

Digital Marketing to Millennials

An Essay Presented

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Abstract

Millennials, those born from 1980-1999, are the largest generational cohort in history. With this being said, they have massive buying power, which is very significant to marketers. However, before marketing to this generation it is helpful to know how to market to them. Millennials shy away from traditional advertising campaigns and techniques and lean more towards that of social media/the Internet as a means of buying goods/services and helping with their purchasing decision process.

The research and data that I have gathered show ways and methods to effectively advertise to Millennials. Katherine Taken Smith's studies indicate that coupons are the favorite form of online advertising for Millennials, where as they strongly dislike pop-up ads, as they perceive these as annoying. Amelia Ashton Adams' research show that Millennials will shy away from advertisements that contain poor quality content and that are annoying (via frequency of posts). In addition, her studies show that Millennials have a strong desire to share and thus engage in WOM; therefore, advertising is less impactful than word-of-mouth for Millennials purchasing decisions. Lastly, Shawna Brown's study shows that online video is a very effective form of advertising to Millennials.

Finally, I will discuss strategies and implication for marketers attempting to target Millennials. These suggestions I provide are based off of my research on Millennials' characteristics and the research studies that were done on Millennials.

Overview of Millennials

According to the U.S. Chamber Foundation, Millennials are defined as those who were born from 1980-1999 (*Figure 1*). Eighty million people in America as of 2015 belong to the Millennial generation and represent 25% of the population; they are larger than the Baby Boomers and three times bigger than Generation X (Fromm, J.). Furthermore, due to their massive size, Millennials have a lot of buying power, "...estimated at \$200 billion annually" (Fromm, J.). Due to this, Millennials are very important to companies, not only because of their large buying power, but also due to the fact that they are coming of age where they are turning into a major target market for consuming products and services. In addition, they contribute to half of the total spending in the consumer industries; therefore, they are an attractive target market for consumer brands (Barbagallo, E.). Another important aspect for marketers is that traditional forms of marketing/advertising are on the decline, and the new way to market and advertise products and companies (via the internet and use of technology) are on the rise; this fits in with the characteristics of Millennials.

Millennials are "digitally native" and they consider themselves a tech-savvy generation, as they are the first generation to grow up with computers, the internet and the advanced technology that we have today. Therefore, their preferred form of communication, and building/maintaining relationships is online. For example, companies that have apps and programs (like Starbucks' "My Starbucks") are more appealing to Millennials due to their ease of accessibility they provide (Fromm, J.). In fact, "according to a survey conducted by Cohen (2014), Millennials discover brands in the following ways: 51% on Facebook, 24% through online ads, 30% through the brand websites, 18% on Twitter, 15% on blogs, and 15% through other social networks" (White, M.). This generation expects mobile-friendly websites, Facebook

presence, immediate and instantaneous response (as they are impatient and strive for instant gratification), and substantive rewards for having the most check-ins on Foursquare or Gowalla (Fromm, J.). For example, an article over Millennials' behaviors by Richard Sweeney states that, "they are demanding consumers who expect more selectivity, personalization and customization in their products and services." In addition, Millennials love the 24/7 culture, which is made possible through this technology. They can access anything, anytime, anywhere and know what is going on in the world at any point via the use of the internet and social media. To illustrate this, Millennials spend roughly 14.5 hours per week using their smartphone devices, equivalent to more than 2 hours per day (MarketingCharts, 2014). Also, the U.S. Chamber of Commerce states, "what used to be a one-way conversation is now a multifaceted, 24-hour-a-day, seven-day-a-week dialogue between brands and their customers." Furthermore, they state that 80% of Millennials sleep with their cell phone next to the bed. Although these technological platforms are a good communication tool for customers and companies, they have impacted the Millennials' brand loyalty, negatively.

