

An aerial photograph of a tropical coastline. The water is a vibrant turquoise color. A long, narrow pier or walkway extends from the shore into the water. The land is covered in dense green and yellowish-brown trees. A small building with a red roof is visible in the lower left corner.

The COVID Context series. 1. Reshaping millennials attitudes & spending habits

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Welcome Slide

Welcome to the COVID context series. A series of actionable insights into key categories and consumers that will affect marketing and advertising spend.

In part one we cover the huge attitudinal and behavioural shift affecting millennials. The generation we are expecting to course correct our economy. Its no simple task.

"Millennials are not out partying, We and our anxiety issues are holed up working from home, watching Hulu, and yelling at our parents not to go outside. It's Gen Z you want."

Mairead McArdle, National Review

"What Millennials want is to find financial security, especially in regard to being prepared for the next crisis—as they can't make up for not being prepared for the current crisis" Jason Dorsey

*"We never believed that home was for us to begin with. Young adults are about half as likely to own a home today as they were in 1975. Silicon Valley thought leaders told us that we were too "Yolo" to be burdened by ownership of goods, and were better suited to "the experience economy". As a group of people with a collective \$1tn in student loan debt, this was all too convenient to believe. **The experience economy was a lovely lie while it lasted**"*

Amelia Hall, The Guardian 14th May 2020





Millennials: A generation dealt a poor hand

Millennials have been called many things, lazy, entitled, disillusioned. One thing they are is unlucky. They've been dealt a really bad hand when it comes to economic and social crisis. Generations are shaped by world events, the world economy, technology and Parenting. So its easy to see where their traits come from along with their current and future behaviour.

Millennials (aged between 21 – 39) have lived through the dot.com collapse, 9/11, the GFC, devastating bushfires and now The Corona Virus and its ensuing recession along with society changes around race and privilege.

The reason there is so much airtime around millennials is because they are our largest group of people by generation. In a world where we need to economically recover, we need them; they are the largest consumption group. And as the chart below shows they will still be the biggest consumer group in 2030. They feel relied upon to dig us out of the economic hole we are in.

Not only are millennials the poorest generation yet (more on that later) they are the most anxious. And yet conversely they are led by a degree of optimism. Life has been about 'life-stage postponing' moments instead craving experiences over ownership and fluidity of movement.

Their number one intention is always to travel. Take that dream away from them and what are we left with? This report will explore those changing values and behaviour and what we as brands can do about it.

Key metrics for Australia's generations

Generation	Born	Population		Bachelors Degree*	Lives in owned dwelling*	Belief in God*	Owner/ Manager*	Public Sector*
		2020	2030					
Pre-Boomers	Up to 1945	1.8m	0.7m	8%	84%	85%	42%	8%
Baby Boomers	1946-1963	4.7m	4.1m	16%	81%	75%	23%	18%
Gen X	1964-1981	5.8m	5.8m	27%	70%	66%	16%	17%
Millennials	1982-1999	6.8m	7.5m	23%	53%	56%	6%	12%
Gen Z	2000-2017	5.7m	6.9m	0%	66%	63%	1%	1%
Gen Alpha	2018-2035	0.9m	4.8m	n/a	n/a	n/a	n/a	n/a
Australia		25.8m	29.8m	16%	68%	67%	14%	15%

* Denotes 2016 Census

Source: Australian Bureau of Statistics; The Demographics Group

A generation burdened with debt

Household Debt

Even before COVID-19 Millennials were twice as likely than the average Gen-X or Baby Boomer to carry debt. Many stating that they could not maintain their quality of life without borrowing. Unsurprising with escalating house prices and stagnant wage growth. Millennials are also more likely to feel the pressure to meet societal and social expectations. Millennials are twice as likely to be declined for credit. In 2016 more than half of the millennials surveyed by Experian admitted they would use credit even if they could not make the repayments: immediacy whatever the cost. This combination of the need to 'have' combined with the raw economical hand that was dealt, explains their financial reality.

Job losses

Millennials have been hardest hit by job losses in retail, tourism and hospitality since COVID-19 restrictions forced businesses to close. 28% of millennials have applied for government assistance. It is estimated there will be more job losses in these areas when Job Keeper payments end.

