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IMPACT OF MILLENNIAL CONSUMERS ON BUSINESSES AND INDUSTRIES: WORLD TRENDS

Today millennial generation is recognized to be the most powerful and influential generation in history, possessing the largest share of the world population and increasing their welfare and purchasing power. Multiple studies show that there are common characteristics of this generation in the different parts of the world, as a result of globalization and spread of digital technologies. In the frames of the recent researches carried out in different countries, the relationship of millennials with business partially considered in this study. On the other hand, the effect of the influence of millennial consumers on businesses and industries, known as an «industry-killer» impact is summed up.

Keywords: *millennials, generations, buying behavior, preferences, industry-killers.*

Сай Дарія. Світові тенденції впливу споживачів покоління міленіалів на бізнес та галузі економіки

За сучасних умов покоління міленіалів признано, як найбільш потужне та впливове покоління в історії, що визначається лівовою часткою населення світу та постійно зростаючими заможністю і купівельною спроможністю.

Численні наукові праці свідчать про існування узагальнюючих характеристик цього покоління в різних частинах світу, як наслідок процесів глобалізації та розповсюдження цифрових технологій. В цій статті частково розглядаються взаємовідносини покоління міленіалів та бізнесу, відповідно до сучасних досліджень, що проводились в різних країнах. З другого боку, підсумовано наслідки впливу споживачів покоління міленіалів на бізнес та галузі, а саме так званого ефекту «знищувачів галузей».

Ключові слова: *міленіали, покоління, купівельна поведінка, уподобання, знищувачі галузі.*

The relevance of the research topic. Millennials, being the most significant global generation, have a relationship with businesses that are different from the previous generation. Also, there is evidence to suggest that millennials not only cause

businesses to transform but refuse to use certain products or services or avoid certain industries. This «industry-killers» phenomenon, which is observed during past decade internationally, sets a precedent for enterprises situated in the countries with different economic cycles to consider this worldwide experience when developing their competitive strategies or multi-business activities.

Formulation of the problem. As a consequence of millennials consumers far-reaching effect, the cases of regression of some industries worldwide merits science-based approach of study and systematization.

Analysis of recent researches and publications. The authors W. Strauss and N. Howe credited with naming millennials. They authored multiple books on social generations, and they are also the authors of the newest theory of generations. Gui Costin's book «Millennials are not aliens» (*Forbes books, 2019*) can be cited among the recent publications on the topic, as well as multiple surveys published by Deloitte, BCG, Bloomberg.

Setting objectives. The purpose of this study is to identify priority areas for businesses to modify their market offers to change preferences of millennial consumers. To define and to systemizes the international experience of enterprises that are subjects of the effect of «millennials industry-killers».

Due to increasing importance of millennials as a purchasing power worldwide, more and more businesses, and notably international ones, use generation as a segmentation criteria for developing their marketing strategies internationally. Millennials broadly classified as individuals born between 1980 and 2000 (*Lee & Kotler, 2016*), and their coming on age coincided with a historical period of Information age or New Media, bringing economy based on information technology. For the first time, the term millennial was used by the authors Neil Howe and William Strauss, the authors of the book «Generations: The History of America's Future, 1584 to 2069». There are many other terms for this generation, such as Generation Y, Generation Next (Nexters), and Echo Boomers.

Besides multiple sociological, psychological and economic studies specifying a variety of traits inherent in this particular cohort, there are some titles around the world, which reflect in its origins the realities of life of millennials and, consequently, the circumstances influencing their culture and buying behavior in different geographic regions. For instance, in China millennials are called ken lao zu, or «the generation that eats the old», and in Japan – nagara-zoku, «the people who are always doing two things at once». As a result of youth unemployment and the national economic crisis in Spain young people are called Generación Ni-Ni, «ni trabaja, ni estudia», »neither work nor study». For the same reason in Greece millennials is «the Generation of 500 euros», named for a Greek governmental program employing young specialists for a salary of €500 per month [6].

Because of the wide use of digital technologies and Internet, the world trend of young people to be preoccupied with technology and not to live without the existence of computers and smartphones lead to calling this generation Global Generation and The Net Generation . Other significant global influences that unite millennials are

AIDs epidemic, the terrorist act of September 11, 2001, gay marriage legalization, TV talk shows, mixed or «single parent» families, environmental issues, the great recession known as a period of general world economic decline during the late 2000's and early 2010's.

