors modern consumers have built for themselves and it is without question the most influential and impactful pillar within the Millennial Mindset. These advisors come from all over ranging from social media networks to personal connections. Brands that build an entire Social Circle and tap into their unobvious influencers (those identified brand advisors) will create an army of brand fans that will advocate for the brand. The more brand fans who advocate for the brand, the bigger the social circle. This will directly impact future profits.

THE MORE BRAND FANS WHO ADVOCATE FOR THE BRAND, THE BIGGER THE SOCIAL CIRCLE. THIS WILL DIRECTLY IMPACT FUTURE PROFITS.

BRAND EXAMPLE: TRADER JOE'S

Trader Joe's is one of the most successful brands today when it comes to activating a consumer's social circle and building its own. Before Trader Joe's even opens in a city, buzz spreads like wildfire and consumers are excited about a store that hasn't even been built yet. One of the highest indexing benefit statements in this pillar is, “The brand is part of experiences I want to share.” When you consider the position Trader Joe's has taken, it is as a provider of the tools shoppers need to create a shared experience for friends and family.

SELF

It is no secret that the key to great brand performance is to build an emotional connection with your audience. What we found was that the brands that are more likely to reflect consumer lifestyles have a greater likelihood to earn a higher Millennial Mindset® score. Consumers who feel that a brand understands them on a personal level and provides opportunities for greater self-exploration develop the kind of loyalty that leads to brand dominance. This pillar also mirrors current trends we are seeing take shape across the board. Utility has become the new currency and the brands that help consumers have more fulfilling lives through customized experiences are winning big.

BRAND EXAMPLE: GOPRO

GoPro has successfully created an environment where every user of the product feels like they have ownership of the brand. Aside from being a brand that is inherently rooted in user-generated content and experiences, it has created a business model that is based on self-expression. As you use your GoPro, you collect and make memories that are the basis of your identity. The brand has also aligned with a lifestyle with which people can identify.



INNOVATION

Technology is making it easier for individuals and companies to innovate. An advance in one industry changes expectations about what is possible or expected in another. Millennial Mindset® consumers want the novelty, efficiency, and effectiveness that comes with product innovation and identify innovative brands as ones that are constantly improving and reinventing themselves. More than that, they are looking for brands that streamline utility and are constantly re-inventing and re-creating new ways that make consumer's lives easier, more efficient, better, etc. Brands that are constantly in beta will drive interest and engagement across generations that absolutely prefer increased usefulness.

BRAND EXAMPLE: APPLE

It is nearly impossible to have a conversation about innovation without mentioning Apple. As a brand that has set the standard for innovative products and an innovative business model, consumers identify Apple as a brand that is constantly in beta. Every product released by Apple has created a new utility and the company has seen enormous sales growth as a result. From the iPhone to the iPad to the Apple Watch, consumers who love Apple align the brand with a lifestyle they embrace and want to reflect in their daily lives.

TRUSTED

Building trust is the first step to any great relationship. The same is true for brands aiming to connect with Millennial Mindset consumers. The most trusted brands are the ones that put consumer needs first and follow through with their promises. Consumers today have more access to brands than ever before with the Internet and social media so keeping secrets and important information hidden behind red tape is no longer an option. The brands that are most transparent, authentic and prove that they care more about customers than their profits are the ones that are scoring the highest within the Millennial Mindset.

BRANDS THAT ARE CONSTANTLY IN BETA WILL DRIVE INTEREST AND ENGAGEMENT ACROSS GENERATIONS THAT ABSOLUTELY PREFER INCREASED USEFULNESS.

BRAND EXAMPLE: FEDEX

FedEx is a top example of a brand that has earned consumer trust by consistently delivering on brand promises. According to Netbase, a social analytics platform, FedEx consistently earns the highest Net Sentiment score compared to its competitors. This is due in large part to the ability FedEx has to deliver on its promises and expectations by successfully removing friction from a stress-laden process.

