



Surprising Insights L.A. Millennials: Purchasing Behaviors

Researched and compiled for
companies looking to understand
millennials purchasing behaviors



SHINY
OBJECTS

Research conducted and
presented by:



First words:

Shiny Objects Group conducted a study in May 2018 of 500 millennials (ages 23-35) living in the city of Los Angeles, working full-time and earning a minimum salary of \$25K/yr. Participants were surveyed on a wide range of topics from cannabis views to retirement savings strategies.

The complete survey results are a valuable repository of data and insights businesses can refer to for a more nuanced understanding of millennial attitudes and values. This particular report focuses on data collected relating to L.A. Millennials' purchasing behaviors.

Please contact us for *L.A. Millennials: Views of the Workplace*.

Table of Contents

3	Welcome from the Authors
4	Introduction
5	Why Los Angeles?
6	Research Findings
6	Traditional Values:
6	Role of Family
7	Financial Decision-Making
10	Conservative on Cannabis
11	Innovative Attitudes:
11	Renting vs. Buying
13	Mobile Dominates
16	Research Conclusions
16	Key Takeaways
17	Research Methodology
17	Copyright and Usage

Welcome from the Authors

Welcome to *Surprising Insights L.A. Millennials:
Purchasing Behaviors*

We are pleased to share our important findings with you.

Millennials aged 23 to 35 are growing in influence and leadership. Understanding the needs, views, and behaviors of this pivotal generation is critical for businesses looking to attract, service and sell to millennials.

This study focused on millennials living in the city of Los Angeles, revealing unexpected habits, perceptions and preferences.

To schedule a media interview about the study and its findings, please contact Kenneth Gal at kgal@shinyobjectsinc.com or call 323.457.5600.

Enjoy,



Introduction

In general, L.A. Millennials have been conditioned to operate in a world of enormous opportunity and unlimited information. With the diffusion of smarter and smarter smart-phones, everything is at their literal fingertips. This proves both a challenge and convenience to hold the attention and penetrate the decision-making processes of millennials.

With an overwhelming amount of electronic consumer data, businesses can track and target millennials throughout the online shopping experience. However, despite this surplus of data and information, identifying the underlying factors that guide these behaviors remains a difficult task given the complexity of social, economic, and cultural forces at work.

The data compiled in this research project suggests that the millennial consumer ethos is built on a mix of innovative flexibility born out of being digital natives and traditional values inherited from previous generations.

The strategy used by millennials to navigate modern-day consumer markets proves complex, and their purchasing behaviors reflect a hybrid of old and new customer values that impact both their decision-making and cultural dispositions.





Why Los Angeles?

Los Angeles was chosen as the focal point of this study for the following reasons:

1. **Size of Demographic Segment** – According to the 2015 census, Los Angeles is second only to New York in metro area concentrations of millennials.
 - a. New York – 4,726,310
 - b. Los Angeles – 3,080,658

The perceptions of a group this size, can influence the rest of the country and warrants closer examination.

2. **Los Angeles is a World Influencer** – Millennials are becoming the most important economic force in history and Los Angeles is one of the most influential cities in the world. L.A. Millennials are a 'ground zero' for trends and taste-making worldwide.

A 2013 study conducted by MIT determined which cities in the United States were key trend influencers. The top five sources of trends were identified (in order) as: Los Angeles, Cincinnati, Washington, Seattle, and New York.

What are the 'shiny objects' for L.A. Millennials? What excites them? What inspires them? What worries them?

Research Findings

Traditional Values

In this era of unprecedented access to information and digital resources, the view that millennials are operating with an unbridled level of action and independence is not uncommon – especially by older generations. The common perception is that millennials are online 24/7. However, like many of the stereotypes associated with millennials and the digital age, this perspective tends to convolute a more accurate understanding of how millennials make decisions and behave in society and the consumer marketplace.

Traditional Values: Role of Family

Contrary to the stereotype that search engines, online articles, and Yelp! reviews have replaced an older style of decision-making pragmatism seen in previous generations, a foundation of familial dependence and trust still lies at the core of many important life and financial considerations facing millennials.

A study conducted by the Pew Research Center reports that as of 2016, 15 percent of millennials between the ages of 25 and 35 live at home with their parents. This is a 5 percent

increase from the number of Gen Xers and a 7 percent increase from early baby boomers that reported living at home in their 20s and 30s.

Additionally, the Pew Research study cites that during that same quarter, the unemployment rate among that age group was at 5.1 percent – a decrease from the 10 percent reported in 2010. It appears a lack of jobs is not the primary cause for this shift in living decisions.

While there are likely a myriad of factors involved in this traditional shift millennials are exhibiting, it can't be ignored how an increased dependence on family guidance and resources is running perpendicular to stereotypes of millennials acting as consumers of pure digital decision-making and independence.

