

The Millennial Impact on Consumer Investment



It's not a millennial moment, it's a movement. While the millennial generation is blamed for everything from lower birth rates to declining mayonnaise sales, one thing is clear: they are a major catalyst for change in the consumer industry.

By 2020, Accenture projects millennial spending will reach \$1.4 trillion annually, representing 30% of retail sales, a fact that growth oriented companies cannot ignore.

FOLLOW THE MILLENNIAL MONEY

It's clear that millennials have different expectations and priorities when it comes to buying. Here are three trends investors should keep in mind:

Portable vs. Durable. A Rent.com survey of renters between 18 and 34 found that nearly 8 in 10 do not plan to buy a home anytime soon. While affordability is a major factor, one-in-five of those respondents said they preferred renting due to the freedom. A generation moving more frequently and delaying the purchase of a home could have long-term impacts on consumer products and retail strategies associated with home buying. For example, products like home furnishings that were previously considered durable products may be looked at as more disposable, creating opportunities for new materials, new price points and new models.

Experimental & Experiential Food & Beverage. Massive shifts in tastes and preferences are impacting the restaurant, grocery and food and beverage sectors. Millennial consumers desire more variety, diverse flavors and healthier options. They are willing to pay a premium to have expectations met. Thus, craft or artisan products are seeing a surge and are opening up opportunities for small businesses and concepts to expand or partner with bigger or more traditional players.

The Service Economy. Do-it-for-me businesses and services companies like TaskRabbit and Postmates are on the rise and earning high valuations due to their popularity with millennials. Home furnishings, electronics, car accessories and consumer product companies that can provide an inclusive assembly and installation service are poised for success. But, the Amazon standard may make it hard for some full-service companies to grow. Through a network of third-party carriers, Amazon Home Services offers free white-glove delivery of certain items. Amazon continues to look for ways to compete in the service economy.

SUMMARY

Millennial preferences have spurred innovation, new models and new brands across the retail and consumer products sector.

LINCOLN PERSPECTIVE

Millennial preferences have spurred innovation, new models and new brands across the retail and consumer products sector. Wise investors and operators are keeping a close eye on millennial and emerging Gen Z trends. These groups are aligning with brands and companies that have aspire to meet or are already fulfilling their emerging customers' unique needs. We expect experience, convenience and health and wellness-focused brands that appeal to Millennials to continue to excel while accelerated investment in such leading companies will drive ever higher valuations.

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