MILLENNIALS + MONEY
Executive Summary

Study Specifics
• Discussion groups and 26 depth interviews with a range of millennials ages 21-35 in Cincinnati, Columbus and Los Angeles
• Depth interviews included emotional analytics using Sub|Verbal, an AI tool that reveals emotion from vocal responses with +80% accuracy
• US Survey with 1,000 millennials

The Power of Millennials
Millennials spending power is slated to hit $200 billion in 2017, and they stand to inherit $30 trillion over the next 30 years. They save more than previous generations and define wealth and their future in dramatically different terms. They have doubt and anxiety about money, but maintain a positive outlook.

Key Findings:

Wealth ≠ Money
• Wealth is defined through life experiences.
• Money is just a tool to get the things we want, like clothes, food and travel.
• Millennials are likely to use workarounds, like credit card reward points, to obtain the things money would normally buy.
• Millennials are uncomfortable with the subject of money, and it makes them doubt themselves.
• The growth of automation and online interactions bring new challenges to relationship building with this generation and financial firms.

Banks = Storage
• Banks lack meaning and are considered a commodity that simply “holds” money until it can be used.
• For millennials, banks conjure feelings of disempowerment.
• Their banking relationships are defined almost entirely by machines, diminishing their emotional connection to bank brands.
• Banks should consider infusing advertising with causes and community involvement, allowing millennials to see a direct relationship with the fees they pay and the causes their banks support.
Money Used to be Proof. Now, My Signal is Proof.

- Identity is sacred to millennials, meaning far more than a quiet bank balance.
- Social signaling the projection of identity through the products, services and actions millennials choose every day.
- Though emotions were often negative when discussing money, millennials showed the most positive emotions when talking about their personal situations.
- Brands need to reflect components that millennials can integrate into their own identity.

Millennials Define “Future” Very Differently.

- For millennials, the future is uncertain. This reality is a reaction to the recession and crushing debt from student loans.
- Success is defined for many as the absence of debt.
- 50% of millennials plan less than 5 years ahead.
- The concept of retirement doesn’t make sense to this generation, since they envision many iterations of themselves in the future.

The Millennial Legacy is Predicated on Making the World a Better Place

- This generation wants to have a positive impact on the world, and they believe commerce should be grounded in a higher sense of purpose.
- In the age of social media, everyone is an influencer and millennials use this to hold businesses to a higher standard.
- A sense of purpose is important to millennials, so brands should pay homage to that. Have a purpose, but above all, help millennials build their own legacy.

CONCLUSION

Millennials will soon hold the majority of America’s wealth, and their complex, evolving relationship with money will impact brands and businesses for years to come. Money is a tool, not the end goal. They don’t believe in money; they believe in themselves.
Overview

Millennials may be the most widely-scrutinized generation; and, while not the first cohort to be scorned by their predecessors, they’ve certainly received the most public bashing, thanks to their coming of age in tandem with the rise of the Internet.

In talking to a swath of millennials (and as a mid-range millennial, myself), the overall consensus is that the flack, while perhaps not baseless, lacks a healthy dose of self-reflection. This group is, after all, the product of over-leveraged parents who helped their kids into an early adulthood encumbered by student loan debt and lacking in a basic foundation in financial literacy (over 15% report that they couldn’t remember their parents discussing money at all). Couple a generation ill-prepared for ‘adulting’ with recessionary trauma, and you have a perfect recipe for arrested development.

In fact, despite misgivings from both boomers and X’ers, millennials categorically defy the odds: they start saving earlier than previous generations, and they save more, even in the face of stagnating wages.¹ What’s more, their spending power is slated to hit $200 billion this year, and they stand to inherit

---

$30 trillion over the next 30 years.\textsuperscript{2}

This would appear to be great news for banks, but the financial institutions bolstered by young folks’ predecessors are increasingly eluded by millennials themselves.\textsuperscript{3}

Most businesses and brands rely on big data and traditional market research to inform their strategy. While those tools are useful, what often gets missed is the real human motivation that powers decision making and the understanding that what people say isn’t exactly how they feel inside. Combine this truism with the generally ‘disruptive’ nature of the largest generation in American history, and the result is fertile ground for valuable insights to answer questions like:

- What does money really mean?
- What is proof? Or, in other words, how do millennials find validation?
- How has debt affected the millennial psyche?
- What’s the legacy millennials want to leave behind?

