8 BRANDS AND MARKETING

"The Millennials are here ... Naturally, the most pressing question on Madison Avenue is not how they will change the world, but how will we market to them?" Advertising Age[123]

Millennials have understandably been something of an obsession among marketers and the marketing press for years now. Not only are they the largest global generational market, but they're still relatively young – earn their loyalty now and you could have customers locked in for years to come.

Moreover, this fierce competition is a breeding ground for myths. At a basic level there is often confusion about what 'Millennial' means: a lot of the time 'targeting Millennials' is still synonymous with 'targeting young people'. In many ways that is fine: brand managers live in a very fast-moving world where knowing where people are and how to appeal to them right now is key (although remember many Millennials are not that young anymore). So, understanding different age groups is an essential aspect of tailoring products and marketing, but it is not very ambitious. Millennials are a cohort, defined by when they were born, not their age. We should at least try to understand what is unique or different about them to go part of the way to predicting their likely future relationships with brands.

Having said that, conducting pure generational analysis on brands and marketing is hard – consistent trend data on attitudes to brands and marketing are simply not collected, or at least seldom released. We have therefore used a mix of age and cohort analysis, where possible, to myth-bust or corroborate some of the claims around Millennials and brands.

Brands are losing their appeal to Millennials

MYTH This is based on headlines and conclusions like: "When marketing to Millennials, a strong brand isn't enough to lock in a sale".[124] It is an example of how focusing only on part of the data to find a headline involving Millennials can blur the reality. As you might expect, the evidence suggests that branding is not enough to appeal to any generation completely. If anything, this evidence suggests it is not Millennials who have fallen out of love with brands, it's Baby Boomers, at least in their stated attitudes.

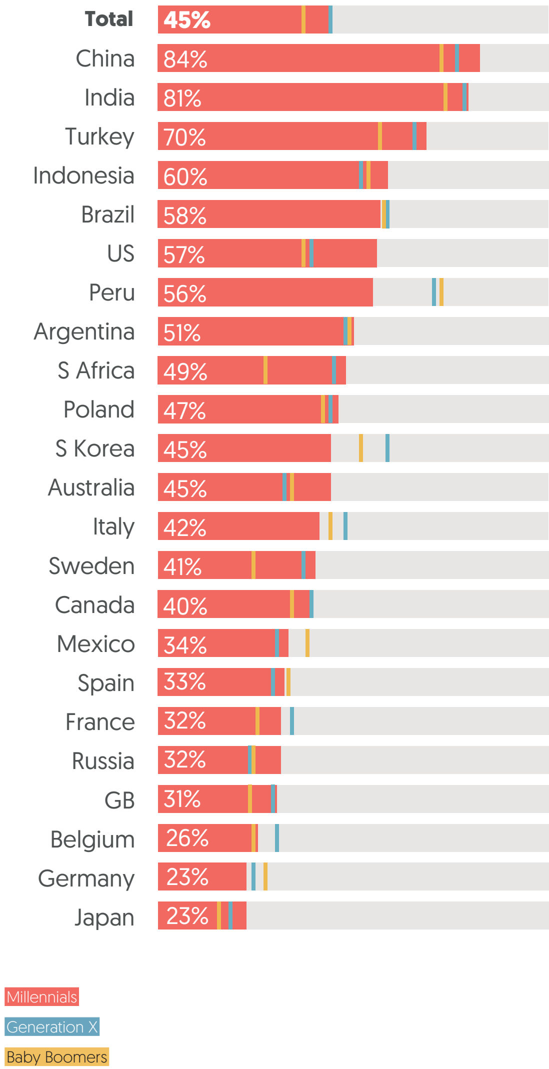
A caveat to this is that a lot of the publicly available data on brand engagement involves testing people's attitudes to very broad statements about 'brands' in general. There is, arguably, limited amounts you can learn about our true relationships with brands by looking at the proportions who agree with statements like "I tend to feel connected to brands" or "I always try to buy branded products".

If we take these questions as a general indicator of mindset, it looks as if Millennials place just as much importance on brands as previous generations. According to data collected for our Ipsos Global Trends 2017 survey across 23 countries, nearly half of Millennials and Generation Xers say they always try to buy branded products (48% and 45% respectively). Baby Boomers seem less concerned, with only 38% always trying to buy branded products.