Over 20% of 18-34s were stood down, the majority of them women. In our own Dentsu intelligence study conducted over the past 3 months, we discovered that job security is now the number one worry after health.

Early Super

Of the 1.4m people that had accessed their super early during COVID-19, one third were under 30. Half of them took the full amount. The average amount between 26 and 30 was \$8,530.

Whilst this money has helped in the short term, many have not thought of the long term implications of doing this. 20 year old who accessed the full \$20k will lose approximately \$120k from their super. It has also been estimated by economist Andrew Charlton that 40% of those people who took early super hadn't actually suffered a drop in income as a result of COVID-19. Because millennials have prioritised the next crisis over retirement.

Spending

40% of millennials agree that COVID-19 has had a major impact on their spending. They've delayed spending on cars, home appliances,, events and luxury goods. Instead they are now prioritising clothes, technology, smartphones and homewares. Even before COVID-19 the recent Grattan report highlighted huge decreases in discretionary spend to be able to cover the essential cost of living. Expect consideration sets to decrease as more purposeful decisions are made in line with their new financial reality.

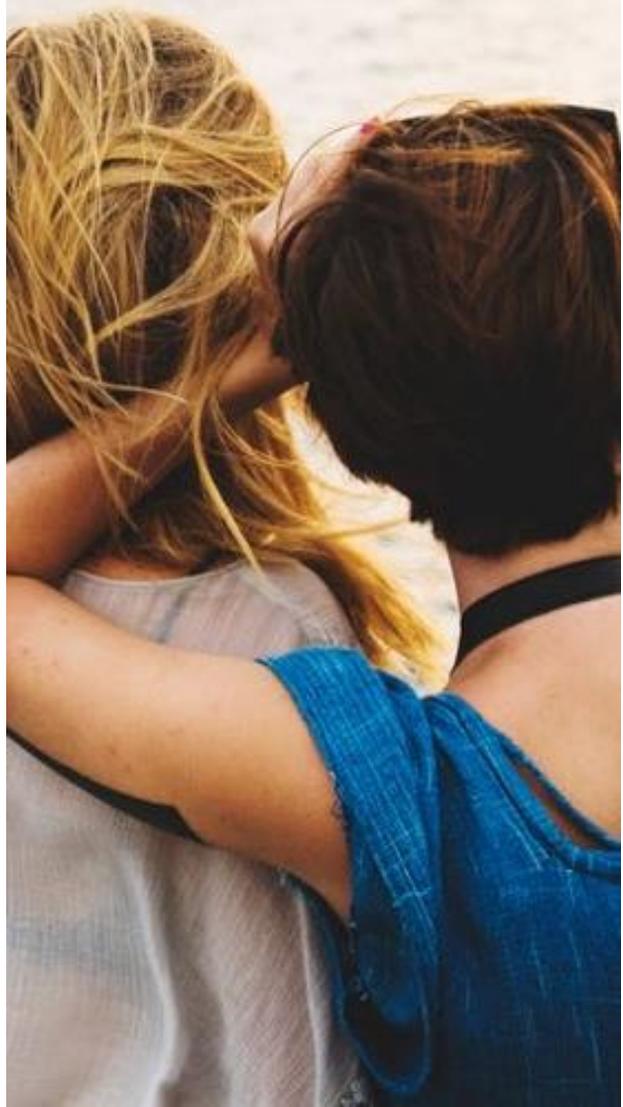
Shifting priorities

Millennials have shunned major life purchases for a life full of experiences.. But now Home ownership seems like the ultimate security blanket. Millennials have traditionally not valued savings, but now will gravitate towards stability. An increased interest in financial information is evident in Nielsen digital content ratings which shows millennials are driving the increase in time spent with financial news and information, with an increase of 102% in March 2020 vs January 2020.