Insight: It is apparent that a substantial amount of uncertainty and confusion is accompanying this new age of accelerating stimulation and progress.

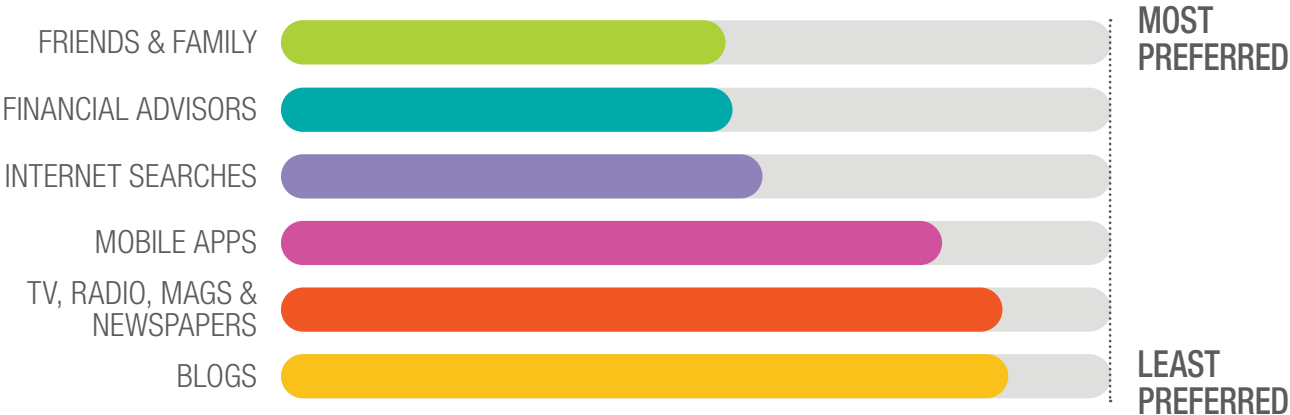
The shift back to family dependence after college could be driven by millennial's need for **trust**, **comfort**, and **stability**.

Traditional Values: Financial Decision-Making

According to the survey conducted by Shiny Objects Group, when asked to rank their preferred source for financial advice, L.A. Millennials ranked friends and family as their top choice.

Financial advisors came in second, followed by digital resources such as internet searches and mobile apps. Family continues to play a pivotal role in how L.A. Millennials make important financial decisions.

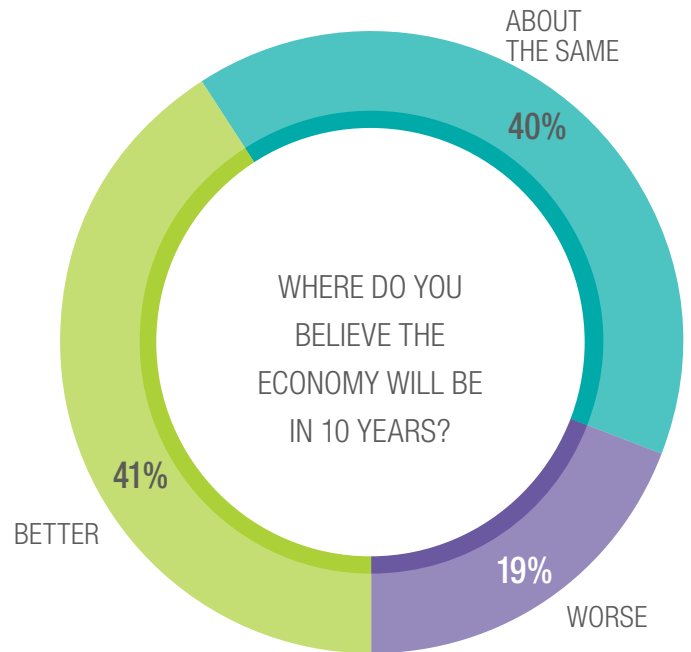
PLEASE RANK THE FOLLOWING SOURCES FOR FINANCIAL ADVICE.



When asked to rank the preferred source for financial advice, survey participants ranked friends and family as their top preference.

Traditional Values: Financial Decision-Making

A standard bank account outranked investment tools such as stocks, bonds, and mutual funds for long-term investors in the survey. This belies the fact that over 80 percent surveyed believed the economy would be the same or better in the next 10 years. L.A. Millennials appear less inclined to hand over their hard-earned savings to nontraditional investment tools. Real estate was the top investment choice at 25 percent. Having witnessed the 2008 financial crisis, this generation is cautious about trusting stocks and other investment tools with their retirement funds. Overall L.A. Millennials value uninterrupted, stable access to their money even if it means sacrificing potential long-term capital gains.