These sorts of trends are not available over a long enough period to test whether this is just a feature of life stage or cohort – but both effects are very likely to be in play. We know the context for brand relationships and how marketers have conceptualised this has shifted hugely over the past eighty years. Byron Sharp's work on how brands grow suggests this can be seen as a shift from a focus on the 'Unique Selling Point (USP)' in the 1950s and 1960s, through the

VARIATION BETWEEN MARKETS ON IMPORTANCE OF BRANDS CAN DWARF DIFFERENCES BETWEEN GENERATIONS

% always try to buy branded products



Source
Ipsos Global Trends Survey 2017

Base
18,810 adults aged 16-64 in 23 countries, Sept – Oct 2016

growth of more emotional appeals in the 1970s and 1980s, through to brands being part of the cultural landscape and entertainment in the 1990s. Since then we have also seen increased emphasis on direct engagement and interaction, and concomitant counter-views, following Byron Sharp's work, which suggest just being 'available' and emphasising key features is most associated with success. Each of these will have shaped views, but the survey data suggests that what brands say about you remains important to Millennials.

However, this will partly be a feature of their (relative) youth. We know that what we look for in brands also evolves as we age, with different life events and changing priorities impinging on our choices.

Of course, there is also massive variation between markets – and these cross-cultural distinctions often dwarf any differences between cohorts. In some countries, such as China and India, the vast majority of people say they will always try to buy branded products, in stark contrast to countries like Germany and Japan where barely a quarter say they do.

With a few exceptions, Millennials across different countries are generally not significantly more or less likely to be attracted to brands than other cohorts. One of those most striking anomalies, however, is in the US, where Millennials are significantly more likely to say they try to buy branded products (57% versus 40% for Generation X) – despite the US being the source of much of the comment on brands' challenges with Millennials.

Millennials also seem to be very similar to Generation X in other generalised questions on brand relationships – and more positive than Baby Boomers. For example, six in ten Millennials (59%) across 23 markets agree that brands bring meaning to products (compared with 52% of Baby Boomers) and half of Millennials (52%) say they are generally willing to spend extra for a brand with an image that appeals to them (compared with 36% of Baby Boomers).

MILLENNIALS ARE MORE LIKELY THAN BABY BOOMERS TO SAY THEY RELY ON BRANDS THEY TRUST

Millennials are less brand loyal than other generations[125]

PROBABLY MYTH and much more related to life stage than generation.

There are all sorts of different claims on how capricious Millennials are when it comes to brands. Articles claiming "brand loyalty – not such a biggie for Millennials"[126] offer various pieces of advice on how to market to a generation that is "notoriously fickle".[127] But is there really any need to single out Millennials as a generation needing extra focus?

Although there is a lack of sufficiently long-term data on brand loyalty to conduct true cohort analysis, we can see by age-based data that Millennials, at least in established markets, appear no less brand loyal in their stated attitudes than other age groups.

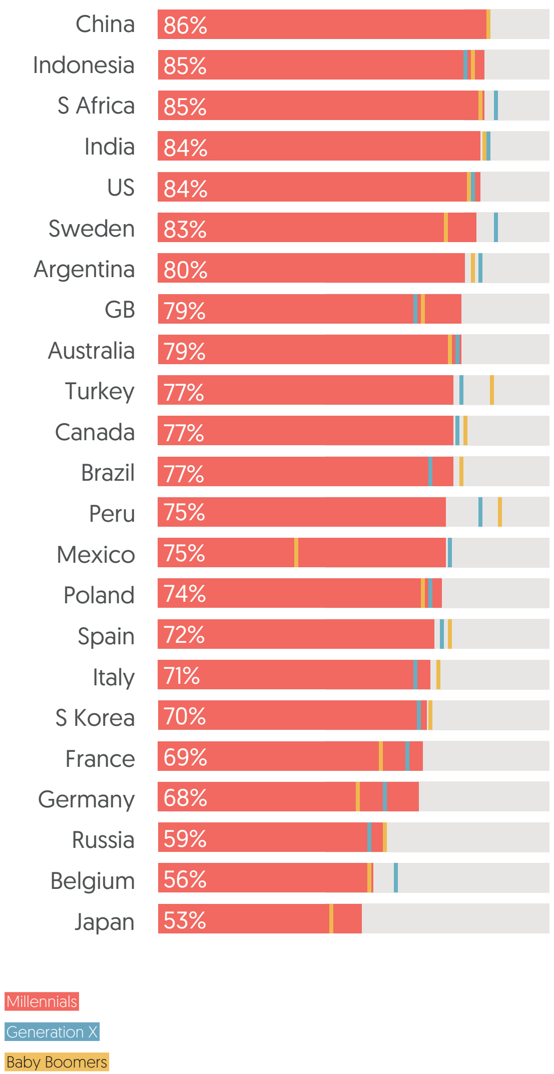
Three quarters (76%) of Millennials globally say they are "more likely to trust a new product if it's made by a brand they already know" compared with 73% of Generation X and 70% of Baby Boomers. As the graph overleaf shows, this pattern plays out in most countries, although there are a few examples in emerging markets where older generations are more likely to trust a new product made by a known brand – notably Mexico and Turkey.