PURPOSEFUL

Millennial Mindset consumers are looking to brands that add good to the world and are committed to making our planet a better place. Today, brands must acknowledge the triple bottom line that exists – people, planet and profit. Businesses cannot exist in a modern market if they are only focused on the numbers in their P&L. Consumers look to their favorite brands to help them make their communities better and provide them with the tools they need to impact their world.



• **BRAND EXAMPLE: TOM'S SHOES**

Blake Mycoskie is often credited with propelling the buy-one-give-one business model into the mainstream marketplace. When Mycoskie founded Tom's Shoes his goal was to create a for profit business that had major environmental, economic and community impact. Not only did he succeed, he set a new standard for businesses across the board. Tom's Shoes had the highest score for Purpose in our Millennial Mindset® study and what surprised us most is how that score was high across all generations (Millennials, Gen X and Boomer). Brands that are committed to more than just their bottom line are the ones that will achieve the greatest success in connecting with Millennial Mindset consumers.

ACCESSIBLE

Accessibility is key. Millennial Mindset consumers are looking for brands that are not hard to find and easily fit into

their lives. During our beta test, we found that accessibility was the biggest stated driver of importance across industries. However, it is important to note that accessibility does only refer to physical presence. Consumers today are looking for access to brand across both physical and digital channels and for brands to create a seamless transition between those two worlds. This all boils down into one big idea: Useful is the New Cool®. Consumers today are looking to brands to create more ways to make their lives easier and that comes from greater accessibility to the products and services they use every day.

BRAND EXAMPLE: AMAZON •

According to our research, half of all respondents agreed that all benefit statements under Accessible described the brand. The key to Amazon's accessibility is that it has created one of the biggest retail channels to date with no physical locations (although, for the record that will be changing soon). Ordering online is now as easy as typing in what you are looking for (or browsing through the recommendations), clicking buy and waiting for your package to arrive in two days. This new way of conducting business via e-commerce has set a new standard for the market that consumers are using to grade other competitors. Ultimately, the brand has so flawlessly become a part of peoples lives that it has essentially become a verb.



MILLENNIAL MINDSET® IMPLICATIONS

Now that we understand how the millennial mindsets are defined, we can start to understand their importance.

PART 1

WHAT I SAY IS DIFFERENT THAN WHAT I DO.

If you are new to the game, here is a quick vocab lesson:

Stated importance – what I say is important.

Derived importance – what is important based on my purchase behavior.

No surprise, for consumers these two things are usually different and we proved it.

We started by looking at **stated importance** using a simple 1-5 point scale where 1=Not at all important and 5 = Extremely Important.

When first looking at the stated importance of the mindsets overall we saw that, on average, the mindsets ranged in stated importance from 33 percent all the way up to 66 percent, depending on the mindset.

However, rather than just looking at an average we decided to set a higher standard to measure stated importance.

As a result, we looked at each mindset to determine what percent of consumers scored every statement in a mindset in the top 2 box. While the overall percentages naturally are lower, ranging from 11-34 percent, this methodology provided a much stronger understanding and confirmation of which mindsets are truly important.

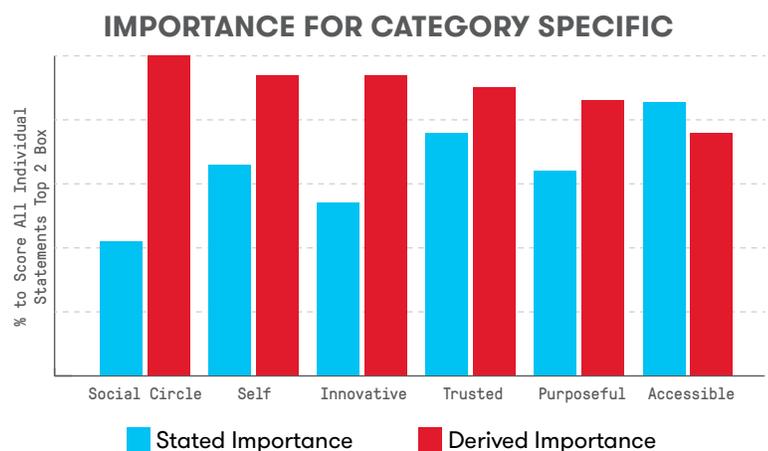
To little surprise, the attribute statements representing Accessible and Trusted were the highest rated millennial mindsets across the board because consumers tend to weigh these more functional attributes as more important. What was surprising was how low Social Circle scored on the stated responses.