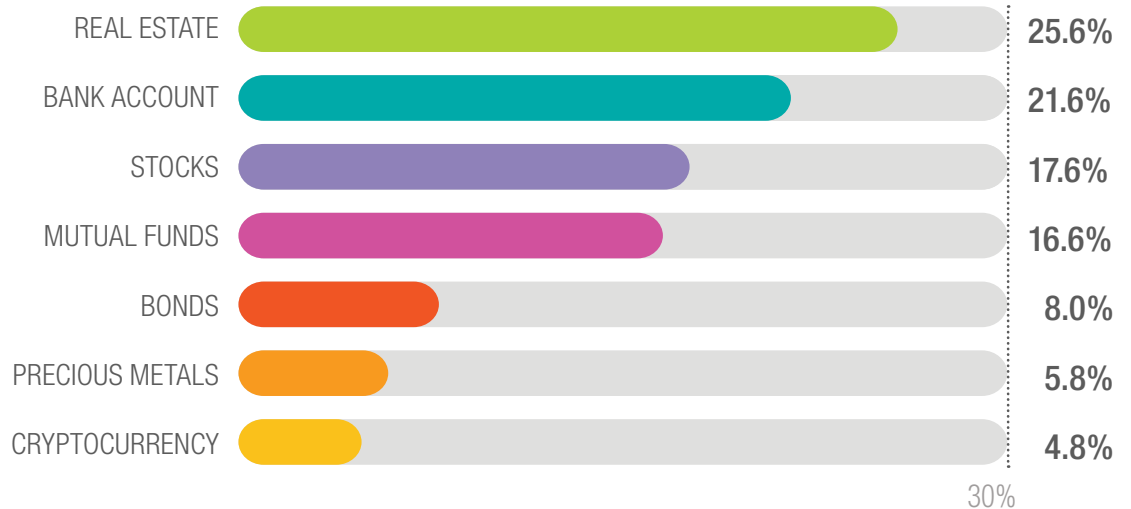


When asked to predict the state of the economy in 10 years, a whopping 81% believe the economy will be either 'about the same' or 'better' than it is currently.

Insight: When it comes to the economy, LA Millennials exhibit a level of extreme optimism. But for the time being, they seem to value low-risk stability.

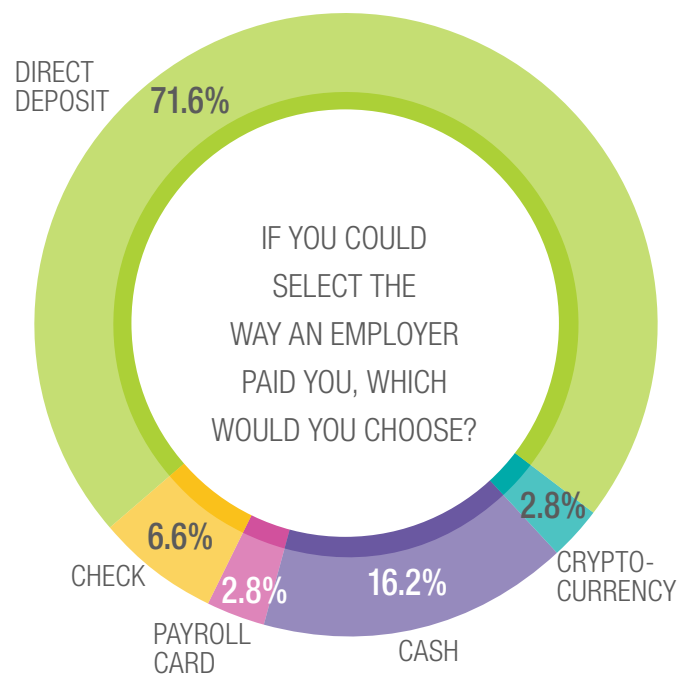
Traditional Values: Financial Decision-Making

IF YOU COULD ONLY SELECT ONE INVESTMENT FOR A RETIREMENT ACCOUNT, WHICH WOULD IT BE?



When asked: If you could only select one investment for a retirement account, which one would it be?
 The second most common response was a standard bank account – now earning only 1.2% per year.

While there are clearly many factors that combine to form the financial ethos for millennials, risk adverse investing and reliance on family, indicate an ‘old school’ view on financial decision-making.