"Its easy to forget you're \$50,000 in debt when you've got 50,000 followers to manage" The Guardian

"Their entire professional lives will now be spent working in an environment of austerity – paying off a debt that stands to benefit the generation before them and the one coming after" Errol Parker Betoota Advocate

"The next recession will destroy millennials"
Annie Lowry 2019



"Over the past 3 months I have been ending each pay cycle with more money in my bank account whereas I am usually crawling to the end of the pay month. It has made me realise that I can make restaurant quality meals at home and also don't need to go out to drink. These are changes that I will be implementing once life goes back to being semi normal."



Key insights and behaviour shifts for brands to understand

2020 is the year that Millennials re-evaluate their values, their financial security, ways of living, and what they spend their money on. In our view here are the key behaviour shifts that we need to know moving forward.

Stability & Security

Security doesn't just cover their newfound financial motivations, but their need to feel safe in their life, their home and their jobs. Globally 35% of Millennials will cut back on day to day spending. 41% will reduce regular financial commitments such as subscriptions and gym memberships. Security and stability are now the number 1 motivating factors in their lives. This is the first time Millennials have put this need and associated behaviour at the forefront of their values.

Renewed sense of home & importance of family (and friends)

Before COVID-19, home (for some) millennials was a place they slept, too busy working & travelling. Hence why Millennials are half as likely to own a home than other generations. Isolation has highlighted how 'home life' matters now, more than ever. The time spent with close family and friends, despite being forced, has made families even closer and insular. This shift to home opens up new behaviours and moments to engage. These include domestic and 'arm-chair' travel, in-home cooking and socialising, home exercise along with newfound hobbies and productivity reducing motivation to engage outside the home.

Hygiene and safety

New expectations of hygiene and safety have developed over the past 3 months. 57% of millennials expect hand sanitiser in all areas outside of the home now. There is expectation of diligent care across the whole product chain before it hits store. Millennials are cautious about entering indoor and outdoor spaces despite craving to do so. Safety assurances will help them make their choices. This includes their work environment

Health

Hygiene fuels health. Millennials have always thought that health was important but now its motivated by immunity and an increased focus on mental health. Millennials are the most anxious generation yet, fed by a combination of Boomer parents (who told them that they can be anything) combined with the expectation to excel in all areas of their lives. Many are disillusioned by the world, finding climate and social problems overwhelming. Millennials have high levels of skepticism and lack of belief in motives of people, leaders, brands and business. Preventative health is now more of a focus than ever for both physical and mental health. Expect Millennials to continue to ask: 'Is it good for them? Is it good for the Planet?'

Key insights and behaviour shifts for brands to understand

Self Improvement

The opportunity to assess what is important has driven a need to improve themselves, their lives and their environment. 57% of millennials say they will now change their future social behaviours. There is an expectation of brands and businesses to have done the same. Health, balance, financial astuteness, and a more considered life will be a focus.

"I plan to use my phone less, or generally less screen time. And start reading books."

Less is more

This increased financial scrutiny and simple living over the past few months has prompted smaller consideration sets and more deliberate choices. Supporting local and small businesses will be important balanced with brands that they implicitly trust. Millennials have simply realised they don't need so much stuff or need to pay for as many services or experiences.

Higher expectations

With consumer purchase journeys almost entirely online over the past 3 months, many brands have fallen behind delivering an 'average' user experience. Millennials still want immediacy but they want it done right the first time. Transparency is key, millennials understand the impact COVID-19 has had on businesses, and can be sympathetic if there is visibility.

Travel reimagined

The no.1 desire of millennials was always to travel. That itch hasn't gone away its just evolved. 51% of Millennials agree that their first trip away will be within Australia, with 31% stating it will be a staycation in their local area. Expect road trips, putting back into bushfire affected areas, camping and caravanning and day trips to increase. Food and wine will play a huge role here along with the increased need for nature.

Experience evolution

The acceleration of digital experiences is here to stay. Virtual tours in museums & galleries, virtual classes, cellar door wine tastings, concerts, telehealth, comedy and other events where people don't need to be physically together to experience a brand or a personality. With higher involvement in home and lower desire to leave their locality, these experiences get them 'out and about' virtually. The better the experience the stronger the relationship.