More Millennials than Baby Boomers also say they rely on brands they trust: 66% of Millennials say "brands they trust are more important to them than ever in a world full of choice", compared to 63% of Baby Boomers.[128]

Even though these questions, and the associated data, are very limited in what they can prove, they do at least disprove the claim that Millennials start with a lower level of stated openness to brands than other age groups. Of course, this tells us little about whether this is a feature of their age (i.e. whether Generation X had similar views at similar ages) and whether it bears any relationship with how they behave.

NO REAL DIFFERENCE IN BRAND TRUST BETWEEN GENERATIONS

% more likely to trust a new product of a brand I already know



Source
Ipsos Global Trends survey 2017

Base
18,810 adults aged 16-64 in 23 countries, Sept – Oct 2016

One academic study suggests that the cohort you were born in is not the most important driver of brand behaviour. The study in France and Romania found that the brand loyalty patterns of Millennial and Generation X single professionals had much more in common with each other than married professionals within their own respective birth cohorts. Married professionals of both generations were more loyal to all types of different products (from high to low value), more likely to buy exclusively only one product or service brand, or buy exclusively between two or three brands. On the other hand, single professionals from both cohorts were more likely to switch between multiple brands or stick to a main one, but still try others.[129]

This flags the vital importance of life stage, and in particular big events like getting married or leaving home. As we have seen in earlier chapters, these patterns are different for Millennials in a number of countries. There is an important generational element to understanding our brand relationships, but it is more a result of wider social and economic factors changing, and delaying, Millennials' life choices. If life stage, (namely whether you are married, live at home, have children or own your own home) is the dominant factor in determining how brand loyal you are, and Millennials are following a different path in going through these life stages later than older generations, then understanding these broader cohort effects is vital.

Brand ethics are key to winning over Millennials

MYTH This is one of the most popular areas of declared difference for Millennials: they are "the green generation"[130], "sustainability is their shopping priority", and they "make efforts to buy products from companies that support the causes they care about".[131]

It is difficult to fully test the veracity of these claims, partly because concepts like 'ethical brands', 'corporate responsibility' and 'sustainability' have no clear, agreed definitions, but mainly because of similar challenges to those we saw with brand relationships generally. There is a lack of long-term data and the data that does exist often examines stated attitudes rather than actual behaviour.

MILLENNIALS IN SOME MARKETS ARE MORE LIKELY TO SAY CORPORATE RESPONSIBILITY IS IMPORTANT FOR BRAND CHOICE

% say it has become increasingly important to me that the brands I choose make a positive contribution to society beyond just providing goods, services and products

	Millennials - % agree	Overall score	Millennial difference
Indonesia	86%	86%	0
Peru	85%	80%	+5 ▲
India	82%	82%	0
China	81%	79%	+2 ▲
Mexico	81%	73%	+8 ▲
Spain	80%	69%	+11 ▲
Turkey	79%	81%	-2 ▼
Brazil	75%	74%	+1 ▲
S Africa	72%	74%	-2 ▼
Italy	70%	67%	+3 ▲
S Korea	70%	75%	-5 ▼
US	70%	58%	+12 ▲
Argentina	69%	69%	0
Poland	68%	60%	+8 ▲
Sweden	67%	61%	+6 ▲
Australia	66%	60%	+6 ▲
Canada	61%	55%	+6 ▲
Germany	61%	63%	-2 ▼
France	58%	60%	-2 ▼
Belgium	56%	59%	-3 ▼
GB	56%	52%	+4 ▲
Russia	45%	53%	-8 ▼
Japan	44%	43%	+1 ▲