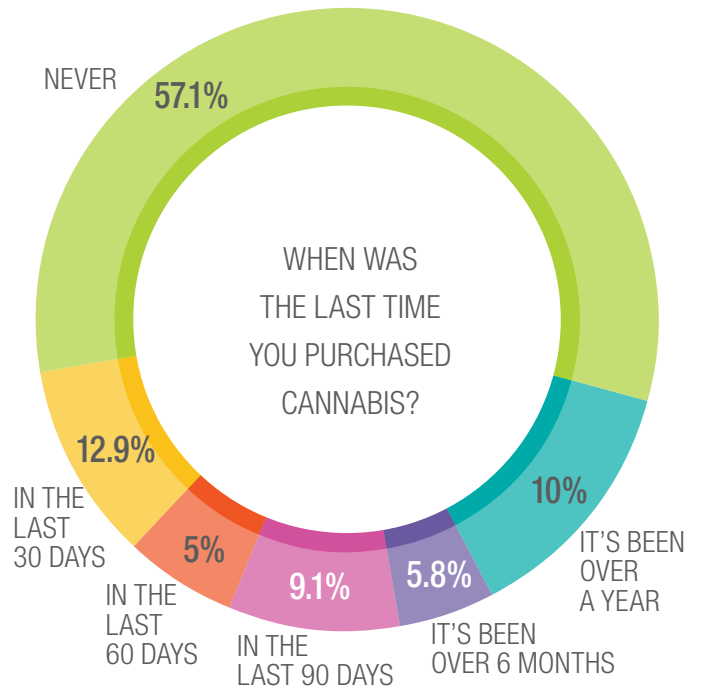


When asked: If you could select the way your employer paid you, which option would you choose? An overwhelming 71 percent preferred direct deposit over more innovative options like cryptocurrency and payroll cards.

Traditional Values: Conservative on Cannabis

The cannabis industry is on the cusp of taking the California economy by storm. While it appears inevitable that cannabis enters the circulation of the business world and the collective Californian conscience, it may surprise many that this group of L.A. Millennials runs counter to cultural stereotypes around this generation being regular and enthusiastic cannabis users.

As cannabis continues to become more accepted as a cultural and economic commodity, it is important to gauge the ways in which millennials interact with a product that still carries a substantial stigma. As the survey suggests, this group of L.A. Millennials are not only more conservative in their experience with cannabis, but not unlike previous generations, they look for markers of trust, authenticity, and legitimacy. Having a label like 'Certified Master Grower' seems to have a significant impact on their perception of the product's overall quality and safety.

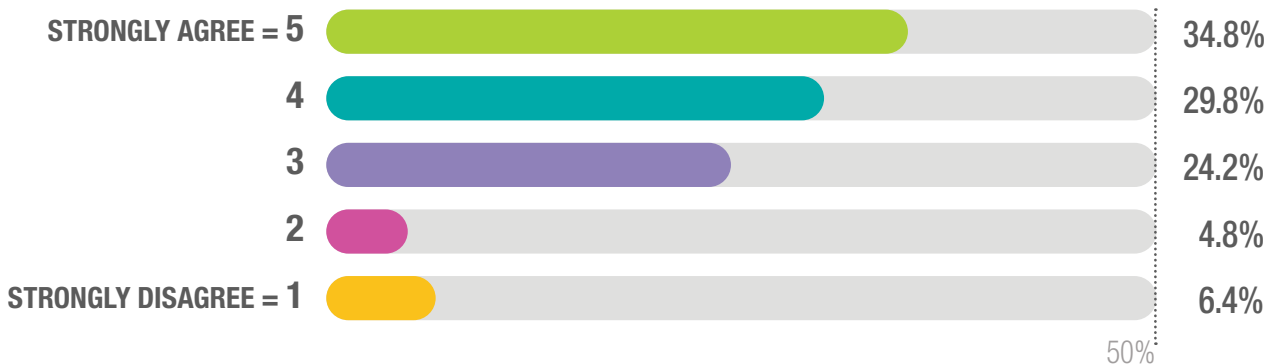


When asked: When was the last time you purchased cannabis?

A surprising 57% of L.A. Millennials had never purchased cannabis.

IF A CANNABIS GROWER WAS CALLED A 'CERTIFIED MASTER GROWER' I WOULD BELIEVE THAT THEY WERE A 'CUT ABOVE' THE AVERAGE CANNABIS GROWER.

ON A SCALE OF 1 TO 5



Research Findings Innovative Attitudes

From a constant stream of advertising and entertainment content to a countless diversity of retail brands and e-commerce sites, this generation is acutely aware of the considerable consumer power they hold. With the evolution of increased choice in consumer markets comes a specific type of disruption to purchasing norms.

