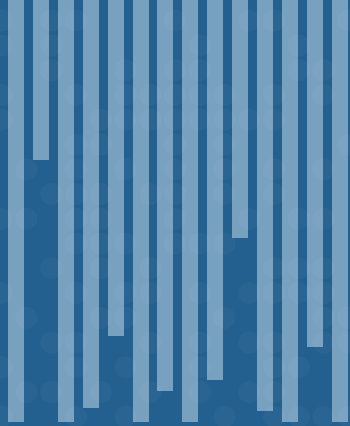


# WHY MILLENNIAL WOMEN BUY

The behaviors and  
motivations of the most  
powerful purchasing  
segment





“The millennial economy, as we define it, is an economic and social model in which emerging value shifts, rapid innovation, and new social norms are radically reshaping the future of work, money, and life. We are living this radical reshaping right now, and it is being driven by the largest generational cohort in the market today — millennial women.”

– *Alisa Leonard, President, Levo*

# TABLE **of** CONTENTS

**04** The millennial woman is a purchasing powerhouse.

**07** Her strong work ethic fuels purchase behavior.

**11** Her experiences motivate purchase decisions.

**14** Social drives her product awareness like no other channel.

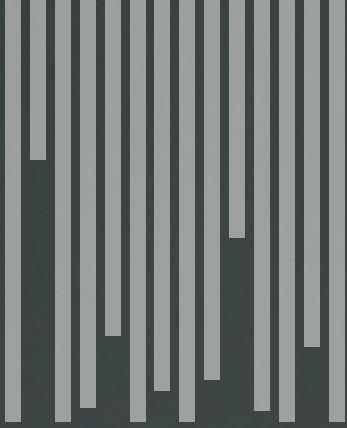
**17** Her financial might is on the rise.

**20** CONCLUSION

**21** RESEARCH METHODOLOGY

**22** MEET THE AUTHORS

**23** CONTRIBUTORS

A series of vertical bars of varying heights and widths, some solid grey and some white, creating a barcode-like pattern.

**THE  
MILLENNIAL  
WOMAN IS A  
PURCHASING  
POWERHOUSE.**

**01**





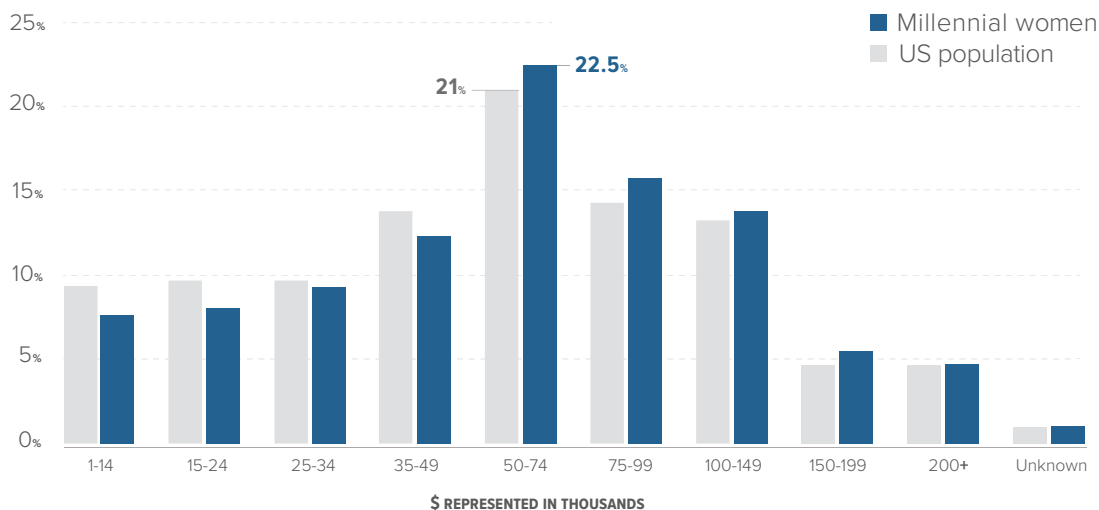
## The millennial woman is a purchasing powerhouse.