In light of the evidence of *UN World Population Prospects* and analytical researches of *Bloomberg and Deloitte*, one can have a better understanding of the importance of millennials as the world's most powerful consumers and the largest generation ever. Taking into account the total number of global population of 7,7 billion in 2019, millennials will represent a 31, 5 percent share, or 3,43 billion people [7]. In absolute terms, India, China, the United States, Indonesia, and Brazil have the world's largest millennial populations. About 1 billion millennials currently live in Asia alone and 86 percent of the world's millennials concentrated in emerging markets, that is to say, in the countries with lower income per capita. Despite the forecasts that in the nearest future Generation Z will surpass generation Y and comprise 32 percent of the global population in 2019, millennials as an older generation are expected to grow their wealth considerably. Until 2020 the aggregated net worth of global millennials is estimated ranging from 19 to 24 trillion US Dollars [5].

Differences in national economic development suggest that the household income of young adults diverge from country to country. Yet, the forecast of millennials' global annual aggregate income through 2030 represented in the Fig 1. shows that global millennial spending power will continue to raise and overpass the Generation X reaching the figure between 20 and 23 trillion US dollars [3].

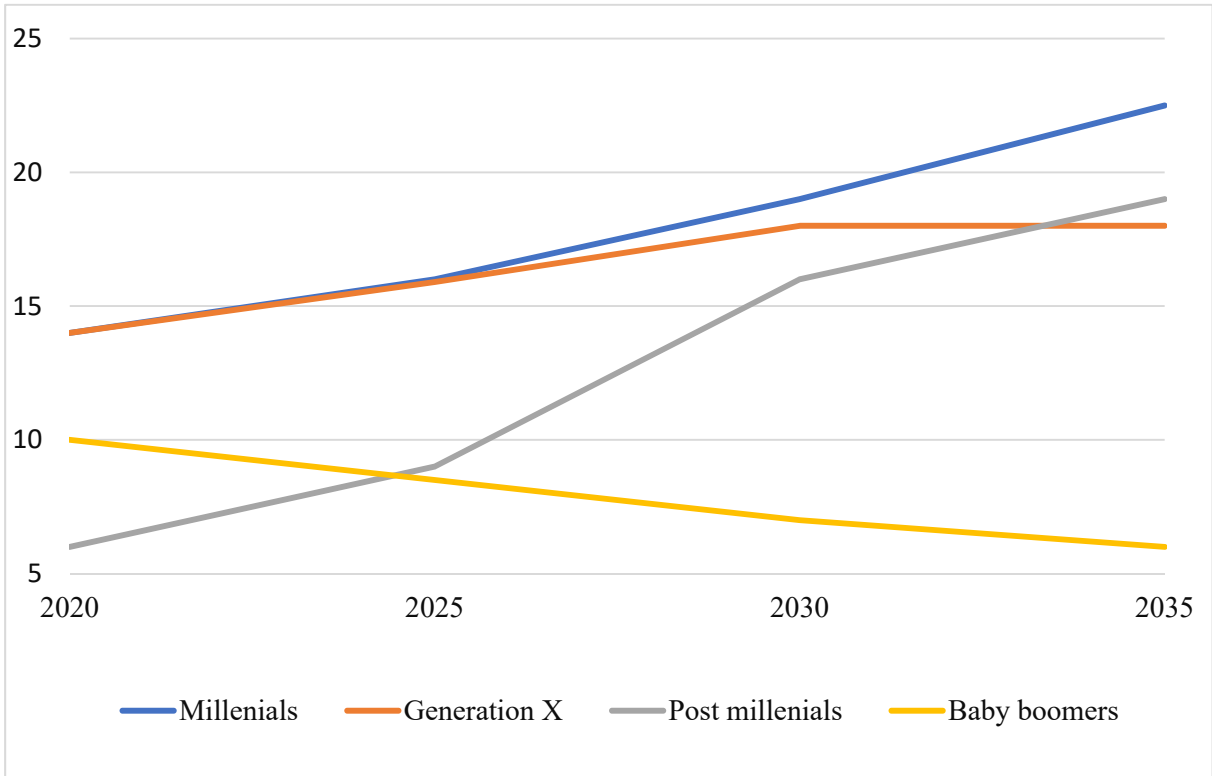


Figure 1 Forecast of Millennials' global annual aggregate income through 2030 (trillion US Dollars)

The world trends in spending power of millennials represented, for example, by their shopping abroad and buying luxury goods. The growth of the global luxury market today is also driven by millennials, who will represent half of its customer base in 2024 (*Boston Consulting Group, 2018*). In particular, Greater China Millennials (China, Taiwan, Hong Kong) spend around €4,000 when travelling abroad, which is as much as older generations expenses. The highest shopping abroad budget of €5,200 is possessed by East Asia millennials, followed by Gulf Countries millennials – €4,700 and Russians – €4,600 [8].

