



# Millennials: Your Most Powerful Brand Advocates

Delivering great customer experiences to Millennials offers an unprecedented opportunity to amplify your reach through digital word of mouth.



## WHY THIS MATTERS

Millennials are the largest generation in U.S. history—and the most digitally connected. As their earning power has grown, so has their influence. For Millennials, social sharing is second nature, and word of mouth has global reach. As a result, Millennials represent an unprecedented opportunity to create enthusiastic brand advocates. When companies deliver great customer experiences to Millennials, the results include improved online reputation and greater brand loyalty.

## KEY FINDINGS

Millennials' purchasing decisions are highly influenced by customer experience—both their own and others'. While both Millennials and Boomers cite experience as a primary driver of their buying behavior, Millennials are more likely to cite online reviews and recommendations as key influences. Millennials go online not only to learn about the experiences of other customers, but also to share their own—they frequently post reviews and participate in digital conversations. Companies can successfully engage Millennials as brand advocates by listening and responding to their feedback and adapting product offerings, services, and operations to accommodate their input.

# Understanding Millennials and Customer Experience

At over 75 million strong, Millennials are the largest generation in U.S. history<sup>1</sup>. They constitute a growing proportion of consumers, and as their earning power increases, so does their influence. To tap into this power, companies must understand how Millennials' purchasing behavior differs from that of their predecessors.

Both Millennials and Baby Boomers report that customer experience plays a major role in shaping their purchasing decisions. But the degree to which they rely on different types of customer experience varies significantly. For Millennials, recommendations and online reviews are far more important than they are for Baby Boomers, who tend to rely more on their own experience.

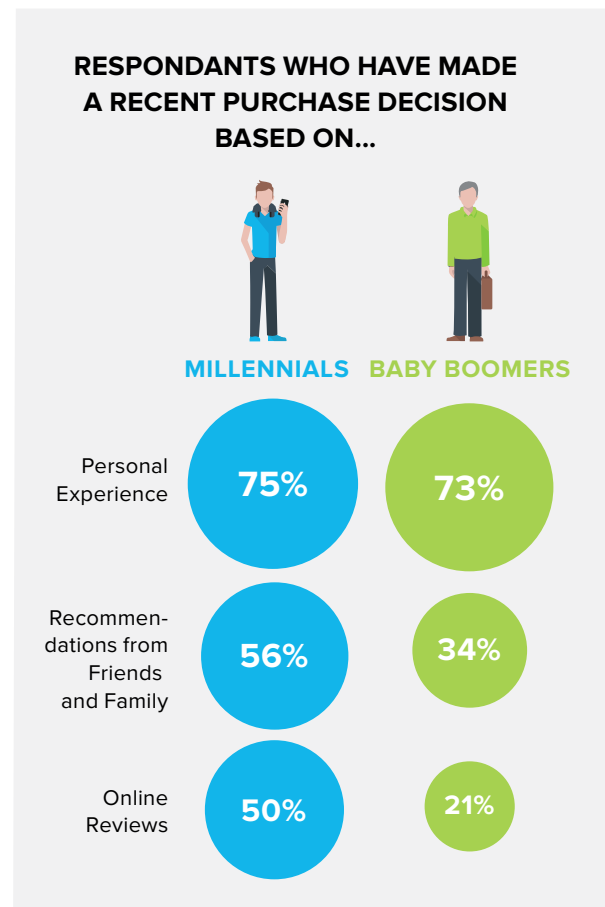
Millennials are highly networked consumers who consistently look for information and third-party feedback on the products and services they purchase. Three out of four Millennials do extensive research before making a purchase decision, and 50 percent report that online reviews were the most influential factor driving a recent purchase. In fact, online reviews influence Millennials' purchase decisions almost three times as often as Boomers'.

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<sup>1</sup>Pew Research Center, 2015. This Year Millennials Will Overtake Baby Boomers.

Because Millennials rely so heavily on others' experience to inform their own behavior, they're also more likely to share their experiences with extensive online networks of family, friends, and fellow consumers. For example, when asked what they would do after an extremely positive or negative experience during a vacation stay, Millennials were twice as likely as Boomers to indicate that they would write a public review on an independent website. When asked how they would respond to an extremely positive experience with a bank, Millennials were five times as likely as Boomers to say that they would write a public review on a website. If the banking experience was extremely negative, 26 percent of Millennials said they would write a public review on an independent site, whereas only 8 percent of Boomers said they would do so.

In short, the world is increasingly reliant on information sharing, and, while all generations are becoming increasingly tech savvy about sharing their experiences, Millennials are clearly leading the charge.



Ultimately, as Millennials spread the word about their experiences through digital channels, they have the potential to improve a company's brand and online reputation. This can lead to a virtuous cycle of increased purchasing as other networked consumers become more familiar with the company through online reviews, social media posts, and other digital sharing. A 2012 Nielsen report<sup>2</sup> confirms that online customer reviews are now one of the most trusted sources of brand information, second only to recommendations from friends and family—which also increasingly take place online.