Source
Ipsos Global Trends Survey 2017

Base
18,810 adults aged 16-64 in 23 countries, Sept – Oct 2016

When we look at stated attitudes, it is true that Millennials in most countries are just as likely, if not more likely, to say that responsible corporate behaviour is becoming "increasingly important" to them, although the differences are generally not huge or consistent.

The story becomes very different if we look how this translates into stated purchasing behaviour. Ipsos' Sustainable Business Monitor in Britain provides some more detailed long-term views on claimed behaviours.[132] This has run since the late 1990s and covers a range of ethical behaviours, from boycotting products due to the behaviour of the company behind them, choosing a product or service because of the company's responsible behaviour, seeking out information on how responsible a company is and paying more for ethically sourced products.

There is a similar pattern with each: Millennials are no more likely, and in some cases less likely, to say they have behaved in each of these ways. For example, a fifth of Baby Boomers (21%) say they have boycotted a product because the company had not behaved responsibly, compared with 16% of Millennials. Generation X are more likely to say they would pay more for products that are ethically sourced (17% versus 12% for Millennials).

Of course, both patterns could be a feature of age, rather than generation – we may get either grumpier and ready to act on that grumpiness as we get older, or richer and more willing to spend on these sort of product features. However, the Sustainable Business Monitor allows us to look back to 1999 when Generation X were a similar age to Millennials now. This shows that Generation X were actually more likely to say they would choose a product or service because of the responsible behaviour of a company (17% vs 12% of Millennials now). They were almost exactly as likely to claim they had boycotted a product (17%) as Millennials (16%).

Although Millennials in some countries say that the ethical credentials of a brand are becoming more important to them when looking to purchase, in reality Millennials as a cohort are nothing special when it comes to purchasing behaviour. In fact, they seem marginally less likely to actively choose products or services offered by companies going out of their way to act responsibly. Not really the 'shopping priority' it is often claimed then.

MILLENNIALS ARE NO MORE LIKELY TO BOYCOTT AND GENERATION X WERE MORE LIKELY TO BUY ETHICAL PRODUCTS AT THE SAME AGE – GB

	Boycotted a product	Chose a product/service because of company's responsible behaviour
Generation X in 1999 (When aged 20-33)	17%	17%
Millennials in 2015 (When aged 21-35)	16%	12%

Source
Ipsos MORI Sustainable Business Monitor 1999 and 2015

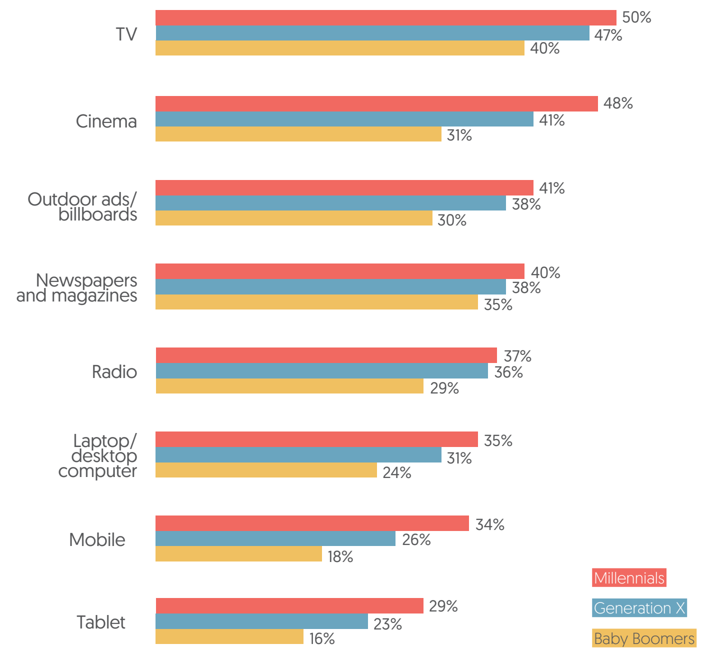
Millennials don't trust or respond to advertising[133]

MYTH A popular line in lazy media and shallow research pieces is that traditional advertising falls flat with Millennials, for example: "only 1% of Millennials said that a compelling advert would make them trust a brand more".[134] Ignoring the fact this was an unrepresentative survey of only some readers of an online magazine aimed at a younger audience, painting a picture of a generation impervious to ads is overly simplistic, for a number of reasons.

