Next-Generation Strategies for Advertising to Millennials

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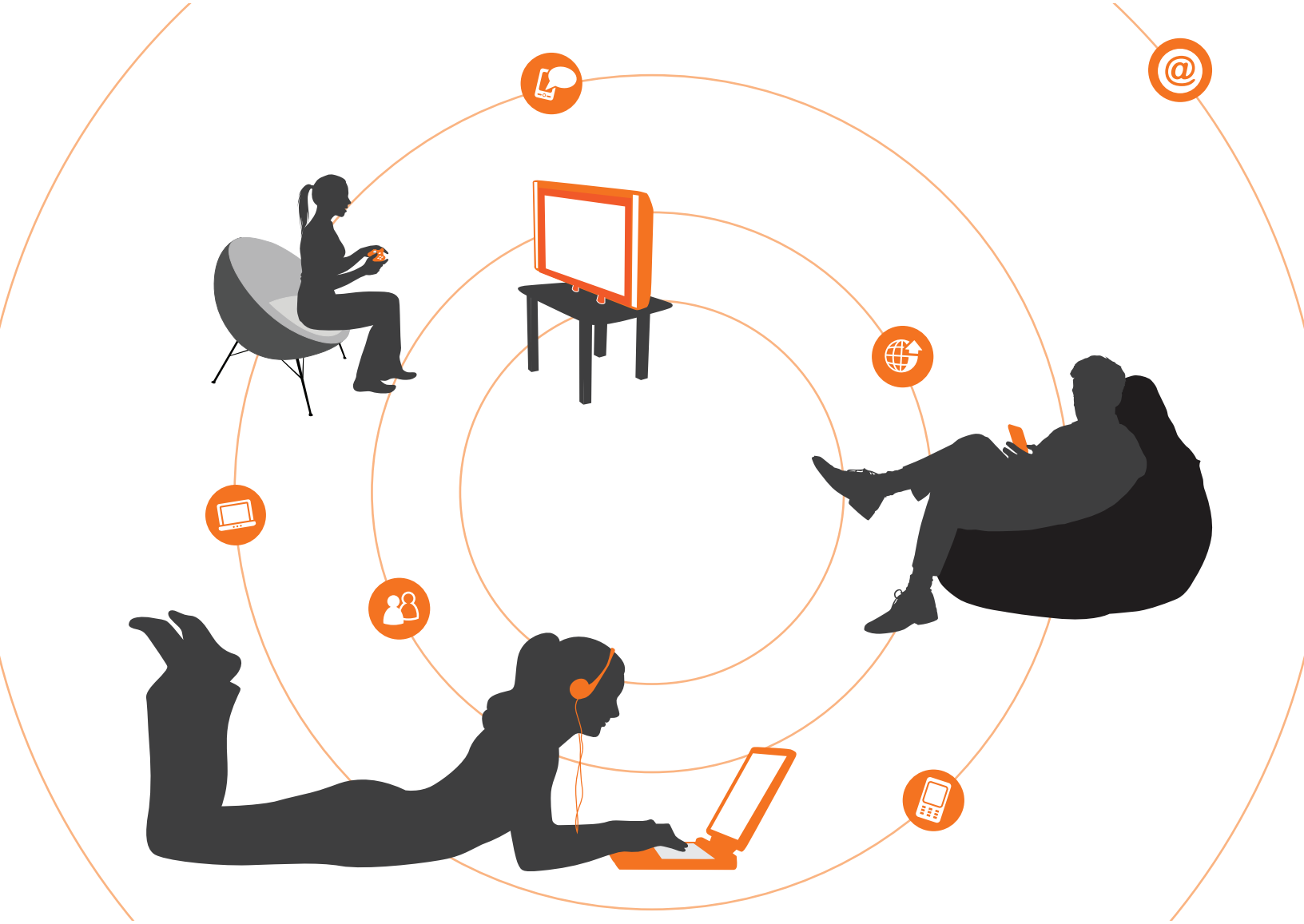

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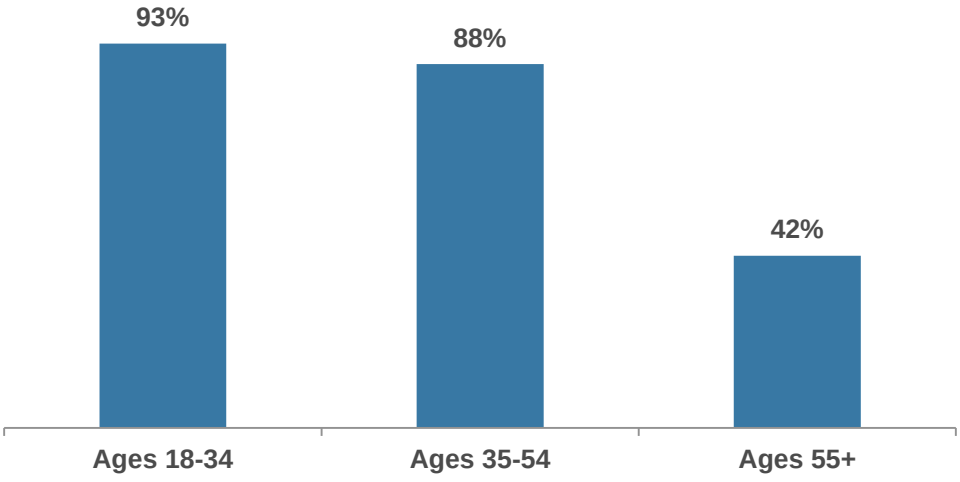
Introduction

The Millennial generation is often viewed by marketers as one of the most valuable segments of the population, mainly due to the powerful combination of the group's massive size and strong purchasing power. Millennials are commonly defined as individuals born between 1981 and 2000, and there are approximately 79 million Millennials in the U.S. This segment dwarfs the 48 million Generation Xers (born between 1965 and 1980) and is the largest generation since the Baby Boomers (born between 1946 and 1964). The purchasing power of Millennials is estimated to be $170 billion per year, so it is no wonder that marketers are keenly interested in better understanding this group and how to effectively reach them.