Millennials display a low level of brand loyalty, due to the vast amount of exposure to commercials/advertising they have had in their life -- "...they have been subject to as many as 20,000 commercial messages per year for fifteen years"(Barbagallo, E.). The effect of this exposure allows for Millennials to be much more aware and discerning of media messages. They know the manipulations of the marketing fields and "...have a low tolerance for insincerity and hypocrisy" (Barbagallo, E). Furthermore, "Millennials tend to be 'very skeptical of traditional advertising' (Belch, G., & Belch, M.) and they respond to advertising differently than previous generations" (Belch, G., & Belch, M.). This is an important attribute for marketers because "Millennials are the most targeted demographic in the marketing industry (due to their large

buying power), but also mostly out of fear from brands that believe if they don't secure Millennials as brand ambassadors now that may never catch them” (Avant Garde Ideals: Marketing Industry Demands Millennials).

Millennials possess great purchasing power and are using the internet via social media platforms, more than any other generation, to converse about products and services. “They are willing to write reviews, provide feedback and promote their favorite brands...”(Barbagallo, E.). According to a study done by Cohen, brand loyalty is a very hot topic among Millennials. He found that if a Millennial loves a brand: 20% will follow the brand on Twitter, 59% will like the brand on Facebook, 40% will subscribe to emails, 36% will purchase that particular brands products more than the competitors, 44% are proud owners and will show it off, and 57% will advocate for their brand (White, M.). Therefore, if Millennials love a product they will spread that passion via word of mouth. What does this means for marketers? Free advertising/marketing and brand awareness. In fact, according to a research finding, 77.71% of respondents (Millennials) indicated that social media is a good form of communication for companies to reach consumers (*Figure 2*).

Because Millennials are glued to their mobile devices and are always connected to the world via their fingertips, this is the evidence and the reason why two-thirds of marketers (64%) believe WOM marketing and social media are “more effective than traditional marketing,” and why 70% say their company will increase spending on social media, more than any other marketing channel (Murray, J.).

Research Findings

According to research study done by Adams, Millennials have a strong desire to share and thus engage in WOM, as demonstrated in *Figure 3*. The implication that this data shows is that advertisements are not nearly as effective or impactful when it comes to influencing Millennials' purchasing decision when compared to that of friends/family consultation and reviews. To add to WOMs credibility, according to Nielsen's 2013 Global Survey of Trust in Advertising, "84% of consumers around the world say they trust WOM recommendations from friends and family, a form of earned media, above all other sources of advertising" (Earned Advertising Remains Most Credible, 2013), while the WOM Marketing Association (WOMMA) says that, 92% of consumers worldwide trust recommendations from friends and family more than any forms of advertising. In addition, brand marketers prefer WOM because it is the least expensive, yet most effective form of marketing, as a 2013 survey conducted by the WOMMA found these results (Murray, J.). But by what means are Millennials communicating this WOM? Via social media platforms.

The four largest social media platforms that dominate the social media market (described by Belch as the Big Four) are: Facebook, YouTube, Google +, and Twitter. Furthermore, according to Adams' research, the most used social media platform for sharing content is Facebook, as indicated by 81% of respondents, followed by Instagram with 64%. In addition, this research also showed that: 93% of respondents claimed that they have tagged someone in a post and 83% said that they have shared posts before, 99% of respondents claimed to have clicked on/explored posts that they were tagged in, and 98% claimed to have clicked/explored posts that were shared by someone else, and 85% of respondents indicated they follow local businesses, large retailers, or brands on Instagram and 71% indicated they did so on Facebook.

This data shows marketers what influences consumers to explore their company/product and on which platforms they are doing this. Lastly, the participants in this research study were asked how they share their experience they had with a brand/company, and 82% said they share it via WOM. Thus, WOM is the most prevalent means/methods for Millennials when it comes to sharing content. Further methods and strategies of how marketers can effectively reach Millennials online are demonstrated through Dr. Katherine Taken Smith's, Amelia Ashton Adams' and Shawna Brown's studies.