Innovative Attitudes: Renting vs. Buying

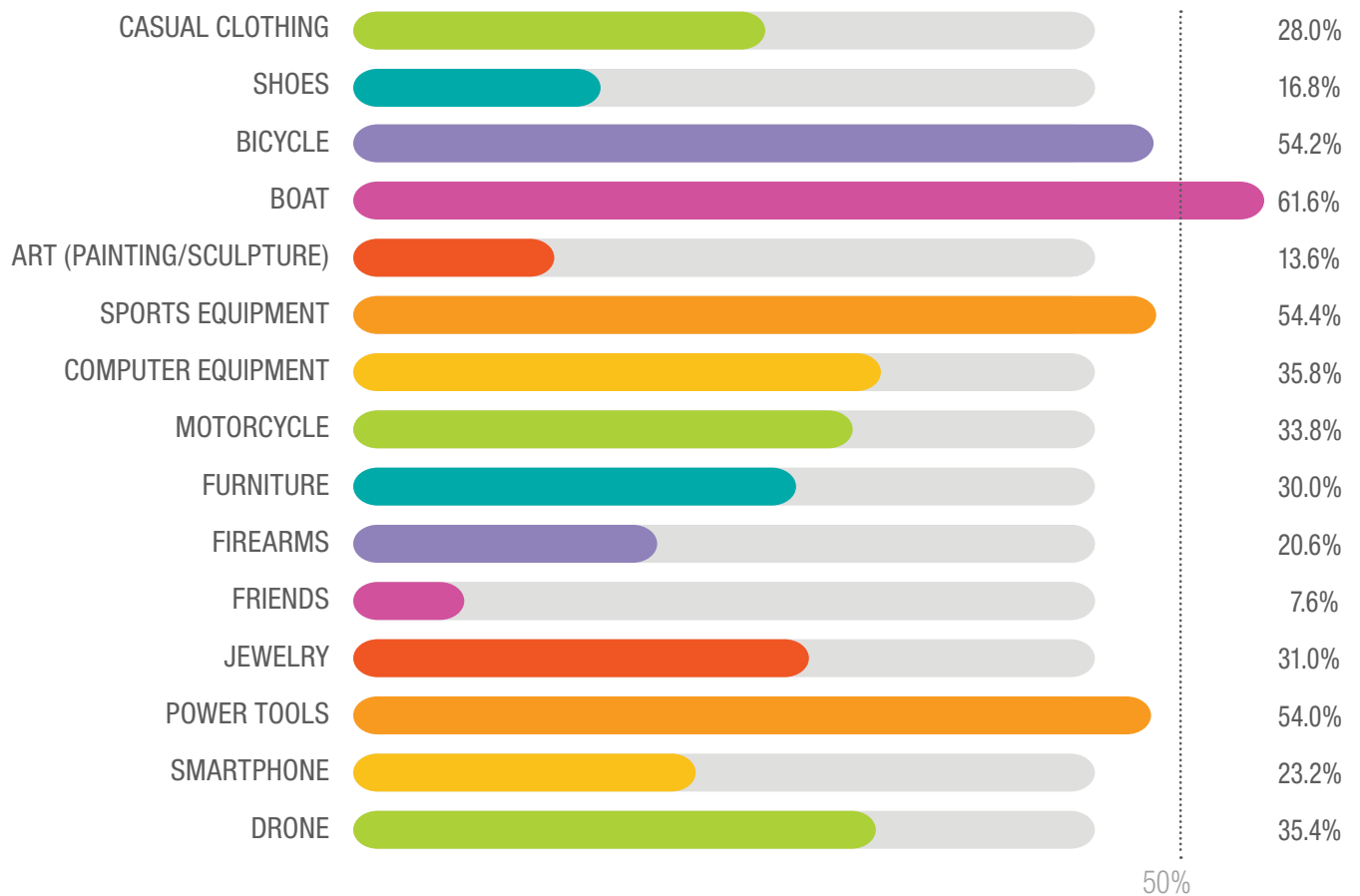
The rapid advancement of the sharing economy and companies that offer rental or trial options for a wide variety of consumer goods has given rise to several innovative attitudes within the millennial consumer ethos. From a practical standpoint, renting or 'trial' experiences with certain goods and services opens the door for consumers to lower their financial risk and optimize utility. There is a reason why this new sector of the consumer

economy has flourished over the past decade – it allows the everyday consumer to maximize their purchasing power. While the practical benefits of the rental economy are evident, perhaps more important is the underlying cultural disposition impacting this consumer shift. The materiality of the American dream has given way to an overriding preference for new experiences and consumer flexibility.

When asked to select items to consider renting for the first time, over 50% of L.A. Millennials are considering renting items considered permanent household staples for previous generations.