However, rather than relying on what people say is important to them we wanted to see if it correlated with their brand spend and preference, or as were calling it... **derived importance.**

Here's the kicker: the derived importance was almost the exact opposite of stated.

Social Circle actually had the highest influence over purchase followed by Self, Innovation, Trusted, Purposeful and Accessible.

Ultimately, for our beta category, it is the Social Circle Millennial Mindset that has the most significant influence on performance. Remember, Social Circle is defined as a brand for which consumers want to advocate.

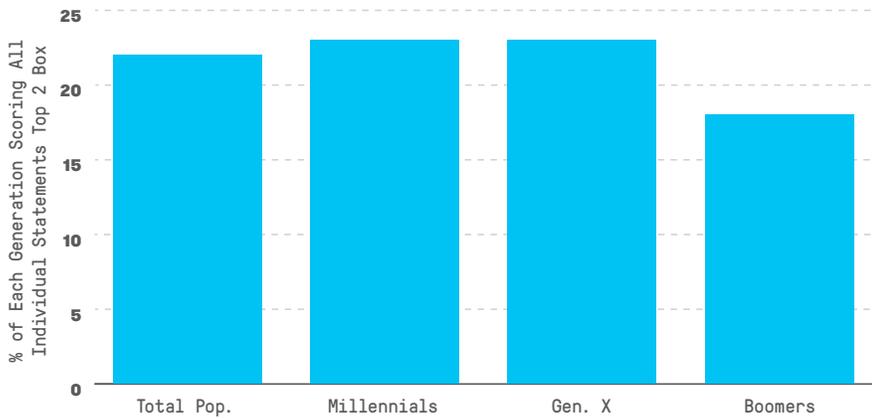


PART 2

NOT ALL MINDSETS ARE CREATED EQUALLY.

We also looked at how the millennial mindsets cut across generations. It is no secret that the millennial generation has an enormous amount of influence on all generations. Quantitatively, this proved out.

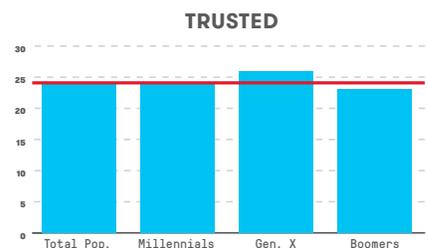
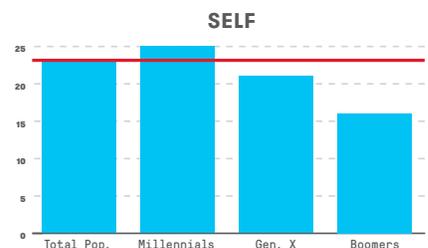
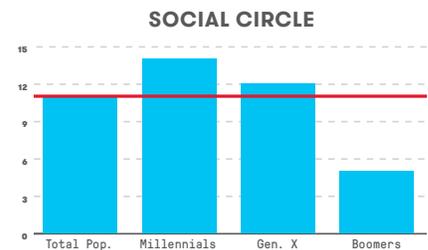
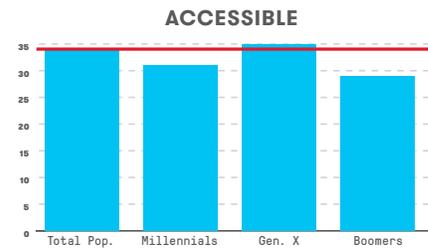
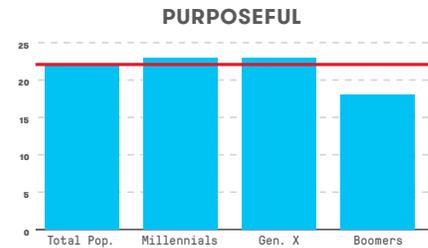
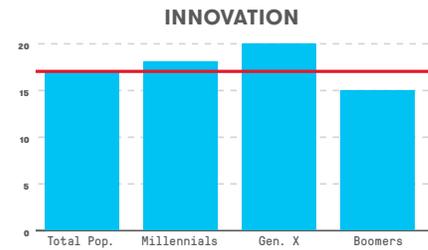
STATED IMPORTANCE OF THE TOTAL MILLENNIAL MINDSET BY GENERATION (REPRESENT AVERAGE OF ALL MINDSETS)



