Millennials’ Surprises

Millennials have gotten lots of press in the past few years — they have incurred increasingly heavy college debt burdens, their unemployment levels are high, and pay is lower than it was in the past. Together, these factors have caused the Millennial generation to be more pessimistic about the future and the economic situation than their counterparts in other age groups. The Economy Tracker, our means for uncovering consumers’ perceptions about the economy, shows Millennials have become increasingly pessimistic about their own personal economic situation over the past year, while all other age groups are growing more optimistic.

How does all of this affect how Millennials purchase and use products, and how do their actions differ from those of other generations? Given their economic situation, it might be expected that Millennials would cut back on their spending. In some cases, they have. But even when they spend less, they are still a force to be reckoned with, given the sheer size of the group. This brief examines how Millennials consume a variety of products across some of the industries The NPD group tracks: foodservice, entertainment, home, and the automotive aftermarket.

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The NPD Group is the leading provider of reliable and comprehensive consumer and retail information for a wide range of industries. Today, more than 2,000 manufacturers, retailers, and service companies rely on NPD to help them drive critical business decisions at the global, national, and local market levels. NPD helps our clients to identify new business opportunities and guide product development, marketing, sales, merchandising, and other functions. Information is available for the following industry sectors: automotive, beauty, entertainment, fashion, food, home and office, sports, technology, toys, video games, and wireless. For more information, contact us, visit npd.com, or follow us on Twitter at twitter.com/npdgroup.
Where Do They Eat?
Given their general economic situation, it’s natural that Millennials have consistently cut back on their restaurant visits in the past three years, as our Reaching the Millennial Generation report has shown. Even with their reduction in restaurant visits, though, Millennials still made over 12 billion visits to foodservice establishments in 2011. That translated to $73 billion spent on foodservice meals and snacks and secured Millennials’ position as the heaviest U.S. restaurant users among all age groups.

What can be done to entice Millennials to visit restaurants even more? Price discounts and coupons/free offers could boost visits and offset the group’s concerns about money woes. Our research shows restaurants that want to attract Millennial women also should consider offering healthy menu items.

At-Home Food Consumption
Back in 2009, our Future of Eating report looked at how food consumption and eating occasions would change over the next decade. At that time, we expected Millennials to bring their lunch more often, grill at home, and eat more fresh foods. On the other hand, we also expected them to skip breakfast less and drink less milk.

Since the forecast was written, Millennials have indeed skipped breakfast less often. In 2012, 18- to 34-year-olds ate 253 in-home breakfast annual meals per capita, a 4.5 percent increase since 2007. While that increase may not sound dramatic, it quickly adds up, thanks to this demographic group’s 6.5 percent growth since 2007. Now we know the 18 to 34 age segment has eaten nearly 2 billion more breakfast meals in-home since 2007.
Millennials are also drinking more coffee at home to wake up in the morning than they did in the past. From 2001 to 2012, 18- to 34-year-olds have increased their in-home/carry-from-home coffee consumption by 7 percent, compared to 1 percent for the rest of the adult population. The rise in in-home coffee consumption is also helping coffeemaker sales, which our Consumer Tracking Service shows were up 15 percent in terms of dollar sales in year-end 2011.

As in-home meal consumption has risen, so has recipe usage. One-half of Millennials, nearly 30 million young adults, now use recipes at least once a week.

What Else Are They Up To?
Everyone talks about how connected this generation is. While it’s true they are heavy phone and Internet users, it may be surprising that in many ways, they spend their time just like the generations before them. They like to hang out at friends’ houses, read, and watch movies and TV.

And they’re not only watching TV on their tablets, computers, and smartphones. Our Entertainment Trends in America report shows 62 percent of 13- to 24-year-olds watch TV shows at regular broadcast time, including cable shows. That’s a bit lower than the rate for Millennials, but not by a lot. Twenty-eight percent of Millennials watch TV shows on DVD and Blu-ray discs — a usage level that is actually higher than that of their parents. More than half said they watched a TV show “digitally” (using some form of OTT or streaming), but only 3 percent viewed on an iPad in 2011. Despite the intrusion of alternatives, America’s youth still use traditional means to watch TV — a lot.
Setting Up House

Over half of Millennials are students. Of those who aren’t, many are unemployed. As a result, 37 percent of Millennials report living at home with their parents. That means they may not yet have reached their full buying power when it comes to home-related products. In the 12 months ending May 2012, 18- to 34-year-olds accounted for 22 percent of small appliance sales, but they purchased below the industry average in terms of dollars (-8 percent) and units (-10 percent).

This age group accounted for one-third of dollars spent on housewares purchases in the 12 months ending May 2012, gaining 5 share points and growing 30 percent in dollar sales over last year. Price, good value, and appearance are the top purchase motivators for housewares items, and these factors are more important to 18- to 34-year-olds than they are to older consumers.

Get To Know Millennials — Uncover New Opportunities

Facing significant economic challenges, Millennials may well become a “do it yourself” rather than a “do it for me” generation. Our Automotive business found these consumers are motivated to repair and maintain their vehicles, and many are interested in acquiring the skills to do it themselves. For a generation more immersed in information than any generation before it, acquiring those skills may be as simple as a few clicks on YouTube or a mobile application a cell phone. We may see this attitude extend to other areas of Millennials’ lives, from cooking more using recipes to home improvement. Gaining a better understanding of what they are likely to buy today will enable marketers to position their brands, stores, and services for what could decades of sales to loyal Millennial-generation customers.

Learn More

For more information about The NPD Group’s market research information, call 866-444-1411 or email contactnpd@npd.com.