If your marketing strategy has no plan for addressing the mega-segment that is millennials, you are missing a crucial opportunity to capitalize on one of the most lucrative audiences of our time. The population of millennials, defined here as consumers born between 1982 and 2000, totals 75.5 million.<sup>1</sup> And beyond the significance of its sheer strength in numbers, this segment spends. On the whole, millennials represent a major market force in terms of buying power, spending \$200 billion per year. As of this year, they are expected to represent the largest spending power of any generation.<sup>2</sup>

1 Marketing Charts. (2018). So How Many Millennials Are There in the US, Anyway? (Updated) - Marketing Charts. [online] Available at: <https://www.marketingcharts.com/featured-30401> [Accessed 26 Feb. 2018].

2 Schroeder, J. (2018). Forbes Welcome. [online] Forbes.com. Available at: <https://www.forbes.com/sites/juleschroeder/2017/10/31/how-to-tap-into-the-millennial-200-billion-buying-power-with-social-media/#5efe17081161> [Accessed 26 Feb. 2018].

## Estimated Household Income



The members of this profitable demographic segment are entering a phase of their lives that introduces many firsts, including homeownership, marriage, and children. All of these firsts come with significant spending attached to them, putting pressure on their discretionary funds. But the good news is that their incomes are catching up. This group has a higher median family income than the rest of the country, as indicated in their over-indexing in the high-income bracket (\$80K and up).<sup>3</sup>

**\$170** Billion

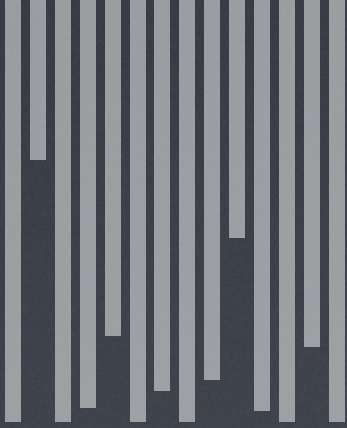
Women control or influence as much as **85%** of overall US spending power. We estimate that millennial women represent a market of approximately \$170 billion.

And following the commonly held belief that women control or influence as much as 85% of overall US spending power,<sup>4</sup> we estimate that millennial women represent a market of approximately \$170 billion. These women, 42 percent of whom are moms, have budget to spend, which means they have significant influence, if not authority, over household purchase decisions.

We decided to look a little closer into what drives these women to buy and some of the rationale behind those purchases. Merkle and Levo, conducted a study of millennial women and their economic behavior. This paper imparts the key observations from the study.

<sup>3</sup> Merkle's DataSource consumer database, 2018.

<sup>4</sup> Palmer, K. (2018). Forbes Welcome. [online] Forbes.com. Available at: <https://www.forbes.com/sites/kimberlypalmer/2017/09/05/thinking-like-a-woman-could-pay-off-with-credit-cards/#1c72156950c1> [Accessed 26 Feb. 2018].

A series of vertical bars of varying heights and widths, some solid grey and some white, arranged in a rhythmic pattern at the top left of the image.

