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Product Desires and Motivations of Millennial Shoppers

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A market segment of particular interest to retailers is the Millennial cohort, those born between 1980 and 1996 (BCG, 2014). There are approximately 80 million Millennials in the U.S. who spend ~$600 million annually, a figure that is predicted to reach $1.4 trillion by 2020 (Donnelly & Scaff, 2013). Millennials demand genuine brand connections and should be marketed to with targeted strategies (BCG, 2014). However, Millennial consumers are not a homogenous group (Debevec et al., 2013). Therefore, the purpose of this research is to segment Millennial consumers by pertinent variables to identify consumer groups for targeted retail strategies.

Prior research fails to address Millennial segmentation variables that are useful throughout the retail cycle. Market research shows that Millennials are driving the demand for private label products (Fromm, 2014). Retailers should segment these consumers on their desired product attributes in addition to other important variables, such as motivations for shopping (Rohm & Swaminathan, 2004). Millennials may desire unique products because of their materialistic characteristics (Lowrey, 2013; Lynn & Harris, 1997). Additionally, variables such as brand orientation, impulsiveness (Cowart & Goldsmith, 2007), social media use, and online peer communication (Powell, 2014; Shen, 2012) have been shown to be relevant to this age group.

Method. Data were collected at a U.S. West Coast university via an online survey assessing shopping motivations (Arnold & Reynolds, 2003), desire for unique products (Lynn & Harris, 1997), brand orientation, impulse shopping (Ling, Chai, & Piew, 2010), and online shopping communication (Shen, 2012). Hierarchical cluster analysis using Euclidean distance and Ward’s linkage method was used to identify segments of Millennial consumers based on their desire for unique products and motivations for shopping. Multivariate analysis of variance (MANOVA) and Pearson’s Chi-square tests were used to determine differences between the segments on further psychographic and demographic variables.

Results. Four clusters, identified as 1) utilitarian, 2) self-gratifying, 3) social deal seeking, and 4) middle-of-the-road shoppers, emerged from the cluster analysis. The results of the MANOVA indicated that the four clusters differed significantly on the psychographic variables (Pillai's Trace = 0.35; F=13.4; df=3,413; p<0.00). Follow up ANOVAs and Tukey's HSD tests revealed that clusters 1, 2, and 3 significantly differed on brand orientation (p<0.05) and impulse shopping (p<0.00) and clusters 1 and 4 differed from 2 and 3 in their propensity for online communication (p<0.05). Pearson's Chi-squared test revealed that the clusters also differed significantly on gender (χ²=50.2, df=3, p<0.00) and social media use (χ²=38.5, df=9, p<0.00).

Discussion. The first segment of Millennial consumers was comprised of utilitarian brand conscious shoppers, who were predominantly male (72%) and had low desire for unique
products. Over half of these consumers used social media on a daily basis, but had low scores on online communication. Outlet divisions of large brands would be prudent to target this cluster, as they are offering brand names at low prices, and usually have established social media presences. This segment would also be of interest to social media companies such as Facebook whose goal is increasing revenues through retail advertising. The second segment was comprised of hedonic-oriented shoppers. These consumers were predominantly female (76%), scored highly on all shopping motivations, and were inspired to shop socially and for personal gratification. This segment was brand conscious, desired unique products, and shopped to keep up with new trends and fashions. Fast fashion companies such as Zara could expose an advantage through this segment, since their customer is extremely trend oriented, and the designer-emulating products that these retailers carry would appeal to this segment. Companies that offer designer collaboration capsule collections may also target this consumer, as these limited runs allow consumers to buy into trendy, high fashion merchandise. The third Millennial segment was comprised of socially oriented, deal-seeking individuals. These consumers are bargain oriented, and enjoy shopping with- and for- others. Retailers that feature products that are upcycled, recycled, or vintage, could appeal to this niche of environmental-friendly, price-sensitive consumers. The final market segment is characterized as middle-of-the-road Millennials; they do not exhibit one type of shopping motivation, and could potentially be reached with typical promotions and branding.

**Conclusion.** With more players crowding the marketplace each year, retailers can secure a competitive advantage through market segmentation of key consumer groups. Since Millennials represent a large consumer group, it is important for marketers and retailers to understand the nuances of this generational cohort from their product desires to motivations for shopping.

**References**