To investigate, Department26 conducted depth interviews and several informal discussion groups with a range of millennials ages 21–35 in the nationally representative markets of Cincinnati, Columbus and Los Angeles. From there,

What often gets missed is the real human motivation that powers decision making, and the understanding that often what people say isn’t exactly how they feel inside.

we leveraged observational techniques as well as our Sub|Verbal technology to analyze vocal responses. This technology allows us to see the underlying human emotions behind a person’s words that drive their everyday choices. While data quantifies the explicit, Sub|Verbal reveals the implicit. In addition to this qualitative research, we conducted an online survey of 1,000 millennials across the United States. Through this work we were able to uncover five key insights that can inform how businesses redefine paradigms across categories:

- **Wealth and money aren’t the same thing.**
- **Banks are for storage.**
- **Money used to be proof. Now, my signal is proof.**
- **Millennials aren’t “banking” on the future.**
- **The millennial legacy is predicated on making the world a better place.**

Cracking the millennial ‘code’ when it comes to money will mean understanding their shift in values and definitions, their drive to prove their personal identity, and their motivation toward self-improvement and having a greater impact on the world around them.
Insight #1: Wealth ≠ Money

In his essay, “How to Make Wealth,” startup accelerator pioneer Paul Graham provides a new definition of wealth, and one that lends credence to the paradigm of the world-traveling-millennial-on-a-shoestring-budget. According to Graham:

*Wealth is not the same thing as money. Wealth is as old as human history. Far older, in fact; ants have wealth…wealth is stuff we want: food, clothes, houses, cars, gadgets, travel to interesting places, and so on. You can have wealth without having money. If you had a magic machine that could on command make you a car or cook you dinner or do your laundry, or do anything else you wanted, you wouldn’t need money. Whereas if you were in the middle of Antarctica, where there is nothing to buy, it wouldn’t matter how much money you had.*

So if wealth is access to the things you want irrespective of money, then money is really just one tool for attaining said wealth. And if it’s just a tool, then that means there are potentially infinite workarounds for getting what you want. Evidence of this can be found in the way many young people use credit cards—not as ‘free money’ to buy the things they can’t yet afford, but rather as ultra-short-term investment vehicles that allow them to earn rewards points to do the things they want right now (travel, dining out, etc.). In effect, they’re able to game the system in pursuit of a nobler wealth fueled by the projection of personal identity. But more on that later.

This new definition then begs the question, “How do millennials really feel about money?” The responses we received as to their feelings about their

---

relationships with money ranged from dismal to pragmatic to confidently optimistic, but the underlying emotion was consistent: money makes them doubt themselves.

A New Approach: Affluence Without Abundance

Since millennials think of money as a tool and wealth as an experience, financial institutions should tailor their messaging to reflect this outlook. While bank and credit card advertising focuses on the experiential benefits of rewards points and cash-back features, the overall effect is a sea of sameness. To stand out, consider marketing efforts that aim higher than just one product. Demonstrate how your brand can be a partner for both short-term and future goals and offer tools that combat the self-doubt millennials have with the topic of money. In wealth management, clients are retained through relationship building. That’s likely to continue, but the growth of automation and online interactions will weaken the impact of one-on-one relationships. Invest in what your brand stands for to ensure survival as convenience innovation takes over the financial sector. Millennials seek meaning and believe their choices are a reflection of their own identity.
Insight #2: Banks = Storage

When a group of millennials were asked what kinds of thoughts arise when they think of banks, they gave some interesting responses:

"Stuffy, rules, in a box."
– 29-year-old financial services professional

"A place people can shove their money."
– 26-year-old photographer and server

"They secure and hold on to your money."
– 23-year-old software developer

The common theme we heard was that banks are for storage. They’re a place where people can “shove” their extra stuff to secure it. This is underscored by the notion that most consumers say their relationship with their bank is defined by simple transactions, like depositing money and checking account statements.⁶

Furthermore, judging from the implicit analytics that we uncovered using Sub\Verbal, millennials have only a vague notion of what banks mean to them. Across the entire panel, when the question, “How do you feel about banks?” was asked, the emotions that came up consistently were ‘creativity’ and ‘anxiety.’ Their responses were hesitant as they searched for words. For a group that prioritizes experiences and products imbued with meaning, banks lack resonance.

Even for those who had a strong sense of what banks mean to them, negative emotions were prevalent, ranging from “unfulfilled dreams and aspirations” to “concealed emotional struggle.” For the millennial, banks conjure feelings of disempowerment.
Learn the Millennial Language

Millennials are more likely than any other generation to exclusively use online banking. That means their relationship with a bank is defined almost entirely by machines: mobile phones, computers and ATMs. It’s not that millennials crave more human interaction with their bank (they don’t), but that the bank’s role in their lives has been irreparably diminished.

Millennials care about issues, and they actively support brands that reflect their own values.