Innovative Attitudes: Renting vs. Buying

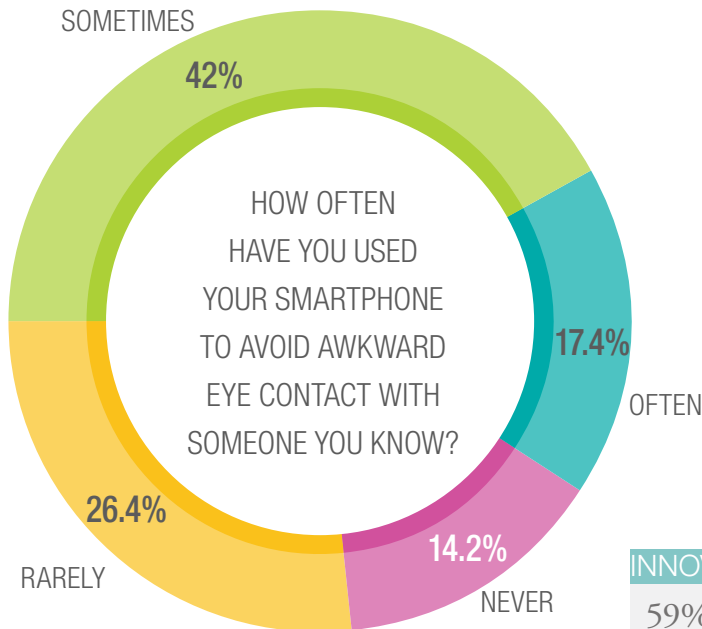
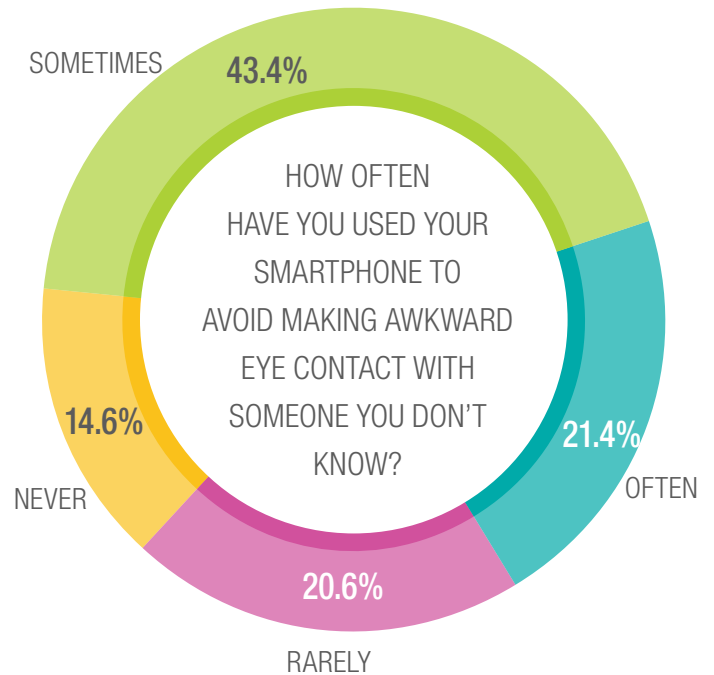
PLEASE SELECT 5 ITEMS YOU WOULD MOST CONSIDER RENTING FOR THE FIRST TIME OVER THE NEXT YEAR.



Innovative Attitudes: Mobile Dominates

INNOVATIVE ATTITUDES:

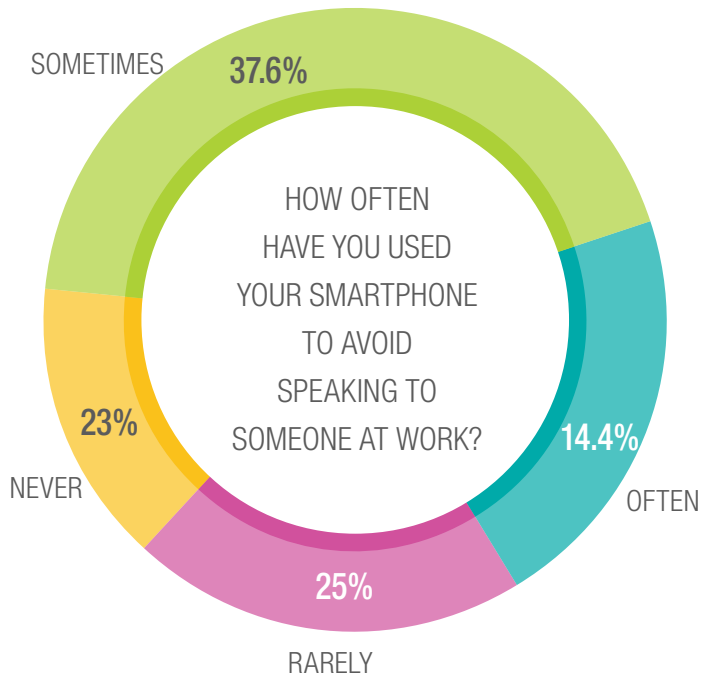
64% say they 'Sometimes' to 'Often' use their mobile device instead of making awkward eye contact with someone they DON'T know.