"Consumers are willing to give retailers more time for delivery, 70 percent say they are less likely to shop with a retailer again if they are not informed in advance of a delay" Blake Morgan, Forbes

Actions we can take in our communications planning

Build resilience

How can your brand help future proof consumers themselves to be more resilient for whatever comes next? What is appropriate in your category, where do you have a right to talk?

Diversify product mix

Now that needs have changed, should you lead with a different product mix, or adapt existing products to meet new or evolved demand?

Tag on to domestic travel

With day trips, and inter and intrastate trips set to double post COVID, is there a natural spot for your brand? Food and wine tourism is set to increase based on its ability to be the connection for millennials to spend more time with family and friends. What other services or products do people need, or is now the time to align with a domestic travel market when you didn't before?

The power of family

The renewed focus on reconnecting with family has driven more in-home occasions, and slowly more moments to connect outside of the home. How can your brand capitalise on these occasions, or become synonymous with one?

Guide & mentor

Almost 500,000 people dropped out of the work force in May. Is there a way your brand can help people refocus on their career or guide them back to work? Can you help them learn new skills or invest in them for the future so that they in turn invest in you?

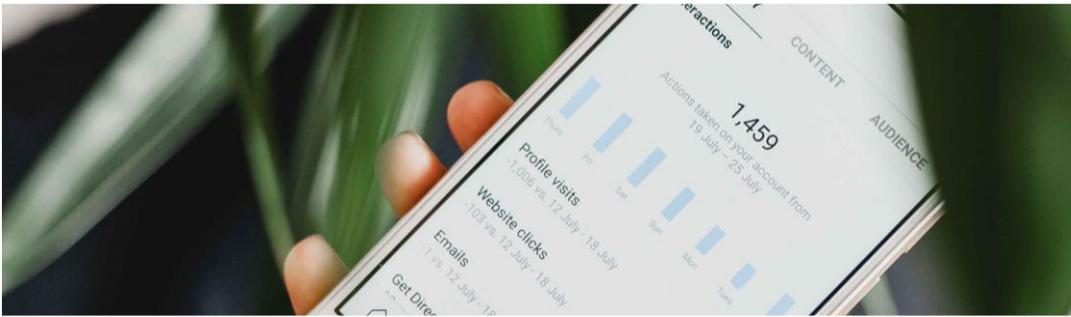
Localism

Where once we were migrating towards mega cities and urban centres, people will now reassess the safety of the city. Growth in outer suburbs and regional areas is set to grow. People want to live, shop, socialise and work where they live. How can your brand assist or enable this, or provide a service that fits in with this way of life.

Sustainable focus

The desire for millennials to live a sustainable life has not gone away. 79% of millennials globally want companies to behave more sustainably post COVID-19. But with consumers more price sensitive than usual and sustainable products having a higher price tag, how can you balance the value equation to make it a reality?





Actions we can take in our communications planning

Don't be silent

Millennials expect brands to use their voice for good. This year has seen life and society changing events from the bushfires, to a global pandemic to a systematic re-learning of white privilege and racism. Where can you use your voice for good and truly mean it?

Play to the new experience

Virtual museum tours, drinks with friends on Zoom, concerts, conferences; millennials have adapted to the acceleration of tech in these instances and it is here to stay. What is your balance of virtual versus actual experiences for your brand?

Be fulfilment ready

COVID-19 highlighted the gaps in many product and delivery chains. Immediacy is expected by millennials and a poor user experience in a world with smaller consideration sets loses loyalty. What do you need to do to provide a seamless experience from start to finish?

Wrap around the home

Can your brand provide a product or user experience that links to the home or their local area. Can you package up items or work with likeminded partners?