## Millennials as Brand Advocates

When Millennials have a great experience, they share it. Eighty-three percent say they are likely or very likely to tell others about an experience that wowed them. And because Millennials are such connected and collaborative consumers, their shared experiences—both positive and negative—have a greater impact than those of other consumers. Millennials have a very broad reach, particularly when sharing their views online.

- 85% of Millennials report that they write online reviews or post on social media after a standout experience
- The average Millennial has almost three times more Facebook friends and four times more Instagram followers than the average Baby Boomer.
- A Millennial is three times more likely than a Boomer to have a Yelp account.
- A Facebook post by a Millennial has the potential to reach an audience of 400 friends.
- Millennials with a Yelp account wrote an average of 24 reviews over a six-month period—approximately one review per week!
- In a typical month, two out of three Millennials use referral codes or discounts shared by a friend on social media.

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<sup>2</sup> Nielsen, 2012. Consumer Trust in Online Social and Mobile Advertising Grows.

### MILLENNIALS WANT TO BE HEARD

More than half of Millennials we surveyed say that engaging in an online dialogue with a company makes them feel like a valued customer. 31 percent say the same about the opportunity to give feedback and influence future offerings. Millennials offer companies a valuable perspective on changing customer expectations.

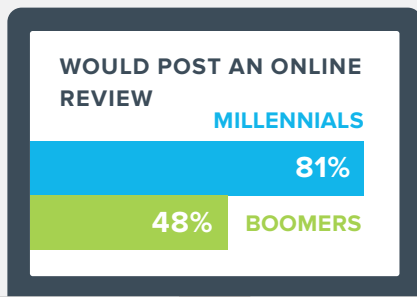
### LEVERAGING MILLENNIAL FEEDBACK

Leading companies do more than just engage with Millennials; they use engagement to create new sources of value. Marriott is a good example. Knowing that Millennial travelers wanted unique, local experiences, teams at different Marriott properties<sup>3</sup> experimented with new offerings that targeted Millennials, such as a pop-up rooftop bar. Continuous feedback allowed Marriott to respond quickly by pivoting to the ideas that their customers loved.

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<sup>3</sup> Fast Company, 2015. Inside Marriott's Attempt to Win Over Millennials.

## HOW WOULD YOU REACT TO A POSITIVE CUSTOMER EXPERIENCE?



After a positive experience, Millennials are far more likely than Boomers to post about it online.

## Responsiveness is Key

Millennials want to be heard. More than half say that engaging in online dialogue with a company makes them feel like a valued customer. Thirty-one percent say the same about the opportunity to give feedback and influence future offerings.

In part, this is because Millennials are improvement-oriented and open to innovation: 64 percent report that their day-to-day behavior is driven by a desire to find new and better ways of doing things.

Having grown up in an era marked by rapid technological change, Millennials are comfortable with disruption and major behavior shifts. For them, companies that unleash radically new products or entirely new ways of doing things are the norm. Apple, Amazon, Facebook, Uber, Airbnb, and many others are at the center of their world.

In addition to seeking out innovative companies, Millennials expect to play an active role as these companies pursue improvement. Consequently, companies seeking to engage Millennials should maximize feedback opportunities, actively listen, and be willing to respond to their input in day-to-day operations.

In some instances, the fact that Millennials like to share their opinions can have a downside. Eighty percent are likely or very likely to tell others about a terrible customer experience. Fifty percent say that a disappointing customer experience has the biggest impact on their decision not to make a repeat purchase (more than price or convenience).

But companies that actively respond to negative feedback can mitigate the potential damages. Forty-two percent of Millennials said that being contacted in response to negative customer feedback would increase their likelihood of a future purchase. Surprisingly, a phone call was cited as the most effective response method for changing future behavior, and less than 10 percent of Millennials were concerned about invasion of privacy.

Companies should also actively respond to and operationalize positive feedback. Millennials may share their feedback so prolifically because they believe that companies genuinely want information that can improve the quality and relevance of the products and services they offer. Making Millennials feel valued can help increase their loyalty and turn them into brand advocates. Just as importantly, feedback from Millennials can be a key source of insight into how to optimize the customer experience for all kinds of consumers, be they Millennials, Boomers, or Generation Z—the generation born after Millennials, which is soon to become the most digitally connected cohort yet.

### METHODS

The Medallia Institute conducted a panel survey of 1,002 Millennials (ages 21 to 32) and 999 Baby Boomers (ages 51 to 69) in the United States. Respondents were matched to the U.S. Census on race, income, region, and gender to ensure a representative sample of consumers. Major trends were identified using regression analyses.

## About the Medallia Institute

The Medallia Institute provides quality research, insights and education programs to equip business executives and customer experience professionals with the insights and know-how to lead their organizations to compete and win on customer experience. Medallia Institute findings are regularly published in respected business and academic journals.

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