Banks have never invested in brand equity in the same emotional manner as car companies, colas or even diapers, but it might be time to consider this strategy. Millennials care about issues, and they actively support brands that reflect their own values. Instead of creating ads that hype products and separate PR campaigns that hype giving back to causes and communities, entertain the idea of combining the two. Millennials are less likely to read about your charitable giving anyway, so be overt in all marketing. Let people see the direct correlation between the fees they pay and the causes you support.
**LYFT**

*Your Friend With A Car*

- [App Store](#)
- [Google Play](#)

---

**REI IS CLOSING ON BLACK FRIDAY**

"REI believes that being outside makes our lives better. That's why this Black Friday, we're closing all 153 of our stores and paying our employees to head outside."

---

**BUYING RAZORS SUCKS**

**DOLLAR SHAVE CLUB**

*Share time. Share money.*

---

**DON'T BUY THIS JACKET**

- **COMMON THREADS INITIATIVE**
  - Together we can reduce our environmental footprint.
  - [Take The Pledge](#)
**Insight #3: Money Used to Be Proof. Now, My Signal is Proof.**

In his marketing masterwork “The Culture Code,” French psychologist-turned-marketing guru Clotaire Rapaille makes the compelling case that the American archetype for money is ‘proof.’ In other words, money is the American barometer for success; having it shows that we are good, that we have value in the world. However, while that notion may still be true among boomers and X’ers, millennials find their validation elsewhere—namely through social signaling.

In its simplest form, signaling is the extent to which one person is able to credibly convey some information to another person. In this case, social signaling is the projection of identity through the products, services, and actions one chooses every day. And for the social media ladder-climbing millennial, identity is sacrosanct.

It’s the reason why a brand like Lululemon became primarily responsible for making $100 yoga pants ubiquitous, a success story driven largely by millennial consumers. When you see someone at the grocery store wearing their stretchy leggings, it’s equally as likely that they haven’t been to the gym in months as it is that they just finished a grueling workout. Still, that tiny logo at the very tip-top of the back of the pants? That says something. It says, “I value the lifestyle of being fit,” and it also proclaims, “I have the kind of disposable income required to spend $100 on Lycra.” Truth becomes irrelevant as signaling cues the intended meaning. Thus, proof isn’t in the pudding; if millennials had a single mantra, it might just be, “I am what you see.”

Interestingly, when analyzing their responses using Sub|Verbal to questions about money and their future, the most positive emotions arose when they were
talking about their personal situations, even if they didn’t feel great about where they stood. Despite the anxiety that comes with talking about finances, if you ask millennials about themselves, they are likely to perk up.

How do you feel about your current financial situation?

unsatisfied 40% satisfied
What Signal Are You Sending?

As individuals, organizations and brands, we all send signals. With the rise of social media, those signals are increasingly more relevant to our choices. While it’s true opposites attract, more often like attracts like. Take a look at the signals your financial institution emits and consider who that’s attracting. Today, some of the most financially attractive customers aren’t wearing suits or relying on jargon to sound intelligent. Millennials pride themselves on being real, and some day soon, they will hold the majority of America’s wealth. Today’s most effective brands understand that, to the millennial, a product or service is more than just that; it’s something they integrate into their identity.
Insight #4: Millennials Define ‘Future’ Very Differently

It isn’t difficult to surmise why much-begrudged acronyms like ‘FOMO’ (Fear of Missing Out) and ‘YOLO’ (You Only Live Once) have become zeitgeist for millennials plagued by the anxiety of an increasingly uncertain future. Moreover, their debt just starting out in life is staggering (total student loan debt is approaching $1.5 trillion), so thinking about anything beyond repayment feels like a pipe dream. SubVerbal adds a layer of validity to the notion that debt is a major pain point for millennials.

Faced with significant financial hurdles at the start of their careers, millennials are prone to statements like, “If I would’ve known how much debt I’d be in, I wouldn’t have gone to college.” Thus, their feelings about what constitutes responsibility and success are modest and pragmatic. When asked about debt as it relates to financial success, many indicated that merely not having debt puts you on a path to success.

“I have a visceral reaction to money and debt—I paid my student loans off as quickly as I could. Having zero or plus zero in your bank account is financial responsibility.”

– 30-year-old tech entrepreneur

“If you are debt-free and can pay your bills without any trouble, I’d say that makes you successful.”

– 29-year-old student and Uber driver

“I never want to owe anyone money. Even if I’m not making money, if I don’t owe then that’s a pretty good life.”

– 23-year-old software developer

According to our survey, over 75% of our respondents set goals within a five-year time horizon, and a third of those only plan a year or less in advance. This sense of now-ism that pervades millennials makes the idea of retirement sound especially unattainable, and for many, unappealing.