Other ways to pay & functional ways to calculate the true cost

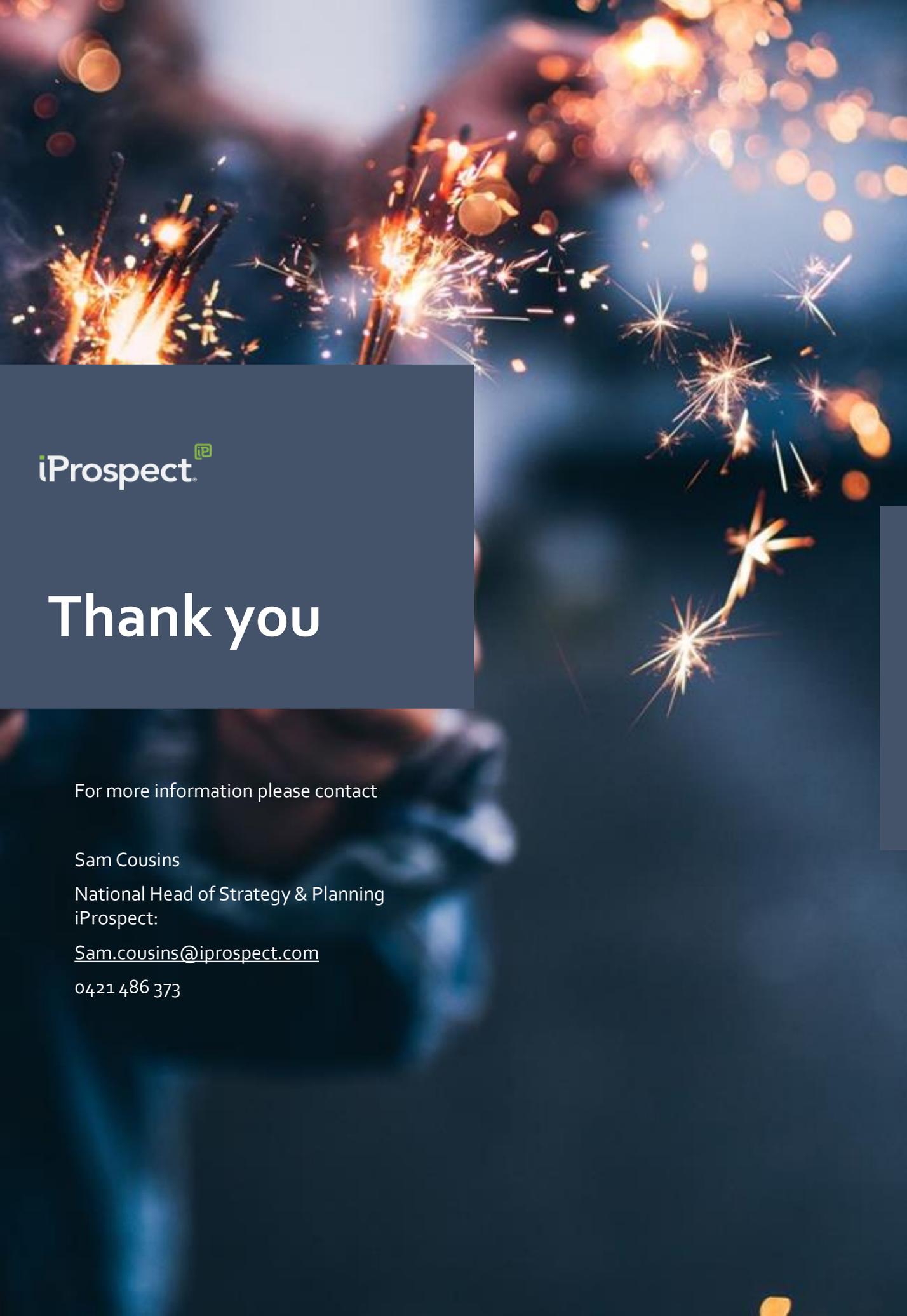
With personal finances a huge strain as we enter recession, millennials will be counting the cost of everything. Do you offer enough payment options, is there a different way to pay or even trade? Can you create calculators to understand the true lifetime cost and benefit of your product or service?

Future ways of working

The office has changed forever. A more fluid approach to working fits well with a millennial mindset. Can you repurpose a product to work in with this. Is there an experience you can create in your category, or how can we help millennials build the home office or shared workspace of the future?

Evolving commerce

What is your total commerce strategy to meet millennial consumers where they really are. Are you on the right platforms to meet these new behaviours?

A background image of a person holding a lit sparkler, with bright orange and yellow sparks flying against a dark blue night sky. The sparks create a bokeh effect in the background.

iProspect^{ip}

Thank you

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