First, there are clear limitations to drawing conclusions about advertising based on self-reported interest (which is the easiest and most popular way of doing so). This does not mean that this offers no insight, but it is worth bearing in mind. Effective marketing appeals to emotional connections,[135] which are necessarily individual, may not be consciously registered by consumers and are therefore hard to measure quantitatively between generations. What success looks like in terms of creating emotional brand attachment will also vary widely, depending on brand, product or service and market.

Second, the main misdirection by some proponents of this myth, including the article mentioned above, is to look at Millennial opinion in isolation. It is easy to construct headlines that make Millennials sound untrusting, when actually they are in line with the population as a whole.

MILLENNIALS MORE LIKELY TO PAY ATTENTION TO ADVERTS ACROSS ALL MEDIA – GB
% pay a lot/a little attention



Source
Ipsos Global Trends survey, 2017

Base
18,810 adults aged 16-64 in 23 countries, Sept – Oct 2016

In the case of advertising, they actually say they pay more attention than other cohorts, as we can see in the chart above. This applies across all the different types of media tested, not just in the media we might expect them to be more exposed to and comfortable with, such as mobile phones. For example, 48% of Millennials say they pay at least a little attention to cinema ads, compared with 41% of Generation X and under a third of Baby Boomers (31%).

On top of this, it is not just that Millennials notice adverts on a wider variety of media types – they are more likely to say they like adverts on each of them. Again, it is the traditional media that come out top, with 42% saying they like adverts at the cinema and 41% saying they like TV adverts. Around a third like adverts through mobiles [33%] and computers [36%], compared with 25% and 31% of Generation X.

This is supported by the Global Trust in Advertising Survey, which shows that Millennials have higher self-reported trust levels in adverts across all media and not just the ones you might expect like online and mobile formats.[136]

Millennials' purchases are more influenced by recommendations than other generations

PROBABLY REALITY but only part of the story.

A similar and often repeated theory is that the key to a Millennial's purchasing decision is recommendations rather than advertising [whether that's recommendations by friends, families, strangers, experts, via online or traditional media]. Typical headlines include bold statements like "Millennials trust people over brands"[137] and that Millennials are "leaders in 'word-of-mouth' recommendations".[138]

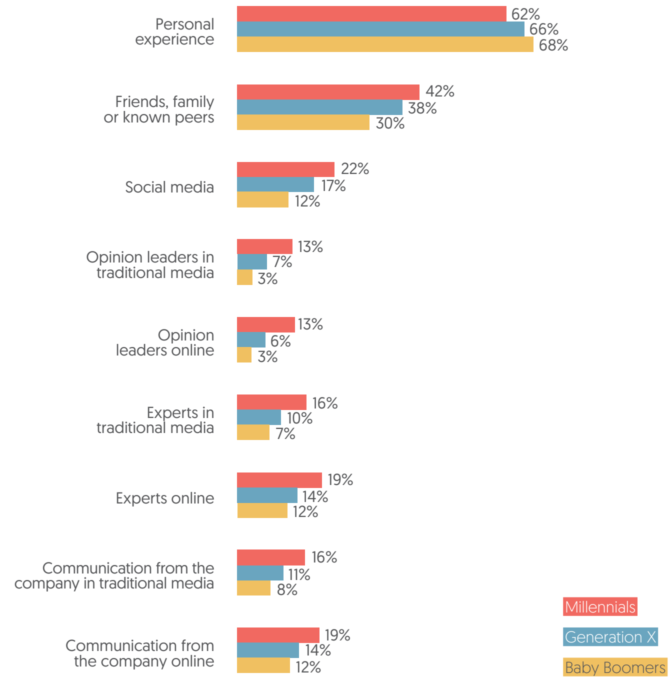
Of course, purchasing decisions are complicated and explaining them in such simple terms across categories, sectors, brands and subgroups is impossible. However, what is clear from the available evidence is that Millennials do say they are more influenced by social media, known peers, opinion leaders and experts than other generations.[139] But in a similar vein to above, the key point is they say they are more influenced by all sources – including traditional advertising.