One defining characteristic of Millennials is their comfort-level with new technologies. This is the first generation to grow up with computers in the home and in the classroom, not knowing a life without the Internet or cell phones. They are also accustomed to accessing an endless array of entertainment options via cable television, sophisticated gaming consoles and the worldwide web. This familiarity with technology has allowed Millennials to easily adapt to the accelerating level of innovation in our world, effortlessly transitioning from e-mail to instant messaging and from texting to tweeting. As Figure 1 illustrates, 93 percent of Millennials ages 18 to 34 are Internet users, compared to only slightly more than 40 percent of those age 55+.

Figure 1: Percent of Consumers Using the Internet by Age (Source: comScore, Inc.)



Beyond technology, there are other common characteristics unique to the Millennial generation. To begin, the diversity of this group cannot be ignored. As a nation that will make its way toward minority-majority status by the middle of the century, ethnic and cultural diversity has become the norm in the

U.S., making Millennials more tolerant of diversity than preceding generations. Trends in parenting, such as delaying the childbearing years and single parenthood, have also brought unprecedented diversity to family structures. And, as children of often hyper-competitive Baby Boomers (hence the alternative moniker 'Echo Boomers'), Millennials have grown up in a very child-focused environment, with "helicoptering" parents planning for their future success, which often results in a very structured, full and active lifestyle. The combination of this active environment along with the influence of technology has resulted in Millennials often being characterized as 'stimulation junkies'. In addition, this generation is prone to extreme multitasking, usually involving some combination of social media, online entertainment, video chatting, homework and possibly good, old-fashioned television. This need for stimulation, in conjunction with the technological and family environments, has led to Millennials being described as having short attention spans and a need to be constantly entertained.

In terms of education, Millennials, on average, attain a higher level than any preceding generation. However, due to skyrocketing tuition fees, college graduates are often left with record levels of debt. This, in combination with the outsourcing of many U.S. jobs to other countries, slow economic growth and the high cost of living, has left this often privileged generation feeling some degree of economic hardship. Many find themselves struggling with finances or having a difficult time securing adequate employment, often resulting in their returning to the classroom for higher education or living with family or friends.

Study Background

Given the unique characteristics of this generation, how they perceive and react to advertising is of great interest to marketers who wish to effectively reach and persuade this valuable audience with their messages. This report seeks to answer questions about marketing to this generation, including:

- Are Millennials truly set apart from other generations, or are there broad commonalities which span generations?
- Is traditional television advertising as effective for Millennials, or is digital a better alternative?
- Regardless of the medium, are there unique ways to engage and/or persuade the Millennial generation?

The findings in this paper are derived from an analysis of nearly 1,000 comScore tests of the effectiveness of TV advertising creative as well as 35 tests of digital creative that ran in the U.S. The core metric of advertising effectiveness used in this analysis is comScore's *Share of Choice (SOC)*, a measure of creative quality that is highly predictive of in-market sales results. Share of Choice is measured through a simulated purchase exercise that quantifies the ability of an ad to influence brand preference. The degree to which the ad lifts the SOC score predicts the in-market effect the ad is likely to have on

sales. (See Appendix for a detailed explanation of this measure). Ad recall, engagement and other diagnostic measures were also included as part of the analysis.

Collectively, the study included more than 500,000 women across four generational groups: Millennials (ages 16 – 29); Generation X (30 – 44); Baby Boomers (45 – 59); and Seniors (60+). It is important to note that only women were included in this research. Occasionally effectiveness for an ad differs by gender. Since women are the primary purchasers for most products, scores among women were consistently used.

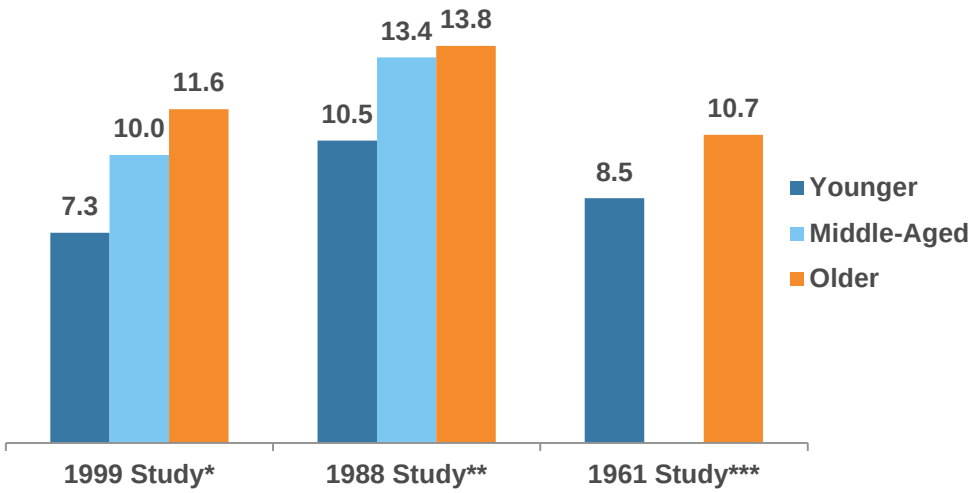
The 2011 study is the fourth iteration of comScore research on advertising across generations. The prior studies were conducted in 1961, 1988 and 1999 (via ARSgroup, which was acquired by comScore in 2010). When relevant, findings from these studies are used as a point of comparison to the 2011 study results. Prior iterations of the study did not include digital creative analyses, and as such, there are no trended insights included as it relates to digital.