While our survey indicated that many 20- and 30-somethings still see retirement in their future, 17% said they didn’t plan on retiring, a response that was overwhelmingly supported by our interviews. The concept doesn’t seem to make sense to millennials, who have a strong desire to find work they love and to do that work because they want to, not because they have to. Millennials are interested in building lives of their own design, underscored by meaningful endeavors that add value to the world around them. Who wants to put an end date on a life well lived?
How far in advance do you plan or set goals for yourself?

- 1 year or less: 26%
- 1–5 years: 50%
- 5–10 years: 14%
- 10–15 years: 4%
- 15–20 years: 2%
- 20 years or more: 5%

At what age do you plan on retiring?

- Under 40: 5%
- 40–55: 9%
- 55–65: 35%
- 65+: 34%
- I don’t plan on retiring: 17%
**We’re Not Banking on the Future**

Since the future is more variable than ever, it might be time to rethink the milestones that mark the way. Millennials are faced with a reality unique to their generation, so traditional images aren’t likely to resonate. That smiling nuclear family kneeling next to the “sold” sign in the front yard might not feel familiar to millennials.

Think about how you communicate milestones in your customers’ lives, and then break some old rules. Make opening a checking account meaningful. Create new milestones that millennials will appreciate. And rebrand retirement—seriously, it’s time.
Insight #5: The Millennial Legacy is Predicated on Making the World a Better Place

If there’s one unifying element in our conversations with millennials, it’s the notion of bucking the status quo. When asked what millennials’ most pressing concern was, the answers could be distilled to one 27-year-old corporate creative’s response: “How can I make what I’m doing matter to the world more?”

With automation threatening to replace over a third of millennial jobs in the not-too-distant future, there’s real pressure to differentiate and find ways to self-improve, both as a means of self-preservation and in an effort to signal their drive for greatness. As developments in AI show no signs of slowing down, millennials are well aware that the stakes are higher than ever.

Perhaps as a result of their dilemma, millennials have a heightened sense of empathy toward future generations and a desire to leave things better than how they found them. After all, this is the demographic that’s responsible for influencing companies to articulate their values and to lead with the principles espoused by conscious capitalism. The idea that commerce should be grounded in a higher sense of purpose to make a positive impact on the world is directly reflective of the millennial belief that long-term success is contingent on being good to others and the environment.

Jason Silva, the 35-year-old “performance philosopher” and host of National Geographic’s hit show Brain Games, coined a new definition for the term “billionaire” that seems to echo this sentiment: the new meaning of billionaire is someone who positively affects the lives of a billion people.

Thanks to the power of social media, everyone is now an influencer. Brands are forced to align with the values of the majority, or else face the onslaught of negative online reactions and reviews that quickly disseminate. Pepsi encountered this dilemma in April after releasing a commercial that many criticized for trivializing the Black Lives Matter movement as well as other protest groups. As a result, the company made a public apology and pulled the ad from circulation. For better or worse, millennials are holding businesses to higher standards. To their credit, it’s an extension of a larger aim to collectively move the needle.
Don’t Define Success for Me

Millennials aren’t interested in businesses defining their milestones for them. As they move toward a more fluid lifestyle where ‘work’ and ‘life’ are less compartmentalized, the old rules will no longer apply. The traditional steps that start with marriage, kids and saving for a home, to having kids and subsequently saving for their college tuition, to then *eventually* landing in a place where you can retire and finally do all the things you always wanted, are out of step with shifting values, norms, and goals. Rather than a life segmented into gates and stages, millennials aim for a full-contact lifestyle that prioritizes engagement in every phase.

A sense of purpose is important to this generation, so it makes sense to pay homage to that. This is different than touting your company’s charitable efforts, though. It’s not about your continuous improvement. It’s about them. Consider ways to shine the spotlight on your customers. Find ways to emphasize all the things they’re doing right. Become your customers’ advocate as they navigate this uncertain future and help them build a legacy in their own right.
How optimistic do you feel about your financial situation at age 50?

- Pessimistic
- Optimistic

54%

Conclusion

Millennials’ complex and evolving relationship with money will continue to impact brands and businesses across industries. Simply put, money is not the goal; rather, it’s a means to an end. Traditional financial institutions are increasingly irrelevant to the millennial cause of manifesting “wealth” (as defined by our research) and experiences in the here-and-now. Smart companies will hone in on the message of self-empowerment, and recognize that what young folks aspire to is less about keeping up with the Joneses and more about telling the world who they are, or at least who they want to be. If brands can inspire a millennial to that end, then they’ll likely find success. Remember, millennials don’t believe in money; they believe in themselves.

Betsy Wecker studies human behavior and decision-making to help companies adapt and grow. She is the Insights Director at Department26, a strategy firm based in greater Cincinnati, Ohio. Department26 uses their expertise in intelligence gathering and behavioral science to deliver insights, strategy, and strategic communication to help the world’s most respected companies take action, grow, and thrive. Department26.com