Data from Ipsos Loyalty[140] indicates that Millennials in the US draw on a richer and more varied pool of resources to make decisions about choosing or continuing to use brands. As the chart opposite shows, personal experience is still the most important influence – across all generations – although fewer Millennials place stock in this compared with other generations.

However for all other tested sources, US Millennials are more likely to say they are influenced by them than other generations. They are more likely to say they are influenced by opinion leaders, experts and family, friends or known peers than Generation X and

MILLENNIALS MORE LIKELY TO BE INFLUENCED BY A VARIETY OF SOURCES – US

% influenced by source to choose or continue using brands



Source
Ipsos Loyalty 2015

Base
10,061 US adults, online Jan 2016

Baby Boomers. But Millennials are also twice as likely to say they are influenced by communication from the company via traditional media than Baby Boomers [16% vs 8%] and one in five [19%] say they would be influenced by communication online.

Of course, some of this difference will reflect variations in exposure: more Millennials use social media, and therefore have more opportunities to pay attention. Still the underlying theme seems to be a greater use of multiple sources and triangulation, rather than personal recommendations being more important in themselves.

Millennials are more likely to complain

PROBABLY MYTH and again, only half the story.

There are a number of studies that claim Millennials "like to complain"[141] with some large survey sources to back up a higher incidence of complaints. A J.D. Power survey of 600,000 participants looked across a number of categories and found that Millennials complained to their wireless carrier on average 1.7 times over a three-month period, compared with 0.5 times among Baby Boomers. Of course, we need to be careful with these types of statistics, as the frequency of usage and reliance on mobile technology will be very different among these age groups.

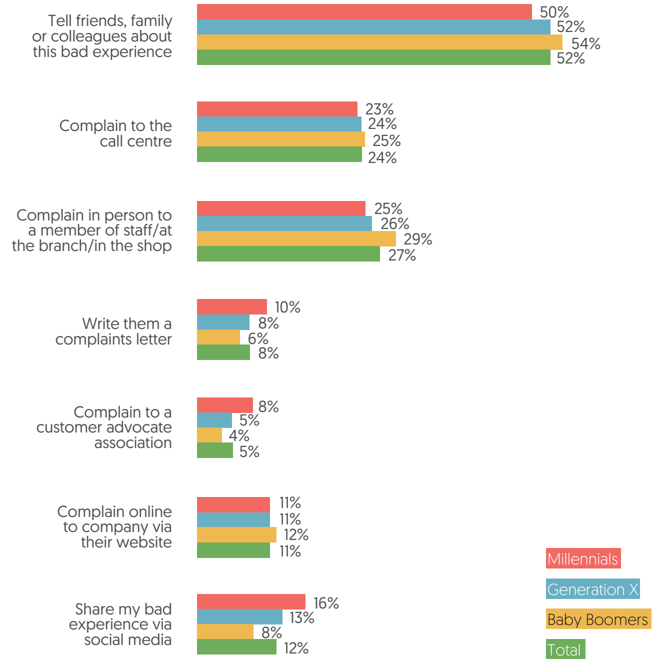
Our own data suggests rather less distinction between US Millennials and other groups. When faced with a bad experience, 78% of Millennials will do something about it. This is very similar to Baby Boomers and Generation X. In fact, there's not much that is different between the generations. Baby Boomers are marginally more likely to tell friends, families or colleagues about their bad experience (54%) compared with Generation X (52%) and Millennials (50%) – and Millennials are marginally more likely to make a written complaint, (rather surprisingly) to take the complaint up with an industry body and (more predictably) to use social media to share their bad experience (although note that only c. 16% of Millennials say they do that).

So there may be something in Millennials complaining more in certain ways and on certain categories, but this misses the bigger point – that they are also significantly more likely to share positive experiences in a number of ways. In particular, they are slightly more likely to tell family and friends, more likely to tell the company directly and much more likely to share this good experience on social media.