Millennials Response to Advertising

Trends for Television Advertising

Findings from the previous studies have consistently shown that television ads are less effective among younger consumers than among older ones, as measured by lift in SOC (See Figure 2). These results suggest that it is more difficult to persuade younger consumers with advertising messages than consumers from older generations. The 1999 study, which focused on Generation X, concluded that lower responsiveness to advertising among young consumers is at least in part a reflection of life-stage rather than generational factors.

Figure 2: Average Lift in Share of Choice by Age Group – Prior Studies



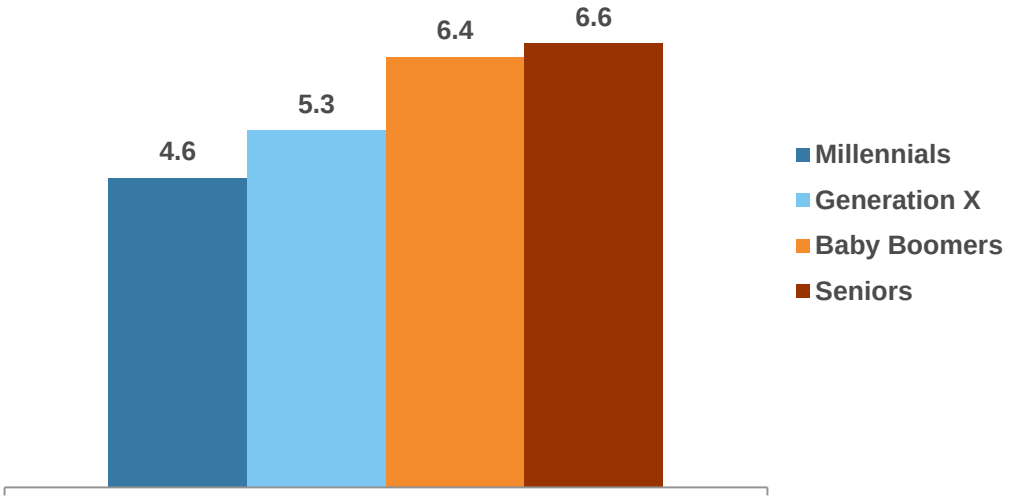
*Younger: age <30; Middle-Aged: age: 30-49; Older: age 50+

**Younger: age <35; Middle-Aged: age 35-54; Older: age 55+

***Younger: age <36; Older: age 36+

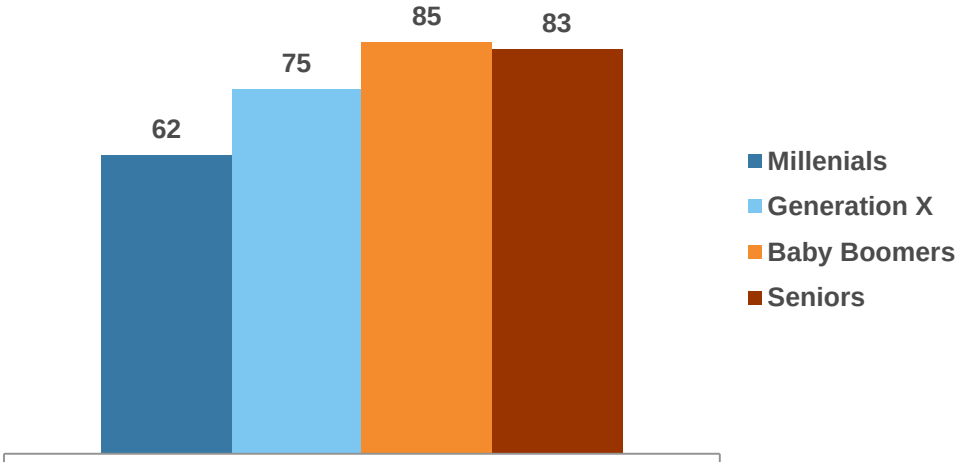
The 2011 study results display the familiar stair-step pattern seen in previous studies, with average ad effectiveness increasing with age. As expected, Millennials (the youngest generation) are more difficult to persuade via television advertising when compared to older viewers, with an average lift in SOC significantly lower than for Baby Boomers or Seniors.

Figure 3: Average Lift in Share of Choice by Generation – 2011 Study



In addition to absolute levels, lift in SOC was also examined relative to the Fair Share benchmark. The Fair Share benchmark is the expected lift in SOC for a typical ad among a particular target group given the brand's position in the market. It is calculated based on the group's preference for the advertised brand and brand loyalty in the category as well as the number of competing brands in the category. (See Appendix for a detailed explanation of the Fair Share benchmark). Millennials have somewhat lower Fair Share levels due to slightly higher levels of brand loyalty and share of preference versus other generations. However, even when correcting for differing expectations, by indexing lift in SOC to the Fair Share benchmark, average effectiveness is still much lower for the younger generations.

Figure 4: Average Lift in Share of Choice Indexed to Fair Share by Generation – 2011 Study

