Generational Differences & The Millennial Impact on Business

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Generational Differences & Millennial’s Impact on Business

by

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Generations & The Generational Breakdown

In simplest terms, Mirriam Webster’s dictionary defines a *generation* as a group of individuals born and living contemporaneously. Also duped as an age cohort, several generations can be present at once. Today, society is most familiar with four generations: Baby Boomers, Generation X, Millennials, and Generation Z. Each generation is born within a certain range of years and is defined and generalized by different characteristics and experiences they collectively share. Pop culture, technology, innovation, parenting styles, transformational economic, environmental and political events, and other life changing circumstances ultimately shape each generation and can determine how they view the world. While not all individuals fit their generation-specific molds, society can visibly detect substantial differences between the cohorts.

The ultimate differentiator between generations is culture, and this is only relative to those who were born in close time proximity and experienced the same events around the same age. It is important to note that there are no definitive dates that officially mark when each generation ends and begins- instead, there is a range of years. The end and beginning of each age set is a blurry line, thus it is acceptable to give or take a few years when analyzing the time periods. Those born in the first year and last year of the given periods often refer to themselves as cuspers, and may identify with characteristics of both generations (Buahene, 2003).

Consider this brief synopsis of each generational breakdown to further understand defining moments and characteristics that each generation bears.

*Baby Boomers, 1946-1964:* Baby Boomers grew up in positive times. With parents who had previously sacrificed their freedoms during war, they were truly wanted and their upbringing was very child-focused. The post war economy saw tremendous growth, and much of this can be contributed to the massive population of this generation. Boomers enjoyed work and felt it was a way to prove themselves. Characteristics of this generation include optimism and high involvement.

*Generation X, 1965-1980:* This generation has also been called the Lost Generation in that they were said to live in the shadows of the boomers. A defining product that launched in this generation was birth control. Other trends during this period include increasing divorce rates, dual income families, and a weakening economy. Opposite from their boomer parents, they worked to live instead of lived to work. Characteristics of this generation include independence and skepticism.

*Millennials, 1981-1996:* Also called Generation Y, Millennials were raised by protective, engaging parents who taught them to be hyper aware of the world around them. This cohort was the first to fully embrace multiple races, sexual orientations, and people of different financial backgrounds. They are accepting individuals who are expressive and tolerant of differences. The biggest defining moment for Millennials is 9/11. Although older generations complain that they are entitled, general characteristics of this generation include tech-savvy, socially responsible, and innovative.

*Generation Z, 1997-2012:* Generation Z is the youngest and most ethnically diverse cohort that is made up of digital natives who virtually have no recollection of a world without technology or social media. They are authentic problem solvers who enjoy fighting for social causes and are highly educated. Other characteristics of this generation include realism, creativity, and adaptability.
Different Generations as Employees & Consumers

Business is the backbone of the United States of America. Often called The American Dream, citizens grow up with the idea that the possibilities are endless living in the land of opportunity. This dream also comes with the desire for a family, thus a good job is needed for financial support. It is often believed and proven that those that work hard can yield financial returns and benefit socially.

Generational differences trickle down to every aspect of life including the different trends and impacts each cohort has on business. Each generation has a different view of work and behaves differently as consumers. Baby Boomers view work as a fun adventure and as a consumer they prefer brick and mortar stores and expect high levels of customer service. In contrast, Generation X doesn’t find work as glamorous. While they may have the most buying potential, they are conservative and skeptical consumers. Finally, Millennials view work as a fulfilling experience, and their consumer behavior habits exhibit a value for mission, value, and e-commerce. It’s no surprise that Gen Z enjoys shopping online, but due to their young age (thus absence from the workforce) and limited buying power, they are not relevant in this category.