**HER STRONG  
WORK ETHIC  
FUELS  
PURCHASE  
BEHAVIOR.**

**02**

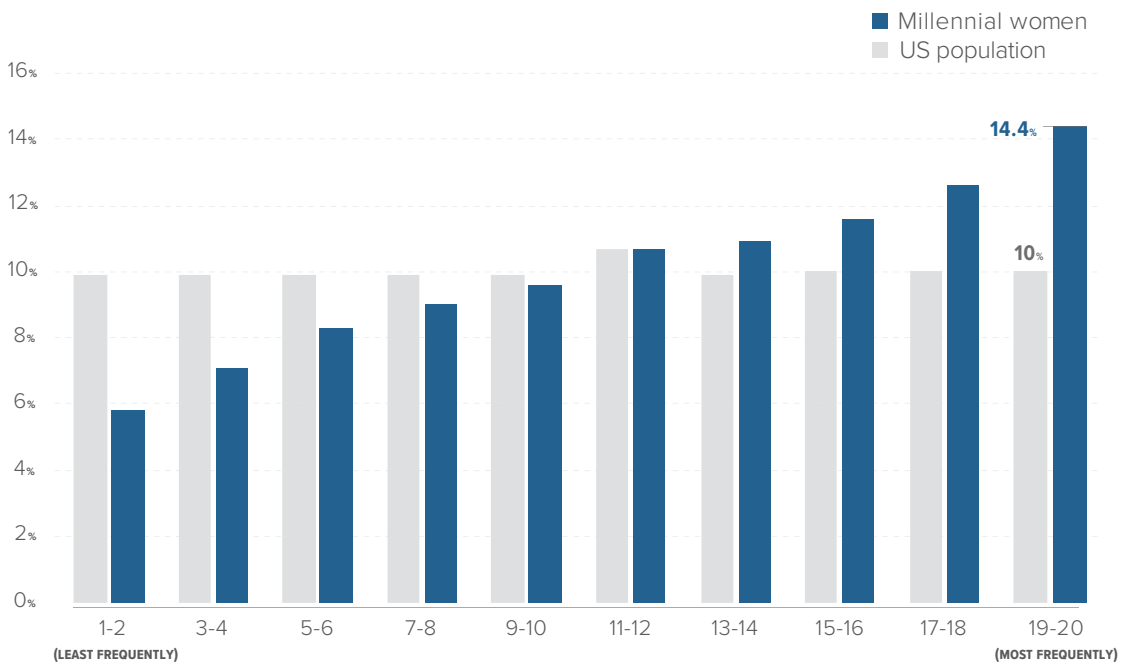


# Her strong work ethic fuels purchase behavior.

Millennial women are willing to work hard to get what they want. This is not very different from Gen X or even boomers, who went through the same work-hard phase when they were the age of today's millennials. A Gallup poll looking at employee engagement rates (defined as those involved in, enthusiastic about, and committed to their work) across generations found that the rates were similar, at 31 percent for millennials and 33 percent for Gen X.<sup>5</sup> They are more likely, however, (45 percent vs. 31 percent) than Gen Xers to say that a job that accelerates their professional or career development is “very important” to them.<sup>6</sup>

## Spending Velocity

*A modeled field estimating how frequently a HH is likely to spend*

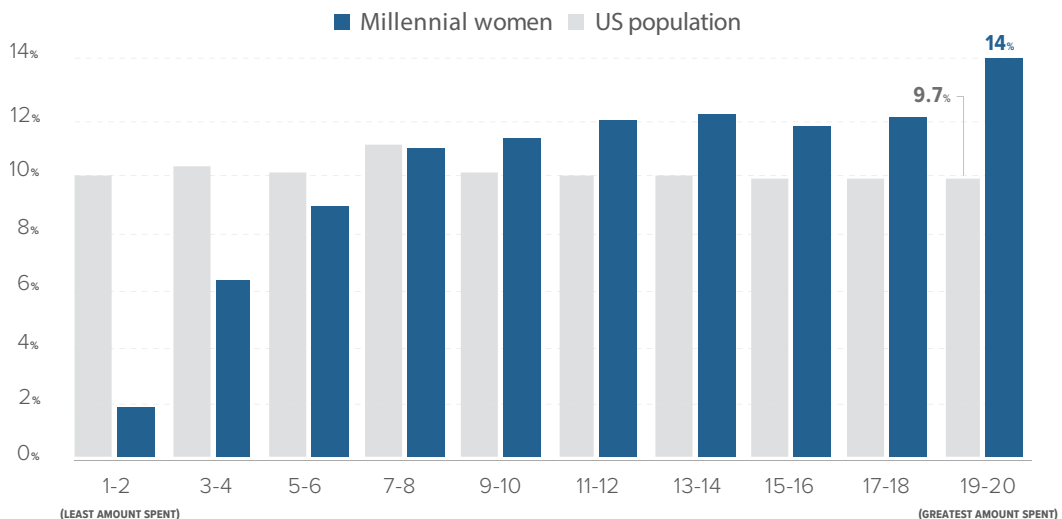


5 State of the American Workplace. (2018). [online] Gallup, Inc., p.184. Available at: <http://news.gallup.com/reports/199961/7.aspx>. [Accessed 26 Feb. 2018].

6 State of the American Workplace. (2018). [online] Gallup, Inc., p.33. Available at: <http://news.gallup.com/reports/199961/7.aspx>. [Accessed 26 Feb. 2018].