“Due to their profuse usage of digital media, digital marketing is an effective manner for communicating with Millennials; it is considered to be the most promising venue for reaching this generation”

-Smith, Katherine Taken

Dr. Katherine Taken Smith of Murray University did a study with 571 Millennials (ages 19-23) on digital marketing strategies and its effectiveness and effect on Millennials. Her hypotheses for this research study are as follows: H1. Millennials will increasingly prefer coupons as a mode of online advertising, H2. Personalization will be the most successful web site feature for grabbing the attention of Millennials (this was formulated based on the fact that Millennials respond to personalized messages), H3. Competitive pricing will be a strong incentive for Millennials to repeatedly visit a web site, H4. Millennials are motivated to write online reviews if there is a personal benefit involved (one way to increase product awareness, build a reputation, or gain customers is to have Millennials write online reviews, as Millennials seek approval from their acquaintances. They believe that opinions from fellow consumers are more credible than from traditional advertising as previously stated). The results of the above

hypotheses are as follows: H1: reject the null, as coupons were shown to be the favorite form of online advertising and the use of these are increasing each year (from 73 percent to 88 percent), side-panel ads were shown to be the second choice in preferred online advertising for Millennials, and 73% of Millennials favor email updates. However, as for pop-up ads, the overwhelming dislike for this form of advertisement remained constant each year. Only 4% or less of the respondents prefer pop-up ads. This is consistent with past research that states pop-up ads are annoying” (Smith, K. T.). H2: fail to reject the null, as personalization is not the most successful web site feature for grabbing the attention of Millennials. In fact, the website feature that consistently and overwhelmingly catches the eyes of Millennials is the use of graphics (Smith, K. T.). In addition to graphics, a website that Millennials respond positive to contain simplicity, a professional layout and bright colors. H3: reject the null, as 71% of the respondents chose competitive pricing as a strong incentive for them to visit a website repeatedly. In addition to this, good shipping rates and coupons were chosen by 65% of the respondents. H4: reject the null, as Millennials are motivated to write online reviews if there is a personal benefit involved. However, a declining trend that was found in this study was that discounts, coupons and rewards are not strong motivating factors to get Millennials to write reviews; “perhaps Millennials are less motivated by rewards because they have become easier to attain” (Smith, K. T.). To hone in further on online coupons, Taken Smith continued her research by conducting surveys over a longitudinal study of three years (2009-2011) with almost double the sample size.

Smith’s second findings indicated and verified that “...online coupons hold a substantial lead over any other mode of online advertising...” (Barbagallo, E.). In addition, some other favorable forms of digital marketing included: competitive pricing, good shipping rates and personalization on websites. However, the respondents strongly disliked pop-up ads, with less

than 4% recording them as a preference (Barbagallo, E.). Furthermore, Taken Smith also identified various strategies to encourage Millennials to make repeat visits to websites, and these include: updated product information and a favorable return policy. Lastly, her study confirmed the hypotheses that Millennials are motivated to write online reviews if there is a personal benefit involved, such as receiving coupons/discounts.

According to Adams' research, Millennials shy away from advertisements that are of poor quality and that are deemed annoying via their frequency of posts. For example, her research study (which was conducted via a questionnaire among 260 Millennials) indicated that 80% of respondents said that frequency of posts would deter them away from following a company/brand on social media because “[they] just don’t want [their] social media to be filled with one company's stuff” (Adams, A. A.). Also, the survey asked to “rank the following factors based on their importance to such a consideration (deciding whether or not to follow/add a company/brand)” and the findings were as follows (1= most important consideration and 6=least important):

1. Quality of content (images/information)
2. Updates on sales promotions (discounts/coupons)
3. Frequency of posts
4. Updates on product availability (new items, replenished stock)
5. Entertainment (humor, interesting information, etc.)
6. Contests/events

This shows marketers that when advertising online to ensure that the content is of high quality and that their content does not consume a Millennials' newsfeed. However, “85% of

respondents claim that they are more likely to share content from a brand that they view as ‘interesting’” (Adams, A. A.). This implies that marketers should keep their advertisements interesting and mysterious (or something to that effect) that leave the consumers wanting to discover more.

