

# WORKING WITH MILLENNIALS



---

Presenter: Lisa Talbot and Christopher Earnshaw

Date: June 7, 2016



Confidential and proprietary information © 2016 Sallie Mae Bank. All rights reserved.

**WHO ARE MILLENNIALS?**

## Millennial Generation

- Born: After 1980
- Age of adults in 2014: 18 to 33
- Share of adult population: 27%
- Also known as Generation Z numbering roughly 77 million, millennials make up about one-fourth of the US population (Nielsen)

Note: Based on a new Pew Research Center survey conducted Feb. 14-23, 2014 among 1,821 adults nationwide, including 617 Millennial adults, and analysis of other Pew Research Center surveys conducted between 1990 and 2014

Source: Pew Research Center

# Millennial Generation

- Millennials are the largest generation on our planet
- To put things into perspective: 120 million people, the population of Mexico, are going to be turning 18 every year for the next 16 years
- As the Baby Boomers (born between 1946 and 1964) taught us, the larger the generation, the greater the influence over norms, expectations and behavior. With the Millennials comes mega change...



Source: TIME 2015, pluralthinking 2015

# Millennials vs Baby Boomers

- Millennials in the US use more cash (in 40% of transactions) than any other age group
  - Baby Boomers tend to use more credit (nearly 5X more)
- According to a survey administered by FICO, Millennials are 10X more likely to use peer-to-peer lending compared to the Boomers generation
- In 2014, according to Experian, Millennials held the lowest amount of overall debt and bankcard debt on average, compared to the other generations.
  - Millennials had average debt of 23k compared to Gen Xers with average debt of 30k
- The average Millennial credit score is 625, and 28 percent of them are ranked below 579, says NerdWallet.
  - In the world of credit scores, anything above 660 (out of 850) is considered good.
- Based on Millennial credit habits, those scores may not improve.

Source: <http://www.phillyvoice.com/what-is-wrong-with-millennial-credit-scores/>

Confidential and proprietary information © 2016 Sallie Mae Bank. All rights reserved.

# MILLENNIALS IN THE MARKETPLACE

# Spending Behavior

- By 2018, Millennials will have the most spending power of any generation
- Less than half of them have a credit card
- While Millennials have the lowest overall debt and bankcard debt... Millennials have the highest credit utilization rates, though credit limits should increase



Source: Bazaar

## Marketing Trends

- Forbes released a study about millennial consumer tendencies and compiled a list of trends that have enough momentum to be cornerstones of the industry in 2015
- Some of the most well known brands are already adapting to these trends, but so are the newest brands to the market place

Source: Forbes article 2015

Confidential and proprietary information © 2016 Sallie Mae Bank. All rights reserved.



# Marketing Trends Continued (Forbes)

- Trend #1- Tech Immersion
  - Wearable tech is the new trend that did not stick with millennials right away, but as the price point becomes more “millennial friendly,” we will see young adults sporting more tech innovations on their wrists
  - Wearable tech will truly take off in the healthy living space where brands like Jawbone Up and Fitbit have already experienced the highest rates of success
- Trend #2- Mobile Payment Will Become the Norm
  - Millennials are the most on-the-go generation to date and are constantly seeking out ways to streamline their busy lives
  - Venmo, Apple Pay and Snapcash make it easy for them to transfer money while shopping and to one another
  - The platforms are designed to make the payment process even more efficient and remove the fees that many associate with mobile or online payment options
  - According to data released by Forrester, mobile payments will reach close to \$90 billion by 2017

## Marketing Trends Continued (Forbes)

- Trend #3- Reimagination of Social Marketing
  - Facebook has dominated Social Marketing since its origination, but other brands have begun finding ways to engage younger demographics
  - In fact, three in ten Facebookers say they have “un-liked” a brand within the last 30 days and 38 percent of 16-24 year olds have done the same. This ratio is worse than Twitter and even Google+.
  - The faster brands are able to respond in real-time to consumers, the faster they will convert them into loyal brand partners.

Source: Forbes article 2015

Confidential and proprietary information © 2016 Sallie Mae Bank. All rights reserved.