Far from being the easily offended 'snowflakes' that some coverage would suggest, Millennials are just as likely to be strong advocates if they have positive experiences.

MILLENNIALS ARE MORE LIKELY TO COMPLAIN AFTER A BAD EXPERIENCE WITH A COMPANY – US

% action after negative experience



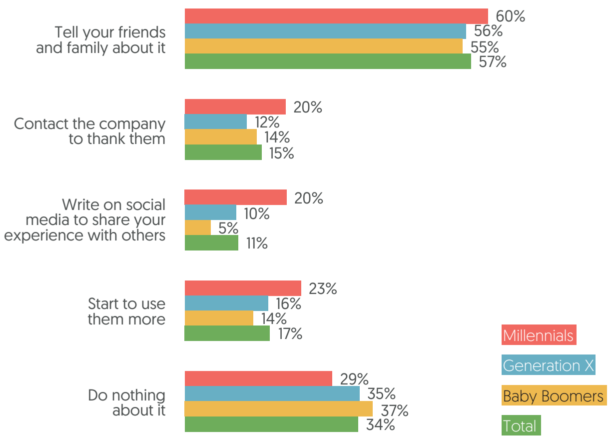
Source
Ipsos Loyalty 2015

Base
10,061 US adults, online Jan 2016

MILLENNIALS COMPLAIN MORE IN CERTAIN WAYS BUT THEY ARE ALSO MORE LIKELY TO SHARE POSITIVE EXPERIENCES

MILLENNIALS ARE ALSO MORE LIKELY TO GIVE POSITIVE FEEDBACK – US

% action after positive experience



Source
Ipsos Loyalty 2015

Base
10,061 US adults, online Jan 2016

Millennials are driving online sales

MYTH The online retail sector has grown hugely over the last few years in Europe and the US and has boosted the retail sector as a whole. Online sales in the US grew by 14.4%, and 15.6% in Europe in 2016 – in contrast, the total annual growth rates (covering both online and stores) was just 1.5% across Europe.[142] As Millennials have grown older and have larger pay cheques, it is easy to see how the assumption that "digitally-savvy Millennials have propelled much of the growth in online spending"[143] has become so popular.

However the figures actually indicate that Millennials are not the drivers of this shopping habit – for two reasons. Firstly they're not the age group shopping the most, and secondly there are stronger period factors which explain how online shopping is becoming the norm across all age groups.

Taking Britain as a case study, ONS statistics on internet use show that Generation X currently shops the most frequently online – 61% have bought goods or services online six times or more in the last three months. This is compared with half of Baby Boomers and Millennials (49% each).

Generation X spends the most online. Although there is obviously a huge range of spending within each generation, the average Generation Xer spends £400 online over three months – about £133 a month. The average Baby Boomer spends £100 a month, the average Millennial spends £93 and the average spend for an individual in the Pre-War generation is just £50. This is heavily influenced by life stage. Generation X are steps ahead of the Millennial generation in terms of careers, families and homes. There are more goods and services Generation X will need as consumers, plus they haven't yet begun to retire and lose responsibilities (and income) like Baby Boomers and the Pre-War generation.

The upswing in online sales is more to do with period effects – particularly the two factors that have dominated generational differences and similarities – technology and the economy. The financial squeeze of the recession, the comparative ease and accessibility of internet searches and the focus of retailers on

GENERATION X SPEND THE MOST ONLINE – GB

Median spend per month by generation

£93 Millennials

£133 Generation X

£100 Baby Boomers

£50 Pre-War

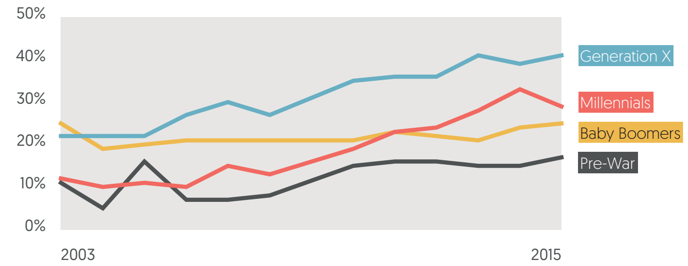
Source
Ipsos MORI analysis of ONS Internet Access 2016

mobile technology will all have helped channel shoppers – of all ages – to online stores. Around eight in ten Baby Boomers and Generation X have researched goods and services online in the last three months[144] – online shopping is an aspect of technology which is now simply too ubiquitous to be a Millennial trait.