## Spend Volume

*A modeled field estimating how much a HH is likely to spend*



From a marketing perspective, what makes this demographic valuable relative to the rest of the population is that they exhibit a higher spending velocity and volume. The top 60% of millennial women spenders are 19 percent more likely to spend during a given time frame, and they will spend an amount 25 percent higher than the corresponding proportion of the US population in the same spend rankings.

Marketers should be ready to respond to this faster velocity by using behavioral data to increase the frequency of communications to this audience.



To fund the accelerated spending habits, millennial women are increasingly turning to a side hustle to earn extra income outside their full-time job. More than 40 percent of millennial women said they had one, often with a specific purpose in mind. When millennial women have an aspirational purchase or specific project in mind, a side hustle can be used to bring in additional income to fund it, as noted by 44 percent of the millennial women

surveyed. These part-time jobs or small side businesses create a “dual” identity for many millennials, who could have multiple – and possibly conflicting – profiles and interests at any given time. This requires marketers to take a revised approach to defining the customer, which means creating non-stereotypical audience profiles and customer personas that take into account these entrepreneurial ambitions.

While millennial women are ready to spend more, and more often, they also want to make sure that they are getting the most bang for their buck. When asked what they liked most about their favorite brand, the combination of price and quality (“value”) came up again and again.

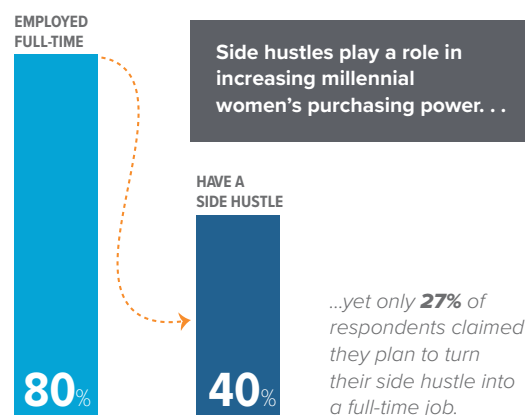
### Millennial women’s spending style.



#### Which of the following describes your spending style?

- › I will occasionally indulge myself but make sure I’m, getting the best deal: **81%**
- › I enjoy spending money and don’t focus much on price: **14%**
- › I don’t like spending money on anything but necessities: **5%**

### Millennial women are employed full-time, and many work a side hustle.

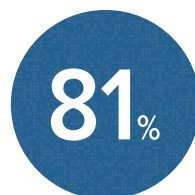


#### Reason for having a side hustle

- › Additional income: **44%**
- › It’s my true passion: **20%**
- › To learn new skills/experience in a new field: **14%**
- › Other: **22%**

#### Millennial women feel more brands and companies are designing products with them in mind, and listening and responding to their needs.

**More than 81 percent** said that they were ready to indulge themselves with a big-ticket purchase, but only if they were getting the best deal for it. This focus on value means that they are looking for personalized offers and products that are tailored to their specific needs, and brands must be prepared with custom offers that meet those needs.



of millennial women agree more brands are designing products with their needs in mind.



of millennial women agree that brands are listening and responding to their needs.

A series of vertical white bars of varying heights and widths, creating a barcode-like effect in the top left corner.

**HER  
EXPERIENCES  
MOTIVATE  
PURCHASE  
DECISIONS.**

**03**



# Her experiences motivate purchase decisions.

Whether they're going out for dinner, working out at the gym, or traveling, millennial women are actively seeking out a superior experience. Seventy-two percent of women said that spending money on these experiences made them the happiest. For them, the buying experience is personal. They are looking for brands and advertisers to speak to them at an individual level. Brands need to have the necessary strategy and technology foundation to support the delivery of this experience. On the strategy side, this means crafting a story and conveying it on channels where millennial women thrive, such as Instagram. On the technology side, this means having the necessary tools to identify this audience at the individual (not segment) level, and the ability to deliver personalized content based on known and inferred information about that individual.