Millennials

Today, Millennials are the most present of all generations in the workforce. Representing roughly 45% in 2020, as this cohort continues to age and older generations retire, these numbers are expected to surge (Deloitte, 2014). Organizations including Deloitte, PwC, Forbes, SHRM, Accenture, Salesforce, and more claim that they expect Millennial presence in the workforce to reach 75% by 2025. With such large numbers of a distinctly different generation holding such a dominant presence in society, businesses will be forced to change the way they work and market products. To further explore the impact Millennials are making on business, it is important to examine them in the workforce, as consumers, why it is important, and how businesses should respond.
To understand Millennials both as employees in the workforce and as consumers, it's applicable to first understand their general characteristics and personality traits. Millennials grew up with technology, and are digital natives. They’re extremely tech savvy and don’t know a world without their phones. Millennials are also very educated; they are passionate about learning and yearn for continued education and personal development. Amidst technology and education, this generation is also very conscious. They pay a large attention to their health, social problems, and the environment. They stand up for what they believe in and aspire to make a difference. Millennials are also characterized as innovative, hopeful, optimistic, independent, and success-driven to name a few.

**Millennials in the Workforce**

These characteristics transcend into how Millennials act in the workforce; they have a very distinct set of characteristics in their work that sets them apart from other generations. Millennial motivation spawns from deriving a sense of meaning, and they expect to fulfill this in all aspects of their life- including work. They want to share their gifts, make an impact in the lives of others, and want their work to contribute to this. In fact, Millennials claim that making a positive difference in the world is more important than professional recognition (Ganapathy, 2021). Millennials also don’t mind challenging hierarchy. Instead of blindly following orders from a superior, they prefer working with a cross functional team to openly share ideas and opinions. To continue, they value work relationships. Statistics show that there is a higher performance when there is a strong presence of work families. Millennials long for mentors and friends and they seek this in their coworkers. Furthermore, It’s no surprise that this cohort technologically thrives in the workplace. They expect to heavily execute the use of technology in their daily work routine and positively vibe with social media. Millennials are aware that the world of technology and business is constantly transforming, and have accepted that change is inevitable. Because of this, they understand that the way of working must frequently change too. Ultimately, Millennials are open to changes in life in general, and in work. Another workforce characteristic is that they are task oriented. Millennials measure their progress by productivity and project completion rather than their time on the clock. A shocking 69% even believe that regular work attendance is unnecessary (Ganapathy, 2021). Aside from the job itself, this generation has an overwhelming passion for learning. They are attracted to companies that will invest in them, offer continued education, professional/personal development programs, and other opportunities where they can grow their knowledge and experience. In their work, millennials crave constant feedback and desire recognition. Due to the controversial impression that Millennials seek approval and rewards frequently, sometimes for menial tasks, they have been duped as the *trophy generation*. Although other generations have been quick to negatively call millennials out as the trophy generation, they merely aspire to please upper level management and want to seek clarity in their performance (Tammy, 2017). Finally, millennials want to go to work everyday to an environment that is fun and social. There has already been a trend that is shifting to more dynamic workplaces that are more casual, may allow you to bring your dog to work, have a certain day dedicated to working from home, or even a company game room. This shouldn’t be attributed to a lack of professionalism, but rather creating a company culture that creates a sense of admiration for one’s job, and a place where employees can bond or take a refreshing break from job demands.
Millennials as Consumers

While Millennials prove to be changing the workforce, it’s also important to understand how millennials behave as consumers; they act very different in how they purchase products compared to their predecessors. First, millennials want authentic products and services. This includes genuine, transparent marketing. False claims or other sketchy tactics to win over a customer does not work with this generation (Vantage, 2019). It is also important for companies to have a large social media presence in order to initially appeal to a Millennial shopper, and then later retain, and communicate with that shopper. Approximately half of Millennial consumers claim that their purchases are influenced by social media. It is important to be able to interact with a certain brand or product online, and research proves that companies that effectively employ their social media platforms experience more e-commerce growth. In another effort to attract and retain these consumers, it’s important to know they respond significantly well to loyalty programs. It is reported that 80% of Millennials shop with a loyalty program, and that they are more apt to return to companies or products that may offer rewards. Millennials are also more encouraged to buy products that practice personalized marketing. This goes back to the authenticity that this generation craves. Personalized marketing is unique, and it offers Millennial consumers a chance to be heard and seen by their most coveted brands. While millennials may factor in price when looking to purchase a product or service, the brand also matters. Companies find that when they successfully invest in Millennial shoppers, they create a loyal customer that ultimately yields positive ROI down the road. Millennials are loyal, and if brands can effectively cater to them, they can build a large loyal customer base. Additionally, Millennials rely largely on word of mouth. Direct recommendations from people they respect and trust go a long way. Over 90% of Millennials also read online reviews before making a purchase using third party sites like Yelp. It is more likely that a Millennial customer will purchase or not purchase a product based on whether or not they heard positive or negative word of mouth about a certain
product or company. This has led to a positive response to Influencer Marketing. Millennials also value companies that have a mission, in fact they may choose one product over another because they give back. Statistics show that 75% of millennials say this is important to them (Vantage, 2019). Also different from their predecessors, this generation is more likely to indulge in impulse purchases. Finally, the millennial cohort has a large and growing purchasing power. Because of this, it is crucial that millennials are not to be ignored as consumers.