In order to consider the impact of millennials on businesses and industries, we need first to understand the main types of research papers, studying the influence of this generation on the economic activity of the enterprises and domains. As a rule, the vast majority of marketing studies are concentrated on the revealing of particular features of millennials' within «Stimulus-response model of buyer behaviour» elements. For instance, they include the studies of culture and reference groups; motivation, values, perceptions, beliefs and attitudes; lifestyles, economic circumstances and personality; buying decision process itself, including the needs, the ways of information search, benefits sought, intervening factors, purchase decision and post-purchase behaviour. Furthermore, world specializing companies, such a Deloitte or BCG, carry out their survey across many countries or globally that permit to highlight common characteristics of a generation and to plan international business activities in the international markets, given the convergence of a target audiences [2].

In contrast to the studies describing the features and characteristics of young adults, there is another type of publications attempting to show the cause-and-effect relationship between millennials and businesses. These types of research investigate the cases of enterprises fails or successes due to the influence of millennials. Under the influence of the most numerous generation in the history of the world, businesses are changing and adapting their activity not only with an aim to maintain or increase their turnover but to survive.

A part of the recent study o «The Deloitte Global Millennial Survey 2019» testifies that millennials have a relationship with businesses that are different from the previous generation. [2]. This 2019 report based on the questioning of 13 416 millennials across 42 countries and territories. The Fig.2 outlines the main reasons why millennials start and stop relationships with companies, which can be characterized as personal ones. Thus, the main motives for young adults' generations to begin or to interrupt the business relationship is the perceiving that a company's products or services have a positive impact on society and/or the environment or because of the ethical behaviour of the company.

The political position of the company is also quite important for millennials. To illustrate, 28 per cent said they had stopped a business relationship because of the company's its position on political matters and, conversely, 29 per cent stopped a relationship because of behaviour or comments of a single company leader. 36 per cent believed a company was ethical to start a relationship.