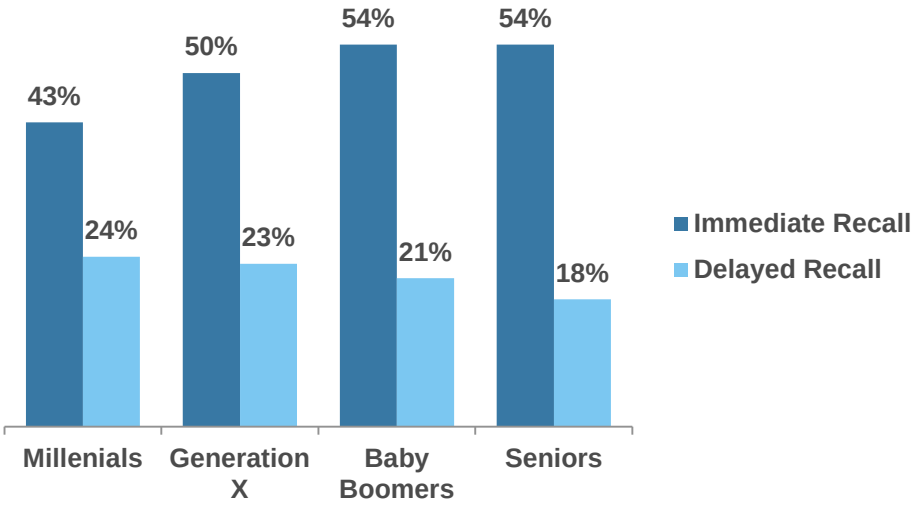


While these results suggest that Millennials are harder to persuade with television advertising than members of older generations, the context of the past research suggests that this is more likely a life-stage phenomenon rather than a fundamental generational difference.

Next, advertising recall was evaluated across generational groups. Recall measures were collected after exposure to advertising creative in a veiled environment. Two distinct recall methodologies were used to capture immediate and delayed recall. For immediate recall, respondents were questioned about the test advertisement approximately 15 minutes after exposure. This method measures the ability of an ad to break through and gain the attention of viewers. For delayed recall, respondents were contacted three days after exposure and questioned about their recall of the test advertisement. This method measures the ad's ability to leave a memorable and lasting impression.

The trends among the generations are striking. Ad breakthrough for Millennials was substantially lower than the other generations, which is not all that surprising given the group's reputation for having a short attention span and requiring attention-grabbing content. However, Millennials demonstrated a higher propensity than other generations to retain a lasting impression of an advertisement. This trend is no doubt driven, at least in part, by the effects of age on memory outstripping the breakthrough effect.

Figure 5: Average Related Recall Results by Age Group – 2011 Study



Diagnostic results from the study (which involved a sub-set of ads tested, n=157) also appear to support many of the common notions regarding Millennials. As Figure 6 illustrates, when compared to Baby Boomers and Seniors, Millennials tend to be less interested and more difficult to connect with, capture attention, impress, convince and entertain. This helps to explain the immediate recall results examined above, since the greater difficulty in capturing attention would logically inhibit ad breakthrough. Millennials also appear to be more price-sensitive, with higher levels of "Brand Costs More" than they would expect to pay, perhaps due to lower disposable incomes. At the same time, they are no less likely to be "Willing to Pay More" for specific brands if need be, perhaps due to a sense of brand loyalty. On the positive side, there is an opportunity for marketers to connect with Millennials as they are more likely to have a lot in common with other users. Figure 6 provides an illustration indicating the percentage of respondents agreeing (based on top 2 boxes) with the statements at the left.

Figure 6: Average Diagnostic Results by Age Group – 2011 Study

	A	B	C
	Female Millennials Top 2 Box Avg.	**Female Baby Boomers Top 2 Box Avg.**	**Female Seniors Top 2 Box Avg.**
Ad Interesting	66	70A	70A
Best I've Seen	45	48	49A
Commercial Believable	71	76A	75A
Convenient	76	82A	80A
It Grabbed My Attention	67	73A	70
Likeability	57	62A	63A
Easy to Relate to	68	75A	72A
Easy to Understand	83	89A	88A
Irritating	16BC	10C	8
A Lot in Common with Others	44C	44C	37
Brand Costs More	38C	34	30
Willing to Pay More	42	43C	40

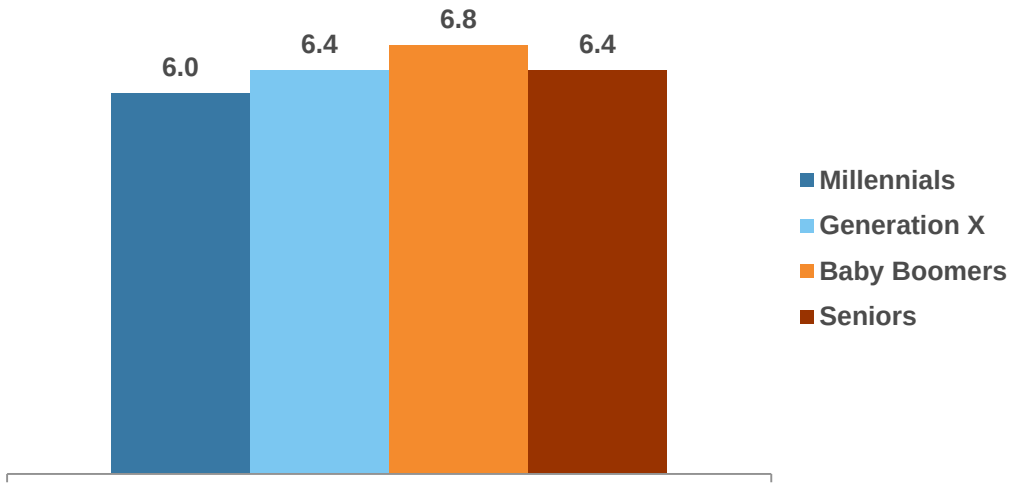
A capital letter indicates a significant difference at the 95% confidence level vs. lettered column

Trends for Digital Advertising

The same generational groups were analyzed for digital ad testing. The available digital ad testing data for categories of general interest across age ranges and for which sufficient sample size for all age ranges was available was relatively limited (n=35). However, it does provide an initial look at how digital advertising performs among the different generations.