# How to Engage the Generation

- Millennials indicated a trend towards the easier to use, more transparent, data-driven, and automated processes of online lending when compared to tradition banks
- In 2014 pluralthinking released a cultural intelligence report. According the report:
  - Gen Z has the lowest attention span to date. They won't wait for a web page to load, 32% will start abandoning slow sites between one and five seconds, after 8 seconds they'll consider it broken
    - Brands need to learn the fine balance between narrowing down choice and content to maintain attention spans and deliver speed while still catering for variety.
  - Gen Z doesn't differentiate between online and offline. The physical and virtual are the same thing. Their whole lives are interconnected with what they do, how they do it and why they do it
  - Millennials also trust their social network for person investing advice with 84% of Millennials saying their purchase decisions are influenced by use generated content

# **BANKING AND FINANCIAL TRENDS**

# Banking and Financial Trends

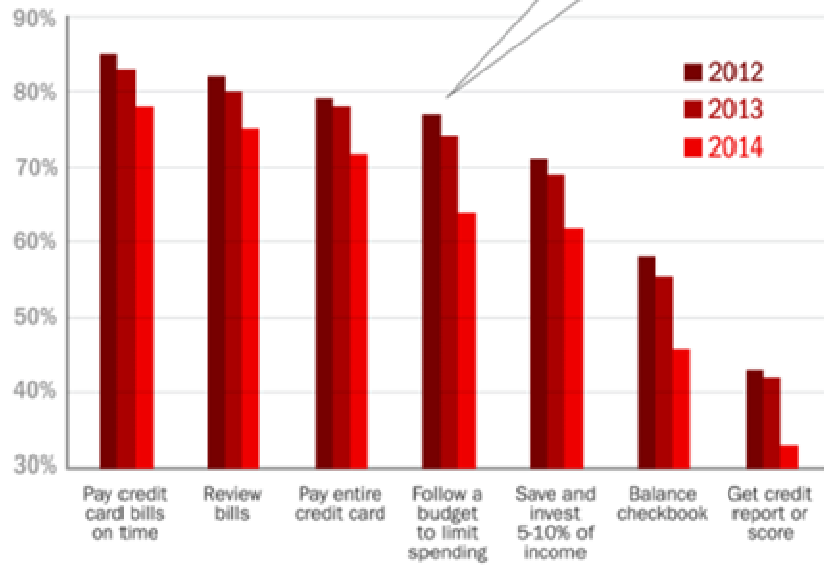
EverFi and Higher One have conducted extensive research into the financial attitudes, knowledge and behaviors of college students. For their 2015 study, they surveyed approximately 43,000 college students at two- and four-year institutions across the America

- Millennial students' attitudes about money "displayed more materialism, more compulsion, less caution and less aversion to debt as time spent on campus increased."
- They are less likely to pay their credit card bill on time, follow a budget, or save money
- Millennials are taking out more and larger student loans, yet report feeling less financially prepared to deal with them
- Two-year college students are smarter about money than those in four-year universities

Source: Everfi, Higher One

# Millennial Financial Behavior

Millennial students who say they will do the following in the next year



Source: Higher One © July 2015 The Financial Brand

Source: Everfi, Higher One

# Comparing Four-year and Two-year institutions

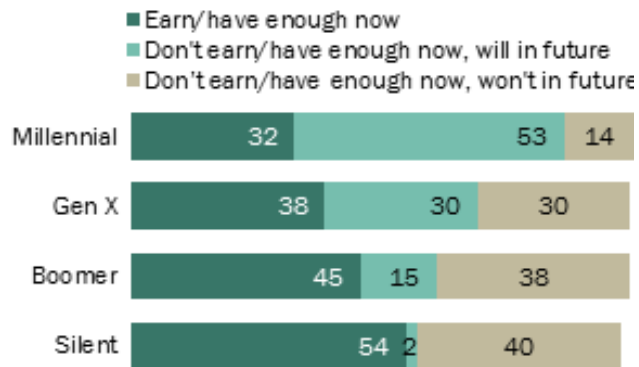
- Four-Year Institutions -
  - Only 58% of students say they feel prepared to manage their money
  - 3/5 don't use budgets
  - 17% say they don't even manage their money; their parents do it for them
- Two- Year Institutions -
  - 83% of students said they check their account balances
  - 60% of two-year students say they use budgets
  - Many of them had to save up for a few years before attending, so the average age of students at two-year schools tends to be older, giving them more time and opportunity to gain experience in financial matters. They also often have jobs and other responsibilities outside of school

Source: Everfi, Higher One

# Millennials Financial Future

## Millennials Upbeat about Their Financial Future

*% saying they ... to lead the kind of life they want*



Note: Based on all adults regardless of employment status, N=1,821. Those who are employed were asked if they currently or will "earn enough money" and those who are not employed were asked if they currently or will "have enough income." "Don't know/Refused" responses not shown.


Source: Pew Research survey, Feb. 14-23, 2014

PEW RESEARCH CENTER



## Conclusion

- Habits and trends vary from generation to generation
- We will need to adapt our messages and approaches to be effective
- That may mean changing our processes and cycles to be in line with their expectations



The information contained in this presentation is not comprehensive, is subject to constant change, and therefore should serve only as general, background information for further investigation and study related to the subject matter and the specific factual circumstances being considered or evaluated. Nothing in this presentation constitutes or is designed to constitute legal advice.



**Questions?**