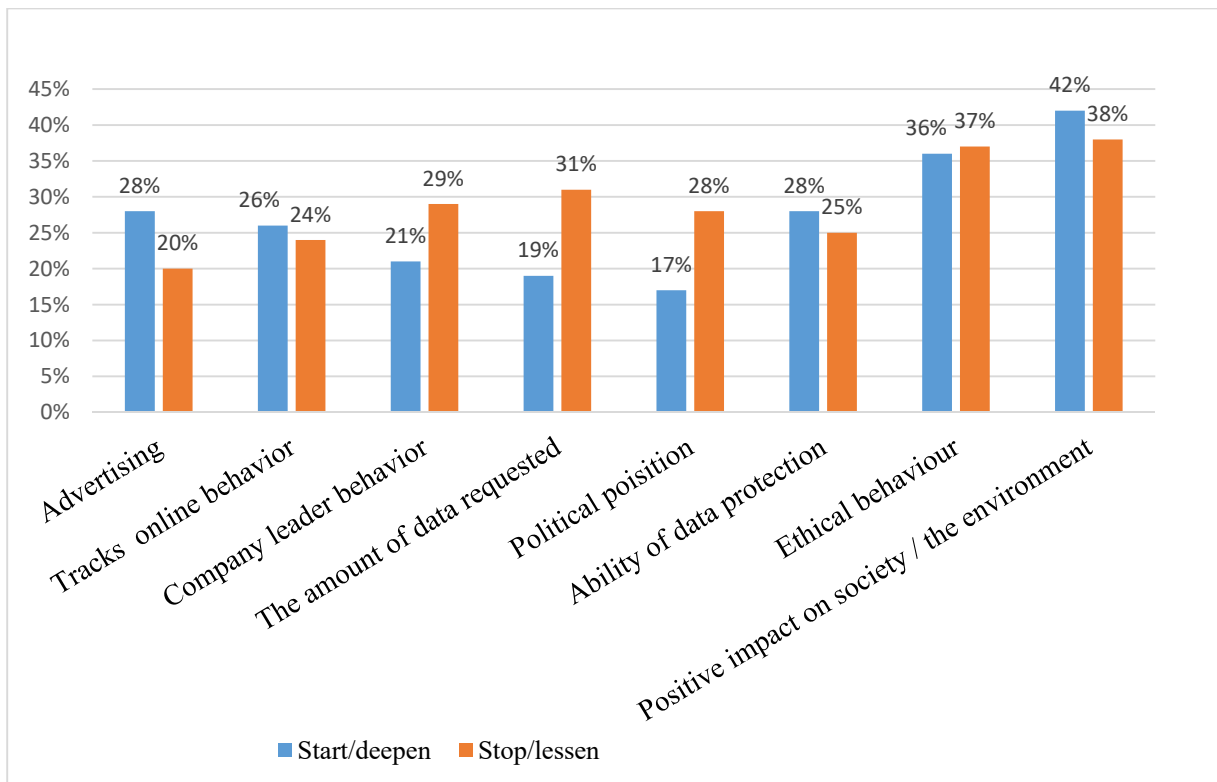


Figure 2. Reasons why millennials change their relationship with business [2]

Moreover, this study shows the harmful effect of modern tendencies of intervention into private life with digital technologies. Not only about a third of respondents said they have stopped a business relationship because of the amount of personal data the company requests but 25 per cent have done the same because of a company's inability to protect their private data. Another key thing to remember is that 24 per cent lessen the relationship because of the way the company tracks or customizes the user's shopping and online behaviours.

Whatever are the reasons why millennials stop or start their relationship with businesses, another phenomenon merits special attention of the scholars, which is characterized by some authors as «industry killers». That is to say, that to the most extreme, millennials not only initiate businesses transformations and retrenchments but, but refuse using certain products and avoid some industries in general.

To illustrate the mentioned above impact of millennials on businesses, the case of restaurant industry can be considered. For instance, Subway, the world's largest fast-food chain, having 24 000 stores in the United States and about 42 000 stores worldwide, closed more than 1 000 restaurants in the United States in 2019. The owners of casual dining restaurant chains in the United States such as Buffalo Wild Wings, Ruby Tuesday, Applebee's (closed more than 130 restaurants) and TGI Fridays recognized that casual-dining chains have struggled to attract millennial customers and to increase sales [9].

Another demonstrative example is a jewellery industry and a significant drop in sales of diamonds. As indicated by different studies the average age for marriage is

now 29 for men and 27 for women which is much later than it was in previous generations, 78% of millennials prefer to spend money on experiences instead of items. Thus, Tiffany's and De Beers, which are the world's largest diamond producer and seller saw their sales declining by 4% and 11% in 2017 [4].

The real estate industry, for instance, also is a subject of millennials impact. This generation is renting longer and notably until their 30's and buying expensive houses later. Millennials are interested in purchasing homes, and a big part of them as just 34% are homeowners [4,10]. Similarly to mentioned before examples some other cases are presented in the Table 1, describing briefly the reasons and consequences of the impact of millennial consumers on the businesses and the industries.

Table 1

Impact of millennial consumers on businesses. Brief of industry-killers effect

№	Product or industry	Brief cause and effect description
1	Chain restaurants industry	The decline of casual-dining restaurants is reported during a decade. According to <i>www.restaurantbusinessonline.com</i> the sector closed more restaurants than it opened in 2017 for the first time in USA. In total, casual-dining restaurants were down for the first time by 1.5 percent: more than half of the TOP USA 186 casual-dining restaurants showed a unit decline or turnover drop in 2017. Instead of eating in sit down restaurants, many millennials prefer higher-end eateries if they can afford it, and fast, healthy options when they can't. Frequently, lunch dining out is replaced with snacking. Also, this generation prefers to cook mostly at home.
2	Real estate industry	The lowest rate of homeownership in half a century was observed in 2016. The homeownership rate fell to 63 percent (<i>CNBC, 2018</i>). The growth in student debt is a major factor explaining the decline in homeownership among the young adults. Millennials don't buy the starter cheaper houses. Because of student loan debt, many millennials are living with their parents or have a roommate long into their 30s.
3	Jewelry industry	Millennials spend their money on travel rather than on luxury and material goods. Moreover, they have ethical attitudes regarding the way diamonds are mined. 78% of millennials prefer to spend money on experiences instead of items. Also, millennials are delaying marriage, and therefore not buying diamond rings.
4	Hotel industry	As reported by <i>American Hotel and Lodging Association (AHLA)</i> , millennials will have a huge impact on the hotel industry because by 2020 50 percent of all hotel guests worldwide will be presented by this generation. Airbnb which is the millennial's digital alternative to hotels, has attracted young adults towards private homes. About 20% of millennials stayed in an Airbnb, and 37 percent of them have a positive opinion of this service. More than a third of respondents think that Airbnb offer a beneficial price and better service.