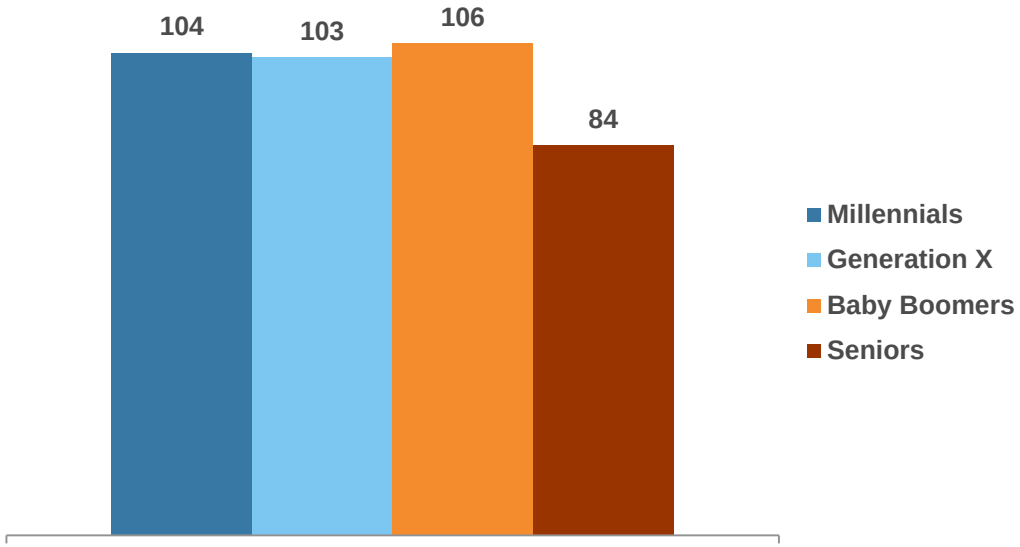
The data suggests that digital advertising performs better in relative terms among Millennials than does television advertising. While Millennials do show the lowest average lift in SOC from digital ads among the generations, the difference is much smaller than seen for television (See Figure 7).

Figure 7: Average Modeled Lift in Share of Choice by Generation – Digital



In addition, when results are examined relative to the Fair Share benchmark, results for Millennials are at parity with Generation X and Baby Boomers and are substantially above Seniors. This indicates that relative to expectations, digital ads are performing among Millennials as well as or better than they are performing among the other generations.

Figure 8: Average Lift in Share of Choice Indexed to Fair Share by Generation – Digital



It may be Millennials' comfort with technology and all things digital that makes them relatively more responsive to digital advertising versus television. Conversely, Seniors may be responding poorly to digital ads due to a lack of understanding and comfort with this medium. The middle generations respond well to digital advertising, perhaps due to the need to stay professionally competitive, but unlike the case for television, they are not more responsive to digital advertising than Millennials.

General Strategies for Targeting Millennials

So, given these findings, what should marketers be doing to most effectively communicate with the Millennial generation? What are key considerations when it comes to creative and creative messaging? How should the approach differ with Millennials versus other generations? Below are some key strategic considerations to help address these questions, providing actionable insights to drive your marketing campaigns.

Employ Strong Creative

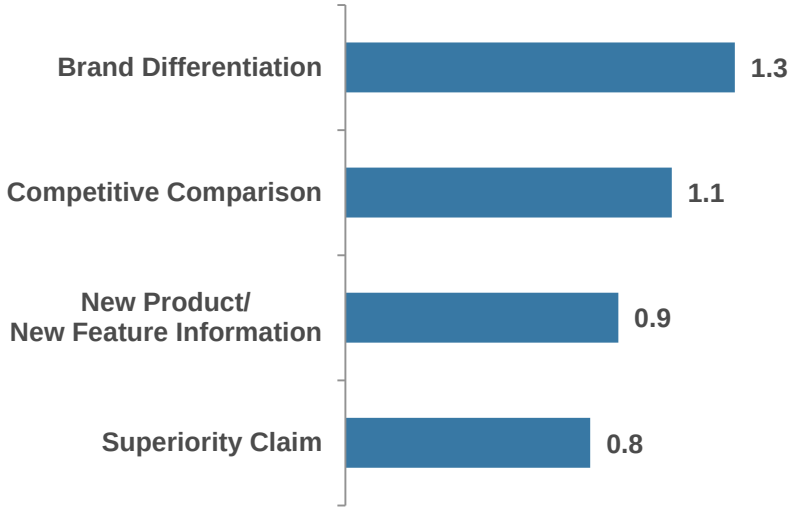
Decades of copy-testing research has established that the quality of an ad's creative has a profound impact on the effectiveness of the campaign. In fact, comScore research has shown that over half of a campaign's impact on sales is due to creative strength. Additional comScore research has identified a variety of creative advertising elements that have a significant impact on an ad's ability to build a brand and ultimately lift sales. This research has identified more than 200 creative elements that can have an impact on an ad's lift in Share of Choice, while a sub-set of these elements, called the Validated Drivers, has been shown to have a *significant* impact.

For the television cases in the current study, correlations between each of the Validated Drivers and lift in Share of Choice were compared for Millennials and the older generations (Seniors and Baby Boomers). Across all of these content elements, there were no statistically significant differences in correlation levels for Millennials versus the older generations. This indicates that there is some level of consistency regardless of age in the key drivers of advertising creative that positively impacts sales.