Creating an experience requires telling a story. Millennial women are interested in brands with which they are proud to be associated, and they are intrigued by stories they can connect with. In our survey, more than 47 percent knew the origin story of their favorite brand. Who doesn't admire the tenacity of Sarah Blakely or the relatability of Joanna Gaines? They also want to know what makes brands different and if those differences are in line with their own values. For example 83 percent of respondents told us that a brand's sustainability practices influenced their purchase decision.

---

**For millennial women, spending on experiences is a priority.**

---

**45%**

say their biggest purchase over the last 12 months was on EXPERIENCES.

**54%**

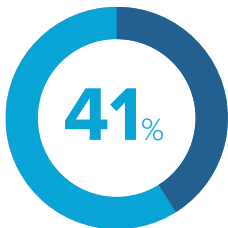
say their biggest purchase in the next 12 months will be on EXPERIENCES.

**72%**

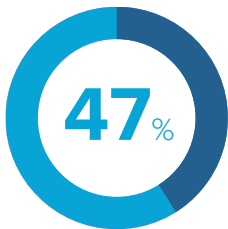
say spending money on EXPERIENCES makes them happiest.



## Brand storytelling makes an impact.



of millennial women know who the founders of their favorite brands are.



of millennial women know their favorite brand's, "origin story."

In order to deliver a superior experience, it's important to create a seamless omni-channel strategy, where messages on each channel are in sync with and build upon each other. When done successfully, the audience feels that the brand is designing products and programs with them in mind, always listening and responding to their needs. More than 70 percent of millennial women agreed that their favorite brands were doing all of these things with their needs in mind. These women want content that speaks to them and told us that brands such as J. Crew (bringing back out-of-season styles based on customer requests), and Aerie (disallowing Photoshop use on models) were actively listening to them. Brands that are good at this have a two-way mechanism to listen to consumers and capture feedback, typically on social media that is connected and integrated with their design, product, and sales teams. In doing so, brands can deliver an experience for their consumers that speaks to them on a one-to-one basis.



**SOCIAL DRIVES  
HER PRODUCT  
AWARENESS  
LIKE NO OTHER  
CHANNEL.**

**04**



# Social drives her product awareness like no other channel.

Social media posts account for the single-largest discovery point for new brands, beating word of mouth. Millennial women want to be a part of the conversation, and social media provides an opportunity to do just that. Within the social media universe, the key driver for brand awareness and purchase activity is the surround sound coming through from all of the connections. This is an important point, because more than 84 percent of millennial women said that comments, customer ratings, and reviews influenced their decision to purchase. Having this user-generated content on site not only helps influence buying decisions and improve conversion rates, but also adds relevance to search results.

---

## Millennial women are price-conscious and purpose-driven customers.

---



The role of influencers on social media cannot be understated. Millennial women take into account the opinions of their peers, social community, and subject matter experts when making a purchase decision. Forty percent of millennial women even follow the founder or someone affiliated with their favorite brands on social media. Another 62 percent told us that they tried a brand based on the recommendation of an influencer. Influencer marketing is typically used as an extension of brand marketing. By identifying these influencers using relevant keyword searches on social media platforms, marketers can reach a dedicated audience who is more likely to respond (sometimes, up to 92 percent more likely<sup>7</sup>) to the influencer than to a traditional ad.

7 Grimes, M. (2018). Nielsen: Global Consumers' Trust in 'Earned' Advertising Grows in Importance | Nielsen. [online] Nielsen.com. Available at: <http://www.nielsen.com/us/en/press-room/2012/nielsen-global-consumers-trust-in-earned-advertising-grows.html> [Accessed 27 Feb. 2018].



Building the foundation of a good social media strategy requires establishing a presence on platforms like Instagram and Facebook and engaging with influencers who inspire customer behaviors. Social media plays a dual role here, by both engaging millennial women with content that is relevant and allowing them to share and spread the message to their own social connections.



A close-up photograph of a woman with long, dark, wavy hair. She is looking down at a smartphone held in her hands. She has a slight smile and is wearing a leopard print top. The background is blurred, showing what appears to be an office or indoor setting with light-colored walls and some vertical lines.

