

xxx Research, 2016

# The Millennials

A TRADER GENERATION.

BIRTH PERIOD

## G.I./GREATEST

1901 - 1928

## SILENT GENERATION

1928 - 1945

1900

1910

1920

1930

1940

Percent of 2010 adult population (census estimate)

**3%**

**14%**



“

How well do you know Millennials, as a major consumer force nowadays?

”

## BABY BOOMERS

1946 - 1964

## GEN X

1965 - 1980

## MILLENNIALS (GEN Y)

1981 - 2003



33%

28%

22%



# WHO ARE THE



## Who are the Millennials?

Millennials, defined as those born between 1981 and 2003, are gaining increasing importance as consumer force.

Millennials - both those who are already adults and those who are still at school - are likely to have as much an influence on society and retail as the Baby Boomer generation has had, and there are clear indications of how this might play out. Start-up retailers are fully aligned with the values of this consumer group, responding to their needs and expectations with new innovations, paths to purchase and, above all, dynamic two-way relationships.

As Millennials become experienced in trading and exchanging both ideas and goods, the next area ripe for disruption will be around payments. In-stream payment technologies are rising and expectations around instant, seamless payment options will drive change beyond digital.

Those Millennials already extremely active in the consumer market (aged 16 and over) have different values to their Baby Boomer parents and employers: they are digital natives who are keen to engage with their favorite brands via social media, interested in cause-related products, and highly entrepreneurial. Millennials also leverage technology to buy and sell over new platforms, increasingly using the Internet to trade goods with one another. Retailers and brands need to recognize this, as the influence of Millennials is expected to accelerate dramatically in the next decade.

Together, Millennials have an annual global purchasing power of \$200 billion and are poised to overtake Boomers in population and spending by 2015.

What does this mean for the impact of this group on the retail landscape?



## New brands for new values

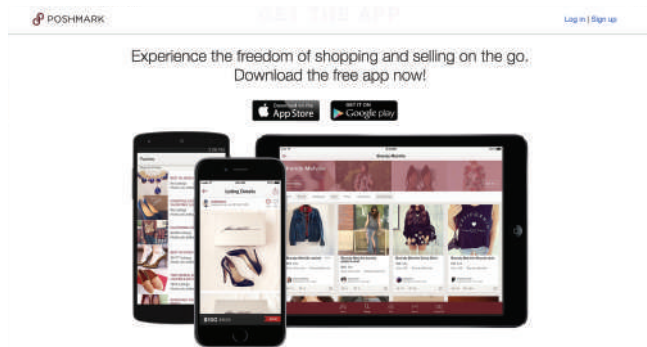
Millennials' new cultural values mean they are consultative and love to engage with brands. They are caring in relation to ethical products and innovative, as well as image-conscious, brand-savvy, highly social and digitally sophisticated. They may be on low salaries but with fewer mortgages and dependents, they also have money to spend. How and where they like to spend their money is changing the face of retail: we're seeing more multifunctional spaces and personalised products, as well as charitable brands such as TOMS.

Retailer-to-consumer engagement via social media channels is also on the rise: a study by public relations firm Edelman found that nine in 10 Millennials take action weekly on behalf of a brand through social media and other engagements offered by retailers. As consultative consumers, Millennials also enjoy exchanging product recommendations and opinions with their friends and peers online.

LA-based online retailer Nasty Gal is a successful startup built around these new cultural values and brand engagement with the juniors market. Founded in 2006 by 29 year-old Sophia Amoruso, Nasty Gal's approach is highly sociable, inviting customers to come into its office and post pictures of themselves from there via Instagram, and is a regular at festivals such as SXSW and Coachella. Nasty Gal also uses the Internet to understand what its customers want: last year the site attracted more than 6 million visitors and half a million Facebook followers, all leaving comments on the product.

Vintage-inspired clothing web-retailer ModCloth also leverages Millennial consultative behaviour to build the brand and perfect the product range. The site crowdsources its customer base for what designs to put into production under its 'Be The Buyer' page, and receives an average of 500-700 online comments for every design.

# MILLENNIALS ?



## Trader generation

As well as exchanging ideas, Millennials are also increasingly using the internet to exchange goods. As many have student debt, trading items offers a quick and easy wardrobe refresh as well as a financial reward. This emerging Trader Generation is highly social, value-conscious and entrepreneurial.

Online fashion retailer asos.com was quick to recognise this, launching Asos Marketplace in 2010. It acts as a platform for individuals and small businesses to buy and sell their own label, branded clothes and vintage collections directly by “renting” a shop window on the site. Today there are more than 500 sellers including multibrand boutiques, vintage specialists and independent young fashion labels. “Marketplace is a great opportunity for these smaller businesses to increase their customer base,” said Nick Robertson, asos.com CEO, speaking at last year’s Drapers Fashion Summit. “They can leverage the traffic and investment that a bigger business such as asos.com attracts in order to grow, without the added complication of running their own website.”

While other established marketplace sites such as eBay and Etsy are still thriving, a number of online startups that offer peer-to-peer trading within the fashion space are springing up.

Modabound is a social marketplace for US college students, which describes itself as targeted at “the stylish, broke youth”. Users can buy or sell fashion items among their friends and peers by uploading pictures of the clothes that they no longer wish to keep.

Founded in 2012 by Tracy DiNunzio, Tradesy is an e-commerce site specialising in peer-to-peer resale that allows users to buy and sell their clothing, shoes and accessories or trade for new products. The site has a similar format to Poshmark, a US-based mobile marketplace that lets women swap and sell items out of their own closets. The site now has 250,000 users, with more than 1 million items sold since January 1 this year.



## In-stream payments

In disrupting traditional retail paths to purchase, Millennials are creating their own, more socially consultative ways to pay. New platforms that allow social media users to buy and sell via their own social feeds are on the rise.

Oregon-based startup Chirpify launched last year, allowing users to purchase products directly from their Twitter and Instagram streams, by replying or commenting with the word ‘Buy’. Chirpify also recently launched #actiontags, which allows brands to activate hashtags like #buy, #donate and #vote and turn them into user transactions, all via Twitter, Facebook and Instagram.

Chirpify isn't the only company in the social sales market. Ribbon, which launched in November 2012, allows payments to be processed in social media news feeds. Sellers paste a special link directly into Facebook or Twitter posts that directs customers straight to the checkout page where they can purchase the item in one click.

Get This is a free app that combines social media and television, tapping into Millennials' multi-screen consumption habits: a recent study by Nielsen found that nearly half of all smartphone owners claim to use their devices while watching TV. Working with US television shows including Scandal and The Carrie Diaries, items worn by cast members in each episode pop up on viewers' screens that have the Get This app. Viewers then have the option to purchase the original items featured, stylist picks at similar price points, or more affordable third options.