Among the Validated Drivers are the core campaign drivers, which represent advertising content that gives a reason to prefer the featured brand and sets it apart from the competition. As illustrated in Figure 9, the presence of each of these elements results in a large average increase in lift in Share of Choice among Millennials. As with other consumers, Millennials respond when given a compelling reason to choose the brand. This is not to say that the same messages will always resonate across generational

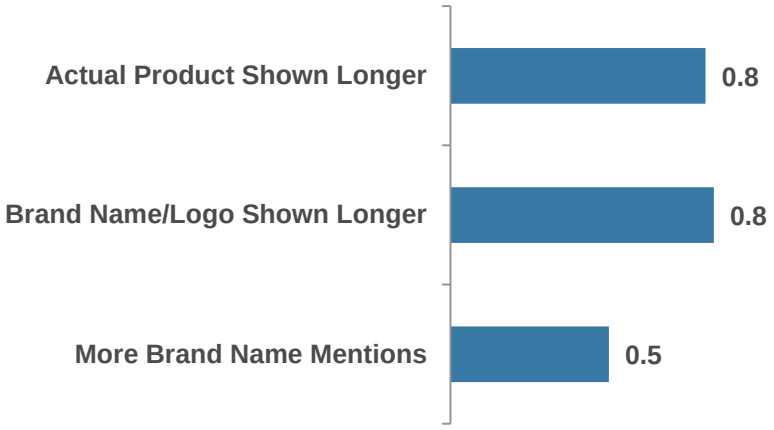
groups, but rather that the same underlying principles tend to be universal. For a specific implementation, only testing can determine how an ad ultimately fares among the different generations.

Figure 9: Average Increase in Lift in Share of Choice among Millennials Due to Use of Core Campaign Drivers



Among the other Validated Driver elements associated with higher Share of Choice scores for the general population, several also result in an average increase of about one-half point or more in lift in Share of Choice among Millennials. These elements suggest that Millennials respond to sufficient branding and appropriate focus on the product, much like a general audience.

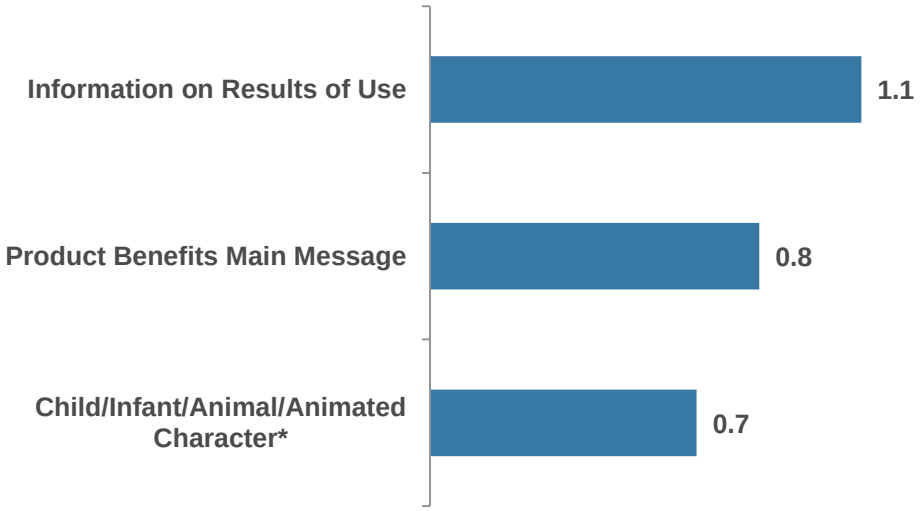
Figure 10: Average Increase in Lift in Share of Choice among Millennials Due to Use of Selected Drivers



Other content elements were examined for differences in relationship to lift in Share of Choice for Millennials versus older generation groups. Three such elements stood out from the rest, with the presence of each found to be more favorable for Millennials. Two of these elements, a product benefits main message and information on results of using the brand, indicate a pragmatic streak among Millennials. Interestingly, the 1961 study concluded: "Younger women tend to respond to logical, 'reasons why' demonstration more than older women…This points to the possible existence of a more tough-minded attitude, an innate skepticism, among younger women." The current results certainly appear to mesh with this observation of younger women from a previous generation.

The third element is the presence of a child/infant/animal/animated character in the advertisement. This likely reflects the need to grab the attention and engage the younger audience to avoid losing attention and achieve breakthrough, or to provide a relevant emotional connection.

Figure 11: Difference in Lift in Share of Choice Due to Content Elements: Millennials vs. Seniors