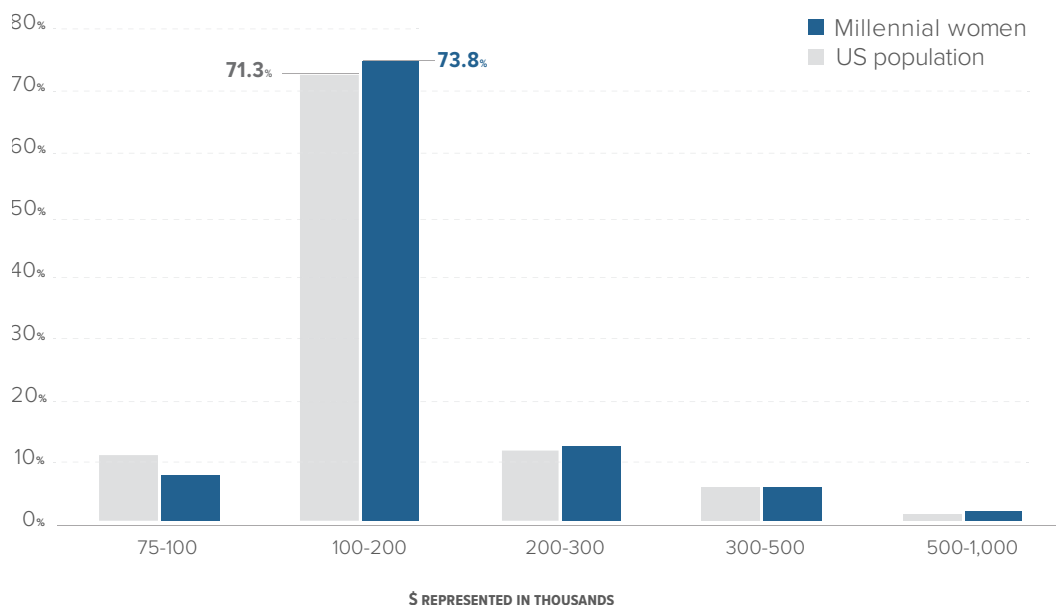
**HER  
FINANCIAL  
MIGHT IS ON  
THE RISE.**

**05**

# Her financial might is on the rise.

Millennial women are not immune to debt pressures, and many of them have student loans and mortgages to pay off. Undergraduate debt is higher for women than it is for men, and by as much as 12 percent for women with children.<sup>8</sup> To compound the stress, 85 percent of them also have a mortgage of between \$100K and \$300K. They are more likely to own a credit card; 85 percent of millennial women households said that they did, which is 8 percent higher than the national average.

## Estimated Mortgage Loan Amount



This represents a big opportunity for marketers, because, while debt may be higher, millennial women borrowers are more creditworthy and have higher credit scores than their male counterparts.<sup>9</sup> In fact, millennials' average credit scores improved the most over the past year relative to any other group, growing four points in 2017.<sup>10</sup> The improving economy has much to do with this.

8 Gault, PhD, B., Reichlin Cruse, MA, L. and Román, S. (2018). College Affordability for Low-Income Adults: Improving Returns on Investment for Families and Society | Institute for Women's Policy Research. [online] Institute for Women's Policy Research. P. 13. Available at: <https://iwpr.org/publications/college-affordability-for-low-income-adults-improving-returns-on-investment-for-families-and-society/> [Accessed 27 Feb. 2018].

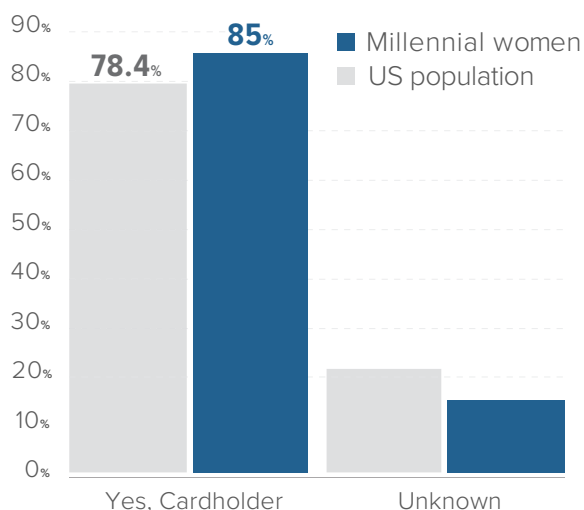
9 LendingTree. (2018). How Millennial Women & Men Compare on Finances. [online] Available at: <https://www.lendingtree.com/finance/comparing-millennial-men-vs-women/> [Accessed 27 Feb. 2018].