**Overarching Millennial Themes**

Different from their predecessors, there are clear distinctions and characteristics within this generation that demonstrate how millennials align with corporate social responsibility. Millennials demonstrate strong connections to the following: sustainability, social issues, authenticity, and innovation. Not only do they support this phenomenon, but have high expectations that business has a responsibility, and that companies should commit to good corporate citizenship. These topics do not have narrow scopes. In fact, it’s quite the opposite. It’s the food they eat, the cars they drive, the clothes they wear, the retailers they choose to shop at, the medicine they take, and their daily activities and hobbies- it all represents their beliefs, ideals, and dreams.

*Sustainability:* A substantial portion of what millennials expect as employees in the workforce and how they behave as consumers align with elements of corporate social responsibility- a dominant factor being sustainability. Millennials are a green generation. Not only do they prefer to work for sustainable companies, but they want to buy sustainable products and are committed to sustainable development goals.
Sustainable development goals, or global goals, are a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030 (UNDP, 2021). It consists of 17 initiatives which can be viewed above. (1. No Poverty, 2. Zero Hunger, 3. Good Health and Well-Being, 4. Quality Education, 5. Gender Equality, 6. Clean Water and Sanitation, 7. Affordable and Clean Energy, 8. Decent Work and Economic Growth, 9. Industry, Innovation, and Infrastructure, 10. Reduced Inequalities, 11. Sustainable Cities and Communities, 12. Responsible Consumption and Production, 13. Climate Action, 14. Life Below Water, 15. Life on Land, 16. Peace, Justice, and Strong Institutions, 17. Partnerships for the Goals) Millennials seek out sustainable companies and act as loyal employees and consumers to green companies more so than companies that may not practice sustainability. They care about their environment and this translates into their work and shopping habits. This generation of consumers is even willing to pay a premium dollar for products that align with sustainable elements and their general tastes and preferences support this. This phenomenon is visibly demonstrated in the fashion industry. The term fast fashion has been coined for cheaply made garments that are rushed through the entire product life cycle from the initial idea to the on-shelf product. The main goal is to quickly get products to stores in order to maximize on trend clothing styles. While this can be great for consumers' closets and wallets, it has received significant push back due to signs of poor factory working conditions and wasted textiles. In summary, fast fashion creates cheap, disposable products that grant over consumption and therefore waste (Jorgensen, 2019). These brands were originally targeting millennials due to budget restrictions, but now millennials are forcing them to shift business practices. In response to brands practicing wasteful processes, Millennials have turned to second hand clothing (Jorgenson, 2019). Apps such as Poshmark and The Real Real, both sites where users can resell their used clothing, have seen tremendous growth thanks to Millennials and their sustainability efforts. Furthermore, Millennials are avid fighters of climate change, reduced emissions, and other current environment platforms.