INNOVATIVE ATTITUDES:

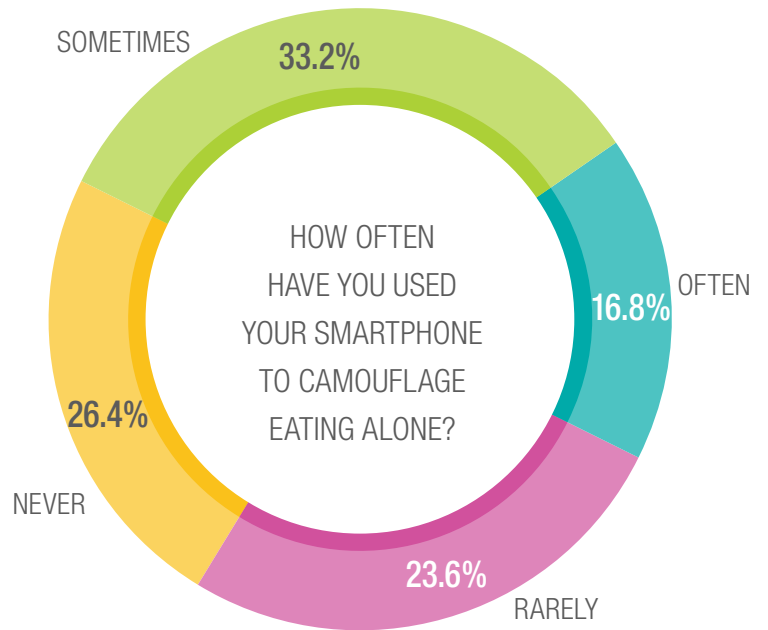
59% say they 'Sometimes' to 'Often' use their mobile device instead of making awkward eye contact with someone they DO know.

Innovative Attitudes: Mobile Dominates



INNOVATIVE ATTITUDES:
52% say they 'Sometimes' to 'Often' use their mobile device to avoid speaking to someone at work.

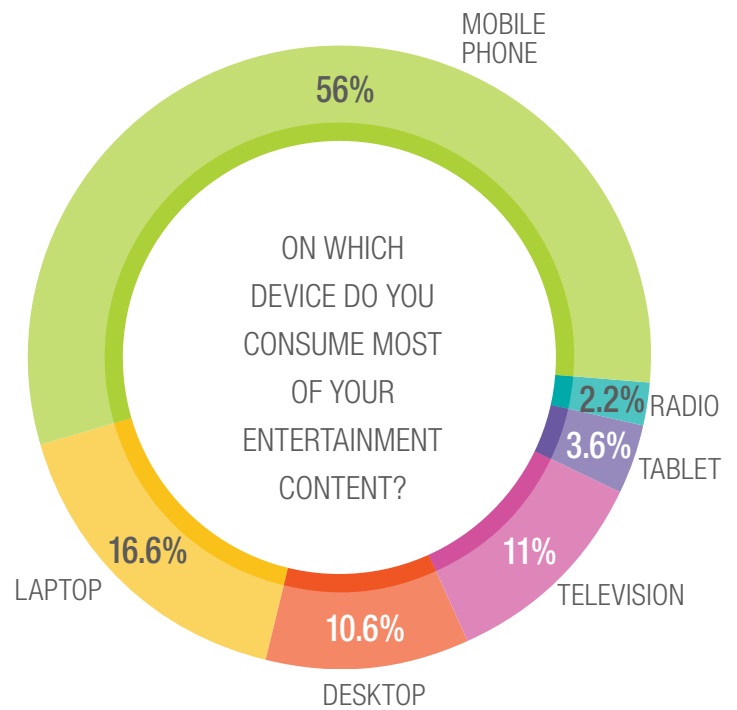
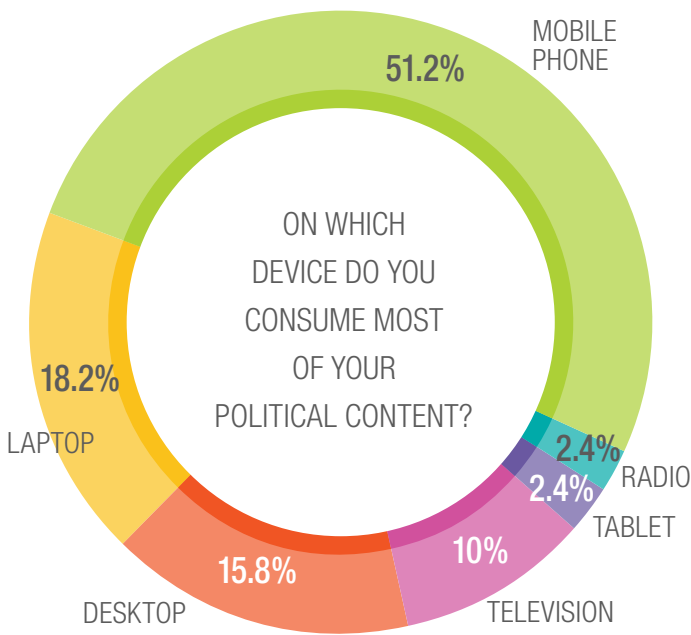
INNOVATIVE ATTITUDES:
50% say they 'Sometimes' to 'Often' use their mobile device to camouflage eating alone when out.