The millennial mindsets appeal equally to millennials and generation X while boomers score significantly lower on the millennial mindsets. That is, until we break it down even further.

When we break out all millennial mindsets by generation, we begin to see how boomers have less of a connection to all mindsets but Self and Trusted. This is no surprise considering boomers are more likely to have a traditional view of consumer behavior.

Generation X actually has slightly higher importance for Innovation, Trusted and Accessible. This should also come as no surprise considering most consumers who are gen X have already established careers and at least one child. As these consumers are balancing work, family and a social life, time is an important commodity and the brands that are most accessible and innovating new ways to make their lives more efficient are the ones that are winning.



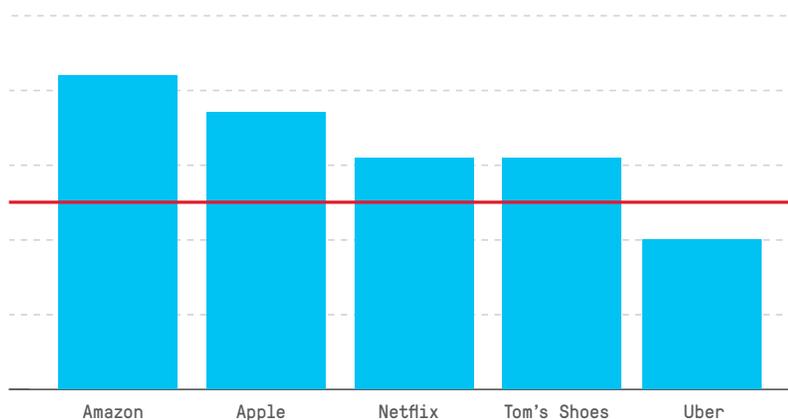
Millennials however, score high on all factors, but lead with Social Circle, Self and Purposeful. Considering millennials are the digital generation and have a greater appreciation for brands that tap into their Social Circles this is in perfect alignment with our previous research and insights regarding the millennial generation. It is also no secret that millennials are the generation that is most connected to brands that add good for self, society and planet — businesses that stand for more than their bottom line. The millennial alignment with these specific mindsets proves the importance of these emerging influences and trends on behavior.

Clearly, we can see that not all mindsets are created equal, and differences exist among cohorts, so peeling back the onion is critical when making key business and marketing decisions.

PART 3

UNDERSTANDING THE MILLENNIAL MINDSET® FROM A BENCHMARK BRAND PERSPECTIVE.

As part of the study, we looked at a series of benchmark brands. This included a list of brands that are recognized as being Modern Brands or brands that have mass appeal. The list included: Amazon, Apple, Netflix, Tom's Shoes and Uber. The goal for including these brands was to see how they perform against the millennial mindsets knowing they are the best-in-class brands today.



The first thing we notice is just how much higher many of the benchmark brands scored on the overall Millennial Mindset. This shows that the brands that already have a more Modern Brand approach are getting credit from consumers.



As we dig deeper, we start to understand what is driving the overall performance of the benchmark brands.

The benchmark brands score significantly higher than the Millennial Mindset® average on all scores but most importantly the critical millennial mindsets of Social Circle, Self and Innovation.