Social Issues: Also supported in sustainable development goals includes initiatives around social issues. Beyond being environmentally conscious, Millennials are also extremely socially conscious. They support equality, peace, justice, the fight against poverty, etc., and genuinely care and fight for what they believe. Millennials believe in activism, creating change, and eliminating corruption and inequality. The millennial generation is much more diverse and inclusive than previous generations. They have learned to successfully coexist with people from all different backgrounds, and are friends with people from all different races, genders, ethnicities, and beliefs. They fight for what they believe in and demand that their voices be heard. Within this sector, millennials advocate for corporate social responsibility as they believe that the power of business can aid in alleviating poverty and improving other various life outcomes. Furthermore, Millennials seek out companies that give to the greater good and are willing to both work for and purchase from companies that use their platform for change. Businesses can create value for their firm by launching cause marketing campaigns: marketing that seeks to both drive profits while also bettering society. Cause marketing is a buzz word for millennial audiences- it helps build retention, community, and deep brand to consumer relationships (Ducker-Lucke, 2020). A relevant example of this is
consumer packaged goods companies partnering with Feeding America promising to donate a specified amount of money for each unit sold. Another example of millennial-like business ideals in regards to social issues is the outpouring support for Black-Owned Businesses following the Black Lives Matter movement.

*Authenticity:* Authenticity is another major buzz-word for this generation. Not only is this a trait they identify with, but a characteristic they avidly seek out from other people, products, and organizations. Representative of both the largest and most ethical generation present, Millennials desire to support brands that demonstrate genuine, unselfish motives (Chatzopoulou, 2020). Simply put, Millennials want honesty, transparency, and for firms to follow through with their stated initiatives. Some examples of what this generation deems authentic is a clear company purpose and platform, transparent product labels and supply chains, and strong brand traditions. Authentic can also be interpreted as pure. For Consumer Packaged Goods (CPG) companies this can translate into clean, simple ingredients. For example, natural cleaning products that lack harmful chemicals or food that is free of preservatives, fake sugar, and other additives.

*Innovation:* Those who fall behind will get left behind- this is the Millennial mentality. Innovation is crucial, and maintaining the status quo in business can be a death sentence. Millennials grew up through the emergence of powerful brands like Apple as well as the rise of social media. Companies and brands that do not adapt and gain a competitive presence in the digital and technological landscape will not get attention from their Millennial audiences. In today’s society, innovation is no longer an option, but an essential part of American culture. Companies need to digitize as many aspects of business as possible in both the workplace and the marketplace. Consumers want apps, online abilities, quick shipping options, and access to anything twenty four hours a day, seven days a week. This is called connected commerce (Rosen, 2020). This can be seen through the new idea of media channels serving as retailers. For example, Instagram has created a shoppable experience where you can buy products seen in photos without ever exiting the app. Another marketing trend that has taken off due to leveraging high social media usage is influencer marketing. With the growth and dominance of social media, the Influencer era was born. Today, more and more people are being influenced by what they see on social media platforms. Previously stated in regards to Millennials’ consumer behavior was the claim that they relied heavily on positive word of mouth when going about making a purchase decision- Influencer marketing, in a way, satisfies this. This type of marketing has proved to be extremely worthwhile and the numbers don’t lie. 94% of marketers believe it is effective and 71% of marketers believe that collaboration with influencers is the most effective marketing technique when done correctly (Dutta, 2020). If brands are working with the right influencer, followers are able to develop a connection that fosters an innate trust in them. In an Influencer Report, done by Morning Consult, they found that 72% of Gen Z and Millennials follow influencers. The breakdown is below:
Furthermore, seen here is the most important trait users look for when choosing whether to follow an influencer:

![Bar chart showing the importance of traits in choosing influencers by age group]

Something worth noting, is the most important trait seen on the top line: authenticity. This reaffirms the genuinity that Millennials crave. In turn, Millennial employees want to work for innovative companies. They want to sell products and services that are constantly improving and shaping to fit the latest trends. In addition, they want to work in environments where they are
utilizing the most efficient software and have the latest technology capabilities. In conclusion, it’s key that firms employ innovative marketing, product design, and work spaces/processes.