Innovative Attitudes: Mobile Dominates

It comes as no surprise that content consumption has migrated to the digital landscape. However, it is remarkable to see the rapid pace at which radio, TV, and print in their traditional forms are free-falling into obsolescence. As a result, both consumer and socio-cultural environments have been molded by digital

devices and their platforms. In particular, the mobile device has become overwhelmingly powerful in its ability to dictate attention and shape behavior. The data above reveals how the mobile device has become a default safe-zone for millennials to escape awkward interactions and mundane experiences of the everyday. This device acts as a loyal friend and powerful influencer. If businesses want to communicate with millennials, they will have to do so through the cultural language of this unique platform.



INNOVATIVE ATTITUDES:
 86% consume most of their political and entertainment content on either their phone, tablet, desktop or laptop.

Research Conclusions

Key Takeaways

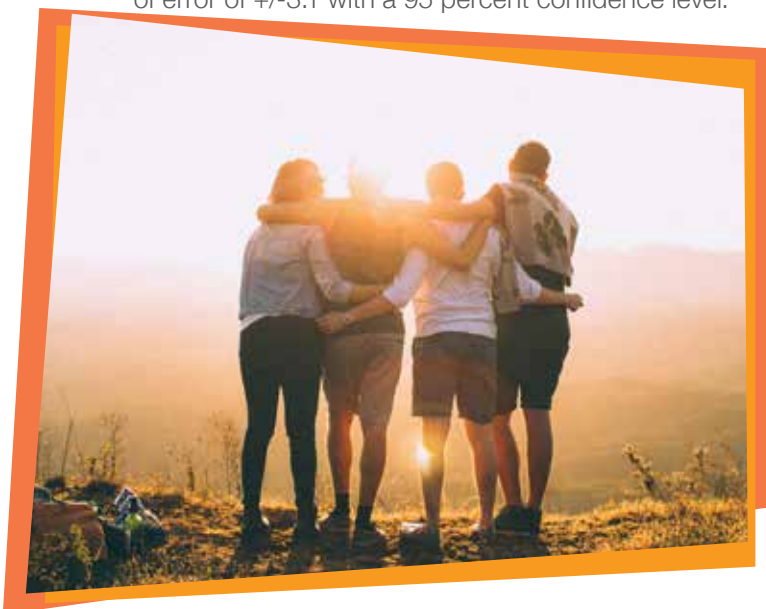
1. When it comes to making long-term financial choices, 2018 feels like 1968 as L.A. Millennials rely on friends, family, and financial advisors despite unprecedented access to digital resources.
2. For long-term retirement investments, L.A. Millennials selected the same reliable and steady investment vehicles their grandparents would have selected: bank accounts and real estate. Stocks, mutual funds, cryptocurrency, and precious metals were far less desirable options.
3. Although cannabis is legal in California, over half of L.A. Millennials reported they have 'never purchased cannabis' – another more 'traditional' attitude that belies their stereotype.
4. Like their aunts and uncles, L.A. Millennials look for legitimacy and trust. A labeled certified cannabis grower would add significant value to their product.
5. As native participants of the sharing economy, L.A. Millennials prefer renting vs buying. It lowers their risk and maximizes their utility.
6. The preference for renting over buying acts as a key indicator for a broader generational shift in consumer values: L.A. Millennials value experience over material goods.
7. Like true digital natives: 86 percent of entertainment and political media is being consumed via mobile phone, laptop, desktop or tablet. Print, radio and TV barely register.
8. Mobile continues to be the dominant device for capturing attention; mobile-shaped behaviors are developing out of L.A. Millennials' tendencies to use this device to avoid eye contact and other awkward interactions or mundane experiences.

Research Methodology

In May 2018, Shiny Objects surveyed 500 Los Angeles millennials (aged 23-35) who were employed full-time and earned over \$25K per year.

This survey was conducted by Survata, and in partnership with thousands of publishers, who offer premium content in exchange for answering questions. Survata has developed algorithms that track a respondent's response time, response pattern, and other metadata to determine which responses should be discarded. All surveys are done anonymously.

The survey was conducted online and has a margin of error of +/-3.1 with a 95 percent confidence level.



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