BRAND	MM PERFORMANCE BY BENCHMARK BRANDS						MM SCORE
	SOCIAL	SELF	INNOVATIVE	TRUSTED	PURPOSEFUL	ACCESSIBLE	
Amazon	36%	41%	46%	40%	37%	50%	42%
Apple	33%	35%	50%	34%	34%	37%	37%
Netflix	31%	28%	34%	28%	26%	39%	31%
Tom's Shoes	24%	22%	25%	39%	46%	30%	31%
Uber	16%	17%	24%	19%	23%	22%	20%

We then looked at the differences in how each generation scored the benchmark brands across the Millennial Mindset. Brands that are truly winning have been able to build strong relevancy across all generations, such as Amazon and Apple. But do make note of Tom's Shoes Purposeful scores and how they have successfully communicated their difference across generations. Armed with this knowledge, we began to wonder what impact Tom's would have by making a shoe that appeals to older generations as well with features focused more on comfort and stability?

BENCHMARK BRAND PERFORMANCE ON MM BY AGE GROUP

BRAND	SOCIAL			SELF			INNOVATIVE			TRUSTED			PURPOSEFUL			ACCESSIBLE			MM SCORE		
	MIL	GEN X	BOOM	MIL	GEN X	BOOM	MIL	GEN X	BOOM	MIL	GEN X	BOOM	MIL	GEN X	BOOM	MIL	GEN X	BOOM	MIL	GEN X	BOOM
Amazon	37%	36%	33%	42%	43%	41%	44%	47%	48%	40%	38%	42%	38%	37%	35%	47%	49%	54%	41%	42%	42%
Apple	41%	26%	26%	40%	30%	31%	51%	44%	52%	38%	30%	30%	39%	29%	31%	40%	32%	37%	42%	32%	35%
Netflix	39%	31%	20%	34%	28%	20%	37%	34%	30%	35%	28%	19%	32%	27%	17%	42%	42%	32%	36%	32%	23%
Tom's Shoes	28%	23%	15%	26%	22%	16%	28%	23%	18%	43%	37%	32%	49%	43%	41%	32%	32%	23%	34%	30%	24%
Uber	23%	15%	7%	22%	19%	7%	27%	24%	19%	23%	20%	13%	27%	25%	17%	26%	23%	15%	25%	21%	13%



STEPS TO THE FUTURE

IDENTIFYING GROWTH OPPORTUNITIES

Above all else, the goal of this study was to help brands have deeper insights into the relevance of the millennial mindsets to their specific category and brands. Based on the findings from the study, businesses can re-evaluate their overall strategy.

All of our analysis across the market and in single categories was to determine what growth potential each brand within the category had for each Millennial Mindset®. While we cannot share the data due to confidentiality, we

can say that more than \$650 million of growth was identified. But more importantly, it provided insights into which millennial mindsets produce the greatest growth. Think about how this would help a brand focus its efforts on areas with the greatest potential for growth.

To our knowledge, this is the first time anyone has been able to quantify the absolute value of the Millennial Mindset on a brand's performance. Our data shows just how critical the Millennial Mindset is to driving spend, share and preference. Understanding which millennial mindsets are most important to your brand will not only allow you to build a road map towards greater engagement among a broad audience, but it will also help you identify areas of sales growth potential.

Remember, we are living in a new consumer market where a target audience does not exist. Rather, a group of like-minded consumers who may range in demographics and backgrounds but are within the same mindset will be what drives brand performance across industry verticals.

	SOCIAL	SELF	INNOVATIVE	TRUSTED	PURPOSEFUL	ACCESSIBLE	TOTAL INCREMENTAL OPPORTUNITY
Brand A	\$XX	\$XX	\$XX	\$XX	\$XX	\$XX	\$XXX
Brand B	\$XX	\$XX	\$XX	\$XX	\$XX	\$XX	\$XXX
Brand C	\$XX	\$XX	\$XX	\$XX	\$XX	\$XX	\$XXX
Brand D	\$XX	\$XX	\$XX	\$XX	\$XX	\$XX	\$XXX



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