10 Sullivan, B. (2018). State of Credit. [online] Experian.com. Available at: <https://www.experian.com/blogs/ask-experian/state-of-credit/> [Accessed 27 Feb. 2018].



Their spending has been conservative since the recession, but they are moving out of the low-paying jobs they had to take up during that earlier time, and their savings have only increased. Millennials comprised the largest segment of homebuyers, and half of all home buyers in 2016 were under the age of 36, according to a report by Zillow.<sup>11</sup> These big-ticket purchases are the vanguard for additional related retail expenses, which really drive the larger economic growth story, and millennials are at the center of it all.

### Credit Card Holders



**When millennials do become homeowners, they leapfrog the traditional “starter home” and jump into the higher end of the market by choosing larger properties with higher prices, similar to homes bought by older buyers.**

- The Zillow Group Report on Consumer Housing Trends Oct. 18, 2016

<sup>11</sup> Zillow Research. (2018). The Zillow Group Report on Consumer Housing Trends - Zillow Research. [online] Available at: <https://www.zillow.com/research/zillow-group-report-2016-13279/> [Accessed 27 Feb. 2018].

## Conclusion.

Millennial women have a defined lifestyle in mind that they want to pursue. They are already familiar with the superior experiences delivered by their preferred brands, and they've developed similar expectations of every other brand they interact with. This audience is willing to pay more, take on debt, and work harder to get that experience, even if means engaging in a side hustle to get there. This is a change from their behavior in years past, and any strategy targeting millennial women must consider these unique needs and values.

Successful engagement with this demographic will require brands to be good at capitalizing on all the available insights. Today's top brands are already experiencing success with implementing these strategies with an audience of millennial women.

- They use Instagram to hold back-and-forth conversations with followers.
- They leverage message relevance and accurate targeting to deliver experiences that millennial women are looking for, and they base that off a well-developed content marketing strategy that is baked into their campaigns.
- They use predictive analytics to obtain even more insights from the data crumbs that millennials leave behind on social media (e.g., reviews) and while shopping (e.g., historical transaction information from loyalty programs), or from third-party data (e.g., credit card data).

To win in a millennial woman world, brands must be able to

- craft a story that resonates with them on a one-to-one basis;
- tell this story across channels – including social media, which this audience calls home; and
- deliver an experience that lives up to that story.

Accomplishing this level of targeted, personalized, people-based marketing is no small feat, but the rewards are there for the taking.

# Research methodology.

The main focus of this research was to study the rationale behind spending patterns of millennial women. Our analysis is based primarily on a combination of two sources of data: the Levo+Merkle study, and DataSource.

## The Levo+Merkle study

- We surveyed 884 millennial women 18-37 years old and asked them 35+ questions about their shopping behaviors, brand preferences, and charitable giving. Of the respondents, 78 percent were in the 26-37 age range, the millennial “sweet spot,” and 22 percent were 18-25. To learn more about this survey, please contact us [here](#).

## DataSource

- Merkle’s proprietary national consumer data repository fuels omni-channel, people-based marketing across the entire consumer journey. It covers 275 million anonymized individuals based on actual name, address and/or e-mail address, and contains over 1,000 attributes at the known individual level. It has 95%+ coverage of all US households, and 90-95% match rates on data overlays. For more on DataSource, please visit our site [here](#).

We overlaid the survey respondent data with DataSource data to obtain a deeper understanding of the personality traits of the respondents, versus the broader US population. These traits include:

- › core demographics (age, ethnicity, gender)
- › education
- › income and wealth
- › lifestyle and interests
- › home ownership and value
- › credit indicators

A statistical measure was used to determine how powerful a particular data element was in signaling differences between the survey respondents and the US population. This measure is called **PSI (population stability index)** and is computed as follows: **PSI = sum (percent\_target - percent\_base)\*log(percent\_target/percent\_base)**. PSI is a measure of both the absolute and relative difference in the series. It is helpful in identifying which variables contain meaningful differences between the millennial women subset and the US population.