**Millennial Response to COVID-19**

In March 2020, COVID-19 swept across the nation taking over the media, shutting down businesses, forcing people to remain homebound, and changing the American way of life. Adapting to this new normal was no simple task, and everyone faced their own set of unique challenges. Since then, studies and surveys have emerged depicting generational trends in response to the COVID-19 outbreak. Although Baby Boomers and Millennials mirrored each other in physical and economic impacts, Millennials struggled much more in their social and emotional health (NLC, 2020). While nearly every household struggled with feelings of isolation, young adults struggled the most with feelings of loneliness and anxiety. On the other side of the spectrum, Millennials found it easier to adapt to the virtual shift in school, work, televisits, and other in-person events. Another similarity that all generations shared, was the expectation of communication from the government. However, where each generation went to get this information widely differed, as would be expected. Older individuals showcased a larger use of traditional media such as radio, TV, and print whereas younger generations utilized social media.

Following a 2020 Deloitte survey regarding the COVID-19 pandemic, Millennials and Generation Z were named *resilient generations* (Deloitte, 2020). During unprecedented times, Millennials consistently demonstrated their ideals and distinct generational characteristics. While the pandemic brought dark clouds of depression, fear, and anxiety to many, they still remained focused on societal issues at large. Perhaps the pandemic even reinforced their initiatives and strong commitment to building a better tomorrow. Other health care organizations and providers called Millennials the most influential generation in stopping the spread of the virus. With the world at their fingertips, they’ve always been great collectors of information. They proved to use this trait for good during a pandemic in regards to keeping themselves educated with the evolving status of COVID-19. Many took this knowledge to social media where helpful links, inspiring hashtags, and other sources were shared.

The COVID-19 pandemic yielded several accidental outcomes and taught many lessons regarding embracing e commerce- one being the fast track of e commerce and other revamped business features. Millennials and other young people responded extremely positive to these shifts in the digital space. These practices largely include curbside delivery and online grocery order and pickup. During the pandemic over 75% of Millennials engaged in online shopping and 56% of them tried new brands (Thomann, 2020). Gen Z and Millennials dominated the online grocery front and even shopped with new online retailers and websites for less essential items. Due to such a significant response, it is expected that many of these measures will remain in place far after the pandemic. Past impactful crises have proven that there are indeed lasting impacts in how consumers live their everyday lives. For example, following the SARS outbreak China saw a fivefold increase in its rate of ecommerce penetration. Similarly, consumers price-conscious trends following the 2008 financial crisis can be attributed to the rapid rise of value grocery stores that are still extremely prevalent today (Bona, 2020).
Millennial Power: Why They Matter

Millennials are a new breed of consumers in the world marketplace and have a different view of work that includes distinct appeals that an ideal workplace should provide. As consumers and employees, this generation largely contrasts its predecessors—but why does this matter? It was previously mentioned that millennials are currently the largest cohort in the workforce. Currently holding around 50%, within the next few years this is expected to grow to a whopping 75% near 2025 (Deloitte, 2014).

2025 Workforce

Online shopping
Are Gen Z and millennials shopping online more in lockdown, and will they continue after?

- 34% Yes, and will continue
- 16% Yes, but won't continue
- 19% No, but might start
- 31% No, and won't start
The millennial dominance in the workforce will force companies to rely heavily on millennials as key employees. However, to recruit and retain this generation of workers, companies will be forced to adopt millennial workforce trends and demands.

From a consumer perspective, millennial shoppers currently spend $600 billion a year (Donnelly, 2013). While this cohort already has a large buying power, as millennials begin to be promoted, make investments, start building accounts, and continue reaching higher financial security, their buying power will only increase. When millennials dominate the market, the only way businesses will survive is by adapting to millennial needs. Businesses will have to tailor their products to align with millennial trends and marketing firms will have to fit their advertising to effective tactics that millennials will positively respond to.

Another important fact to consider is the great exchange. Due to older generations aging, retiring, and eventually passing, Millennials will be left as beneficiaries. Predictions show that within the next decade $30 trillion in assets will begin being passed down to younger generations. This will only give millennials more power as they will acquire more wealth (Osterland, 2016).