We can see the interaction between period and life stage by looking at online shopping trend data for different items. Looking at whether generations have bought food or clothes online in the past year, we can see the adoption rates for Generation X and Millennials are very similar, as online shopping overall becomes more accessible. However Millennials are not yet needing to do food shopping online as much as Generation X – probably because there is less need for the big 'family shop'. Whereas, clothing and sports goods are items that now eight in ten (79%) of Generation X and Millennials will have bought online in the past 12 months.

GENERATION X MOST LIKELY TO DO FOOD SHOPPING ONLINE – GB

% ordering food online in past 12 months

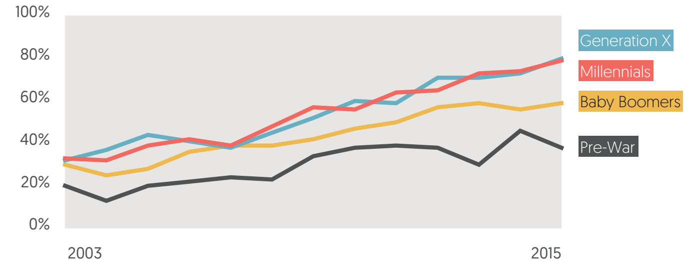


Source
Ipsos MORI reanalysis of ONS Opinions and Lifestyle Survey

Base
c. 3,000 interviews per year, January – April each calendar year

BUT MILLENNIALS JUST AS LIKELY TO SHOP FOR CLOTHES AND SPORTS GOODS ONLINE – GB

% ordering clothes or sports goods online in past 12 months



Source
Ipsos MORI reanalysis of ONS Opinions and Lifestyle Survey

Base
c. 3,000 interviews per year, January – April each calendar year

IMPLICATIONS

Millennials' interaction with brands and marketing is not as different as it is sometimes painted. It is easy to pull out a single research finding that highlights their extreme savviness, suspicion, moaning, altruism or rejection – and ignore that there are very similar traits in the rest of the population.

As with much of our generational analysis, the key to separating myth from reality is to firstly identify which traits are due to their youth, versus those traits they will take with them, and then look for effects that can be traced back to the context they've grown up in, rather than mysterious differences that have just magically appeared.

This helps avoid falling into clichéd views that fit with the 'snowflake' or entitled narrative, when in fact their more defining characteristic is to praise when it is due.

The two characteristics that really do distinguish them relate to the technological and economic context they've grown up with.

They are at home with multiple sources of information – which doesn't mean they rely on recommendations to the detriment of other sources of information. Instead, it means they bring these together. It seems that, on average, they are more adept integrators of different views – they are open to influence from more sources and will pay attention to adverts across more media than other age groups. This is a massively important point for marketers – growing up with technology integrated into everyday life does not mean that Millennials are too saturated to pay attention or will only notice digital adverts. Evidence indicates that technology broadens rather than narrows horizons – at least when it comes to marketing.

Many Millennials are moving to different life stages at a different pace to previous generations, and this is important – the key to brand preferences is found here. The structure of many Millennial lives look very different to the generations that brands have previously been marketed at. The fundamentals which shape relationships with brands, such as living independently, getting married and having children, are happening slower. Millennial brand preferences and behaviours will, on average, be those of single people for longer. This does not mean they won't shift over time, it is just that they have more years in this single space. So there is nothing at the Millennial core which means that they generally 'don't like brands' or 'are not brand loyal' – the evidence doesn't stack up here. But individual brands have new opportunities and challenges which require adapting to this 'emerging adulthood stage' unique to Millennials.

One important myth to debunk is that available evidence does not seem to support the assertion that 'brand purpose' appeals are more important or effective with Millennials than previous generations of young people. The signs seem to point to them not being massively different, and if anything slightly less likely to act on this motivation. But, in any case, it seems likely that the young have always had more stated interest in brands acting ethically, even if their actions have not always backed this up.