We also looked at third-party data sources to supplement our findings, including results from the US Census Bureau, Experian, Zillow, and Lending Tree, among others.

# Meet the creators.

## About Merkle

Merkle is a leading data-driven, technology-enabled, global performance marketing agency that specializes in the delivery of unique, personalized customer experiences across platforms and devices. For more than 30 years, Fortune 1000 companies and leading nonprofit organizations have partnered with Merkle to maximize the value of their customer portfolios. The agency's heritage in data, technology, and analytics forms the foundation for its unmatched skills in understanding consumer insights that drive people-based marketing strategies. Its combined strengths in performance media, customer experience, customer relationship management, loyalty, and enterprise marketing technology drive improved marketing results and competitive advantage. With 5,200 employees, Merkle is headquartered in Columbia, Maryland, with 24 additional offices in the US and 21 offices in Europe and APAC. In 2016, the agency joined the Dentsu Aegis Network. For more information, contact Merkle at 1-877-9-Merkle or visit [www.merkleinc.com](http://www.merkleinc.com).

## About Levo

Levo is the leading professional community for game-changing millennial women who continue to redefine success in work and life. It offers its members a personalized, integrated experience across community, content, and coaching. Elevating and amplifying women's voices, championing their ideas and innovations, Levo has built an engaged movement across 10MM+ millennials digitally with 1MM+ profile-carrying members, in addition to 30 cities globally where 37K+ members meet up in person in self-organized Local Levo chapters. Levo works with its most innovative brand partners on marquis integrated marketing and brand activations, helping them to more deeply understand, engage and tap into the power of this most influential consumer segment.

As the thought leader in the millennial space, Levo also offers its partners clarity, custom research and proprietary insights and data around millennial trends (both talent and consumer) through The Levo Institute. Levo is based in San Francisco and was named as the "Hottest Bay Area Mover, Shaker, and Game Changer" by 7x7.

# Contributors.

## Leadership

Adam Lavelle, Merkle, Global Chief Marketing Officer & Chief Solutions Officer  
Eugene Becker, Merkle, Executive Vice President, General Manager, Data Solutions  
Peter Vandre, Merkle, Sr. Vice President, Digital Analytics Practice Leader  
Margie Chiu, Merkle, Sr. Vice President, Business and Customer Strategy  
Alisa Leonard, Levo, President

## Project Management

Cheryl Sansonetti, Merkle, Corporate Marketing Lead  
Lynne Kraselsky, Levo, Chief Revenue Officer

## Survey Creation

Piper Weiss, Levo, Chief Content Officer  
Meredith Lepore, Levo, Director of Content

## Audience Analytics

Erika Barko, Merkle, Associate Director, Audience Analytics  
Joye Zhong, Merkle, Lead Analyst, Audience Analytics

## Engineering and Data

Joe Tobey, Merkle, Vice President, Global Data Product Management  
David Butler, Levo, Director Software Engineering  
Matt Pelc, Levo, Director Front-End Engineering

## Insights and Analysis

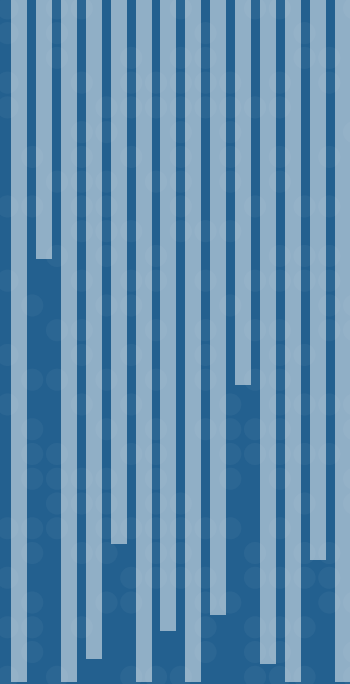
Allister Rebeiro, Merkle, Director, Customer Strategy

## Copywriting

Sherri Aycoth, Merkle, Sr. Director, Marketing Communications  
Katie Sorota, Merkle, Sr. Manager, Marketing Communications

## Design

Chantay Carter, Merkle, Graphic Designer  
Jason Eitemiller, Merkle, Sr. Graphic Designer



MERKLE, + LEVO