**How Business Should Respond**

Businesses must respond to generational trends in order to survive, especially when they express such dominance that the Millennial generation possesses. Businesses must look at Millennials from two different lenses—both as a consumer and an employee. While Millennials claim that they believe that business helps contribute to society, Millennials don’t fully trust businesses (Deloitte, 2020). Companies must strongly demonstrate practices that support sustainability, authenticity, innovation, and social initiatives.

In retrospect to employees, companies should first begin by investing in their workforce. To do so they should implement both personal and professional development programs. This would help satisfy the passion for learning that Millennials exhibit and benefit both parties. Remember: companies must work equally hard to recruit and retain their millennial workers. Offering programs such as this allows Millennials to see that their company cares about their growth. It is also important that executives enact workplace measures that appeal to Millennials. If effectively engaged, it would not only please Millennials but even provide economic value to the firm. Businesses and organizations must develop strong mission statements and values and commit to initiatives that support them. Millennials prefer working for firms that provide for the greater good and will even take a pay cut to work for a company that does so. The breakdown is as follows:

- **35%**...to work for a company committed to CSR
- **45%**...for a job that makes a social or environmental impact
- **58%**...to work for an organization with values like my own
Millennials will excel as employees when the firms they work for are able to align social impact with business impact. In turn, consumers will support businesses that do the same. A good starting point to achieve this is looking at UNDP’s sustainable development goals and committing to ones that fit a specific business model, or company values.

Furthermore, it must be accepted that traditional advertising will not work. Firms must adjust and respond appropriately to this phenomenon. Businesses have to embrace technology and social media, and remain on the cutting edge of innovation. Marketers and developers will have to keep in close touch with the latest trends and adapt accordingly. For example, and previously mentioned, influencer marketing. It would also be strongly suggested that companies adopt going green. Millennials pay close attention to how firms operate and whether or not they practice sustainability. Ultimately, businesses need to use corporate social responsibility to drive loyalty, brand awareness, and reputation.

**Relativity to Marketing**

Again, Millennials are a very different group of consumers that respond differently to advertising and public relations. As a marketing major, this will most certainly impact how future business decisions will be made. It will be important to market products in a way that is compelling to Millennials. This includes broad usage of social media, connecting with potential consumers with high levels of engagement, being transparent and genuine with ad campaigns, and showing off brand personality. It’s no surprise that millennials are very keen and aware of corporate social responsibility; this is also something marketing firms will have to leverage. To further engage consumers it will be important to highlight how a certain company or product gives back or takes a stand, emphasize how a firm or product uses simple ingredients, practices sustainability, or other ways it tunes into healthy and green lifestyles.

Furthermore, it is important to understand that throughout the upcoming decades the focus won’t always largely be centered on Millennials. The numbers speak for itself; this generation will dominate the marketplace for several years. However, it is still crucial to make appeals to all generations, new and old. Generation Z will begin to rise in the upcoming years, and they too will have a defined set of characteristics. It will be imperative to research and extensively understand their purchasing patterns as well as finding out where they align with corporate social responsibility.

This is a constantly changing world. Society norms and expectations consistently evolve thus influencing how consumer behavior, marketing tactics, and views on different aspects of corporate responsibility will change. To be successful in the marketing field it will be critical that one is flexible, open to change, constantly studying new consumer trends, characteristics, and alignments with corporate social responsibility, and inhibit the ability to manipulate the same product to make it attractive to different generations of consumers. A commitment to lifelong learning will be required to remain innovative and on- as well as ahead- of the next big trend. The ability to leverage and adopt different techniques will be how success is measured as a marketer.

**Limitations**

There is a strong argument that generational studies are arbitrary. This is true in that not every individual will demonstrate specific generational characteristics. It is understood that not everyone born in the same time period behaves in the same way. Furthermore, every Millennial does not shop and work the same. These characteristics and behaviors are all merely trends. The
prior information has been gathered from a plethora of sources that all collectively share similar predictions, statistics, and general ideas.

It is also important to note that there will be shifts in these trends. As the Millennial cohort ages these characteristics and trends are constantly evolving. As Generation Z and younger generations begin contributing to society and gaining footholds in organizations this will also contribute to shifting ideas.
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