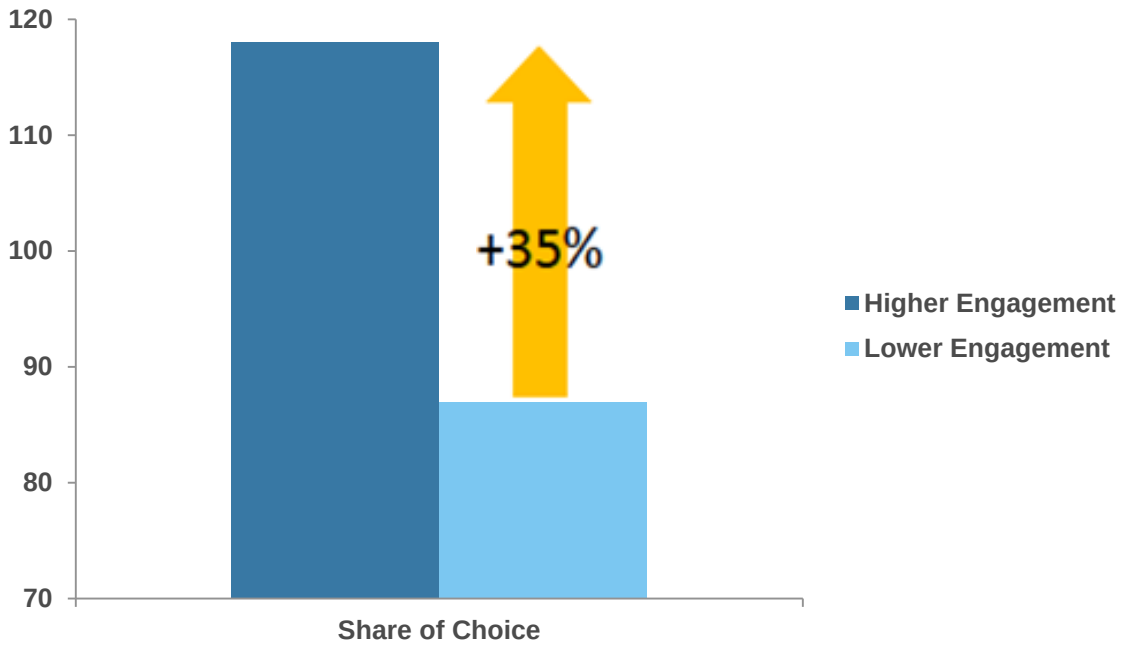


**Represents importance of breakthrough and emotional connection*

Place Ads around Engaging Content

comScore studies have found that the content in which an advertisement is embedded can have a significant impact on the advertisement's effectiveness. This is because engaged audiences amplify the effect of the advertiser's creative execution. The effect of this amplification is on an ad's ability to build Share of Choice.

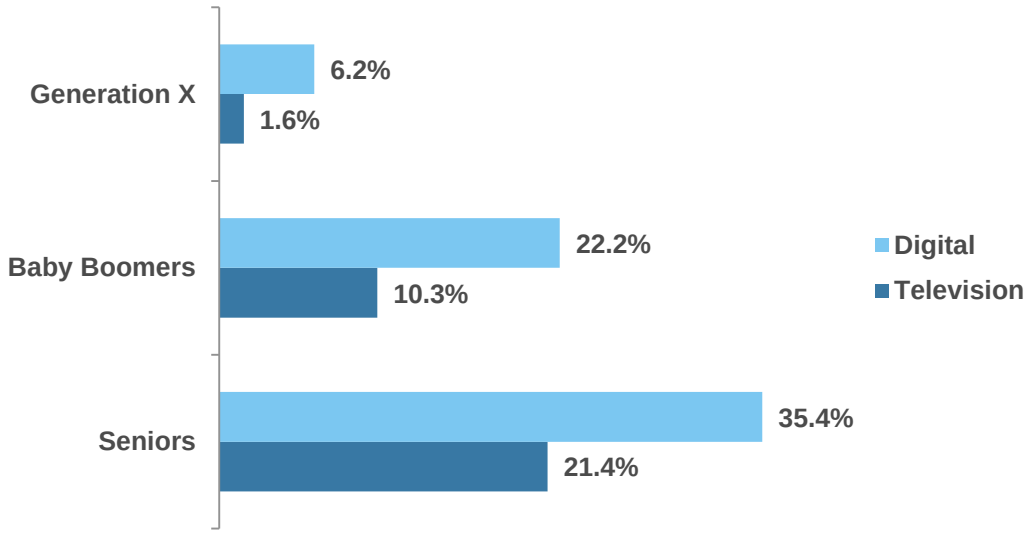
Figure 12: Engagement Effect on Share of Choice



Given the importance of an engaged audience in amplifying advertising's effectiveness, comScore studied engagement among viewers of 25 current television programs and 15 websites. This study surveyed more than 3,000 respondents who were asked whether they had viewed each program or visited each property in the past two weeks. Then, comScore's battery of engagement questions were administered to those who indicated recent viewership or visitation, allowing engagement scores to be derived for each program/property. The results were examined across generations.

First, it was found that, on average, engagement was higher among Millennials than all other generations for both television programming and websites. In addition, it was found that this difference was greater on a percentage basis for websites than for television, despite the selected television programming being somewhat more skewed toward shows targeted to a younger audience than were the websites.

Figure 13: Percent Increase in Engagement for Millennials versus Other Generations by Medium



These results are good news for those interested in advertising to Millennials. It appears that they are highly engaged with the content that they choose to view. This is true for both television and digital. This engagement will amplify the effectiveness of advertising to Millennials, helping to boost advertising returns on investment among this key demographic. The results also suggest that digital is a good bet among Millennials because, when compared to television, its ability to engage is skewed toward younger generations.

Conclusion

The Millennial generation is of great importance to marketers due to its size and purchasing power. Millennials are often defined in large measure by their use of digital technologies, and it is the digital world that appears to present marketers with some of the best opportunities to reach and persuade them. While Millennials follow a familiar pattern of younger generations being more difficult to persuade through television advertising, to some extent digital appears to break this pattern.

Some optimistic news for marketers is that Millennials appear to strongly engage with the media they choose to view. In this regard, digital is well suited to this generation, as their relative engagement versus older viewers is stronger for digital than for television. Conversely, it appears that it is harder for advertising to achieve breakthrough and catch the attention of Millennials, who are notorious for multitasking and short attention spans. Hence strong creative may need to be tailored to draw Millennials into the story being told. At the same time, Millennials respond to a powerful and differentiating reason to

buy as much as any other generation, with the same core drivers of impactful creative strongly relating to high ad effectiveness scores. The quality of creative is critical in terms of generating interest in the advertisement and crafting a persuasive message. And this is as true for Millennials as for other generations.