№	Product or industry	Brief cause and effect description
5	Napkin industry	80 per cent of millennials choose paper towels avoiding napkins, according a <i>Washington Post</i> , 2016. Paper towels are considered by the generation as more functional and used for many purposes. Consequently, millennials don't need this product because they often eat out and leave napkins off the buying list.
6	Beer industry	Mass market beer are losing their popularity and craft beer market is on rise. Craft beer consumption in the USA has grown by 500% in the last decade and multiplied its market share. Beer lost 10% of its market share to wine and hard liquor between 2006 to 2016. Millennials drinking less overall and are adepts of gluten-free diets, that may be a reason of increased popularity of wine and spirits. This trend represents a lot of innovation opportunities for non-alcoholic drinks industry.
7	Department stores	\$230 billion in total sales in 1999 in the USA was represented by department stores. By 2016, that number had fallen to \$155, 5 billion. Experts forecast that more than 1,000 department stores will close by 2023, and their overall market share will drop by 66%. Millennials shift their preferences towards online shopping and stores that offer them their preferred brands, especially designed for their target audience: like H&M and Zara and outlets offering quite significant discounts and price bargains.
8	Cable TV	The number of TV subscribers in the USA was down 3.8% in 2018. As reported, 33 percent canceled pay-TV service in 2018, a 32.8% increase over the previous year, according to <i>eMarketer</i> . Millennials are called «cord-cutters», they avoid cable subscriptions and prefer streaming services like Netflix, Hulu, and Amazon Prime. Another favoring factor is a customization because streaming services give viewers a lot of freedom to watch what they want, when they want.
9	Cereal industry	The \$9 billion cereal industry in USA is declining. It has dropped on 17% over the last decade. According to the studies (<i>Mintel</i> , 2016) 40% of millennials don't eat cereal for breakfast because it takes too long time to prepare and clean up and because it's like eating a dessert. The products that replaced cereals are quick-cooked hot grains, breakfast sandwiches, fruit-flavored smoothies, and yogurts.
10	Golf industry	In the middle of nineties 9 million of 18- 34- year-olds were playing golf, compared to just 6 million today. Overall, this industry has lost 5 million participants in the United States since 2008, according to <i>the National Golf Foundation</i> . The main reasons why millennials aren't attracted to this type of sport are: it is too time consuming, it is exclusive and does not permit to share the experience, because it is too expensive and complicated. In fact, it is estimated that if such trend continues, golf could disappear in 52 years.
11	Bar soap	When the rest of the bathroom cosmetics exhibited the growth, bar soap sales fell 2.2% from 2014 to 2015. Almost half (48%) of all US consumers believe bar soaps are covered in germs after use, a feeling that is particularly strong among consumers aged 18-24 (60%), as opposed to just 31% of older consumers aged 65-plus as reported by <i>Mintel</i> .

№	Product or industry	Brief cause and effect description
12	Fabric softener	Fabric softeners' sales fell 15% overall between 2007 as the <i>Wall Street Journal</i> reported, and according to <i>Procter & Gamble's</i> , their market leader brand Downy brand dropped 26% in the same period. According to <i>Fortune magazine</i> , millennials «don't know what the product is for.» Other studies show that millennials refuse to use this product because of conscious choice to skip harmful products because of their chemical ingredients.

Source: developed by the author based on [1, 4, 9, 10].

In a whole, the result of recent reports from different specialized sources provide a compelling evidence that since millennials came of age, their consumption patterns and spending habits have an impact on following products and industries: casual chain restaurants, diamonds, luxury, real estate, movie theaters and cable TV, cereals, raisins, processed cheese, beer, napkins, golf, motorcycles, yogurt and exceptionally light yogurt, bars of soap, fabric softener, banks, department stores, designer handbags, gyms, home-improvement stores and oil. In addition to spending habits and preferences, such common factors as less earning, fewer assets and less wealth than previous generations should be taken into account.

Conclusion. Nowadays, millennials are the world's most powerful consumers and the largest generation ever, representing 31,5 per cent share, or 3,43 billion of people from 7.7 billion of the global population in 2019. Businesses undertake many efforts to study the consumer behaviour of this cohort in order to compete successfully in the marketplace. On the other hand, during the past decade, a range of cases when millennials refused to use certain products and avoided some industries reported in different countries. This phenomenon called an «industry killers» resulted in a significant decline of turnover, businesses shutdowns and, to the most extreme, as experts predict, can lead to a disappearance of some product or service categories. For this reason, it is advisable to further explore these precedents with an application of science-based methods with the aim of improvement of multi-business activities management in the countries with different economic cycles.

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