Lastly, according to a study done by Brown (who interviewed Millennials), the participants claimed that online video is an effective form of advertising because “[Millennials] are doing everything online”, “having a viral video is like finding gold...” and “video is the best way to communicate a message especially opposed to long pieces of text and even opposed to files or PowerPoints. With video you can add music, it evokes emotion, it can be visually cool and you as the videographer can be so creative with it” (Brown, S.). This is important data for marketers as to what media source they should use to reach the Millennials. “The best way to reach Millennials is with a cross-media, cross-channel brand presence (Barton, C., Koslow, L., & Beauchamp, C.).

The chart bellows pulls some of the most important findings from these studies and what they means for marketers in terms of strategy.

| Overall Key Findings | Managerial Strategy/Implication |
|--|---|
| 1. Millennials have a strong desire to share and thus engage in WOM, where Facebook is the most used social media platform for sharing content | Have a strong brand awareness on social media platforms – The Big Four, especially Facebook. |
| 2. Coupons are the favorite form of online advertising for Millennials | For promotion purposes, use coupons |
| 3. Competitive pricing is a strong incentive for Millennials to visit a website repeatedly, along with good shipping rates | To guarantee Millennials to be repeat customers, include competitive pricing for goods/services, along with free/inexpensive shipping rates |
| 4. Quality of content (images/information) is ranked #1 on factors that determine if | Ensure that the content posted is of high quality and does not consume/overwhelm a |

| | |
|---|--|
| Millennials follow a brand on social media | Millennials' newsfeed |
| 5. The best way to reach Millennials is on the digital arena turf | Focus more on marketing online, and less on the traditional forms of advertising |

Suggested Marketing Strategies & Implications for Marketers

This compiled research and data implies that companies should connect with this new generation of customers, the Millennials, on their turf -- “the digital arena” (Barbagallo, E.). Since this generation expects mobile-friendly web sites and social media presence, it would be wise as an organization to have a strong digital and technological strategy in place in order to reach the Millennials. Also, since Millennials are more aware of the marketing tactics and persuasions used, traditional brand awareness strategies are inadequate when attracting and inducing purchases of Millennials. This means that companies need to reduce the levels of traditional advertising and marketing methods/channels, and instead adopt the new, that of the digital world -- the Internet and social media platforms.

Companies and marketers should use social media platforms to promote their company, as well as their products/services, specifically using The Big Four as a means, as well as Instagram (as its importance is indicated by Adams’ findings). When marketing to Millennials via the internet, according to Smith, Millennials do not like the use of pop-up ads, but they do favor the offering of online coupons, side-panel ads, competitive pricing, and good shipping rates. Also, coupons/discounts are useful when trying to persuade Millennials to write a review. This is significant because it allows for consumer-generated content to promote the company, which is important because it is free and Millennials are highly influenced by word-of-mouth from their peers.

Furthermore, Millennials are adventure seekers and are attracted to a casual and fun atmosphere and way of life. In fact, 70% of Millennials want to visit every continent in their lifetime (Fromm, J.). Marketers can meet this need by providing some kind of unique, risk-taking characteristic(s) and/or experience(s) to and/or with their product. For example, a restaurant that

has exotic flavors (Fromm, J.), would be appealing to Millennials. Lastly, something that marketers should be aware of is, “an abundance of annoying online clutter can cause consumers (Millennials) to avoid digit marketing all together” (Smith, K. T.). Therefore, marketers need to keep their online sites and social media appearances sharp and clean, and appealing to the eye.

Conclusion

In conclusion, Millennials are emerging as the new demographic to target, as they are promising because of their age and buying power. But, knowing how to effectively market towards them is important in trying to win them over. Research studies have demonstrated the best ways to implement the 4 P's targeted specifically towards Millennials; for example, price needs to be positioned competitively, the product needs to demonstrate some unique, risk-taking aspect and/or experience, as Millennials are attracted to an exciting and causal atmosphere, the best place to exhibit a company/it's marketing and advertising efforts are online and on social media platforms, and promotion needs to take the form of coupons. I believe that marketers can learn a significant amount from these research studies on the do's and don'ts of marketing to the Millennials.