Appendix

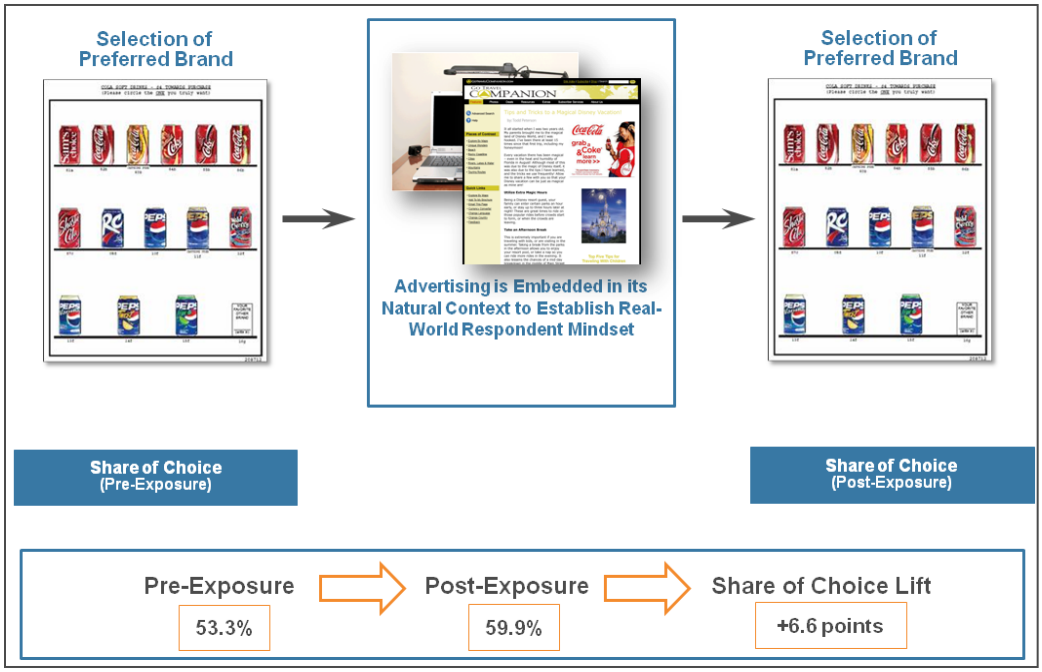
About Share of Choice

comScore is a world leader in advertising copy testing. Having pioneered the discipline more than 40 years ago, comScore has conducted over 40,000 television advertising studies, and more recently, hundreds of digital advertising analyses, on behalf of some of the world's largest and best-known brands.

comScore has developed a metric called Share of Choice (formerly the ARS Persuasion Score), which is the most well-documented and independently-validated measure of advertising effectiveness in the world. As the name implies, it quantifies the ability of an ad to influence brand preference, and it has been shown to be predictive of advertising-induced sales with a +0.90 correlation.

How It Works

Share of Choice measures consumer brand preference through a simulated purchase exercise. Respondents participate in prize drawings across several categories. In each category, they choose the product they would like to win from a balanced competitive set. Bias is eliminated and preference is collected from consumers both before and after exposure to the advertising. The difference in share of preference between the two groups (post-exposure share minus pre-exposure share) is then calculated to determine the lift in Share of Choice (see below).



Fair Share Benchmark

comScore has developed the comScore Fair Share Benchmark to aid in assessing whether the lift in Share of Choice for a specific ad meets or exceeds the level expected for a typical ad for the brand. This benchmark takes into account product category and brand loyalty, the number of brands competing in the category and the advertised brand's share of preference to determine the score expected, on average, given the current category and brand's environment. The ad's strategy and/or execution are determined to be "below average," "average," or "above average" based on their relationship to the Fair Share degree-of-difficulty norm.

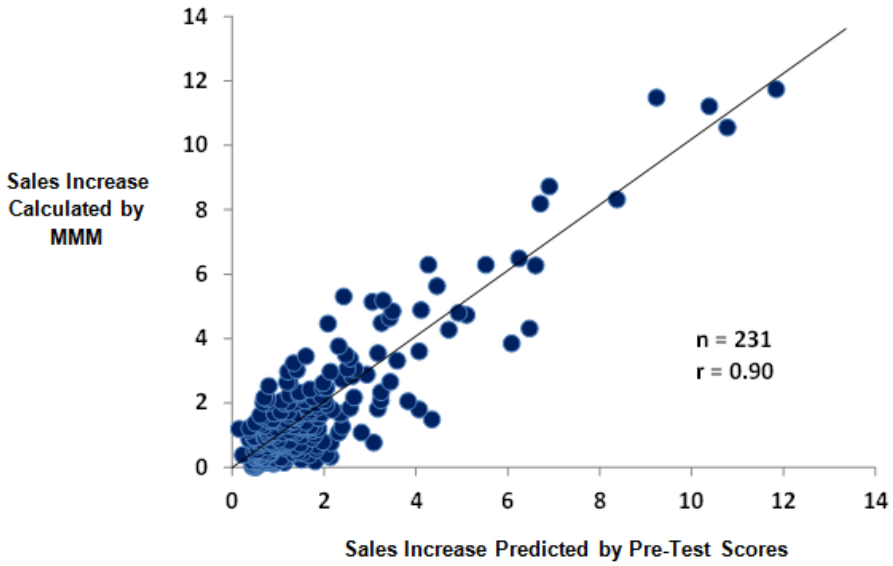
Correlation with Actual Sales

Since its inception, comScore has systematically collected information to determine the validity of its measurement systems, relating comScore metrics (i.e. lift in Share of Choice) to the prevalent measures of sales employed at the time. Early validation efforts used metrics related to sales results from store audits and ATU trial rates, progressing later to split-cable test market outcomes. Ongoing validation efforts include the relating of test scores to market share change from Marketing Mix Modeling (MMM) and in-store scanner data. This systematic commitment to validation has resulted in more than 2,000 validation cases spanning four decades. Consistently, the lift in Share of Choice has demonstrated the strongest relationship to real-world sales and share change results. This result holds true across

countries, cultures and multiple verticals, including CPG, auto, financial services, telecom, pharmaceutical, retail and QSRs.

Marketing Mix Model Validation

comScore's ongoing MMM validation data set represents the most precise validation study to date. The MMM result isolates the effect of the test ad from other marketing variables, largely removing the issue of uncontrolled variables from the analysis. Using the MMM result as the measure of sales attributable to a specific advertisement, the lift in Share of Choice has been proven to be predictive of advertising-induced sales with a +0.90 correlation (See below chart).



Source: comScore Marketing Mix Model Validation Data Set