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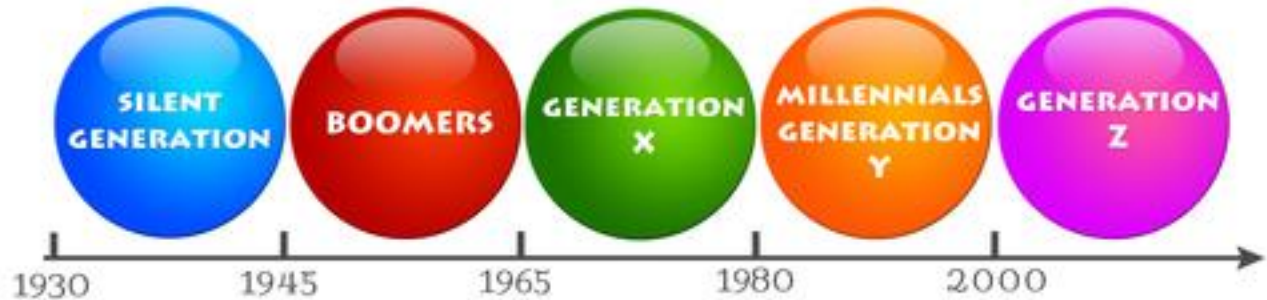
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Appendices

Figure 1



Generational Cohorts Diagram (<https://sjinsights.net/2015/05/12/beyond-millennials/>)

Figure 2

| | | | | | | | |
|---|-----|----|---|-----|--------|--------|-------|
| Do you think Social Media is a good form of communication for companies to reach consumers? | 136 | 33 | 6 | 175 | 77.71% | 18.86% | 3.43% |
|---|-----|----|---|-----|--------|--------|-------|

Figure 3

Frequency of responses to question: *On average, how much do the following influence your buying decisions?*

| Question 3 | Not at all | A little | Some | A lot | Total Responses | Not at all % | A little % | Some % | A lot % |
|------------------|------------|----------|------|-------|-----------------|--------------|------------|--------|---------|
| Friends | 6 | 49 | 74 | 47 | 176 | 3.41% | 27.84% | 42.05% | 26.70% |
| Family | 15 | 29 | 84 | 48 | 176 | 8.52% | 16.48% | 47.73% | 27.27% |
| Reviews | 8 | 31 | 72 | 65 | 176 | 4.55% | 17.61% | 40.91% | 36.93% |
| Blogs | 60 | 54 | 49 | 13 | 176 | 34.09% | 30.68% | 27.84% | 7.39% |
| TV ads | 80 | 73 | 22 | 1 | 176 | 45.45% | 41.48% | 12.50% | 0.57% |
| Radio ads | 110 | 57 | 9 | 0 | 176 | 62.50% | 32.39% | 5.11% | 0.00% |
| Internet ads | 61 | 85 | 25 | 5 | 176 | 34.66% | 48.30% | 14.20% | 2.84% |
| Social Media ads | 48 | 85 | 37 | 6 | 176 | 27.27% | 48.30% | 21.02% | 3.41% |

Infographic of Important Attributes/Findings

MARKETING TO MILLENNIALS



REPRESENT 25% OF THE TOTAL POPULATION



SIGNIFICANT AMOUNT OF PURCHASING POWER - \$200 BILLION ANNUALLY



MILLENNIALS ARE A 24/7 CULTURE, WHICH IS MADE POSSIBLE THROUGH TECHNOLOGY



OF MILLENNIALS SLEEP NEXT TO THEIR PHONE

SHARING CONTENT AMONG MILLENNIALS



DIGITAL MARKETING STRATEGIES

88% FAVORITE FORM OF ONLINE ADVERTISING ARE COUPONS

85% LIKELY TO SHARE CONTENT FROM A BRAND THEY VIEW AS INTERESTING