

WHITE PAPER

## Unbundling Assumptions About the Millennial Consumer

Their attitudes about personal information and security may surprise you. Think situation, not stereotype, to connect with the communications sector's most lucrative market.

### **In all the buzz about Millennials, important messages are getting lost**

It's true that the largest generation in history possesses unique traits that are turning the world economy on its ear. But in the rush to understand Millennials, important nuances have been drowned out by stereotypes:

“Millennials are very open with their information and share it willingly.”

“They do everything online.”

“It's the most technologically advanced generation!”

While Millennials may trend toward some of these stereotypes in a macro sense, there is danger in building business strategies based on generalizations. The reality is that Millennial behavior is not so typically “Millennial” when it comes to certain types of transactions. In fact, our research shows that this new generation of communications consumers shares many similarities to their parents in terms of how they shop for services.

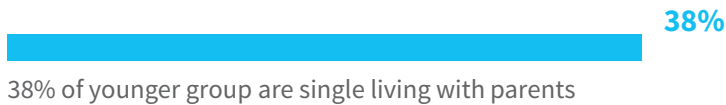
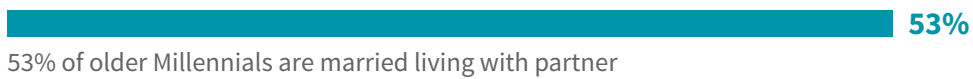
Providers of telco, wireless, cable, over-the-top (OTT) content and other media and social services should take note: Context matters when designing strategies for Millennial-focused customer engagement. It's important to “unbundle” preconceived notions about lives played out on Periscope, Snapchat or Instagram — and recognize that these communications-hungry consumers do have significant angst about handing over their personal details to every company that asks.

## WHO ARE THE MILLENNIALS?

As of 2016, the Millennial generation — which we define as born between 1982 and 1998 — has overtaken Baby Boomers as the largest generation in the United States, at just short of 75 million individuals.<sup>1</sup> By 2020, they'll comprise one-third of American adults.

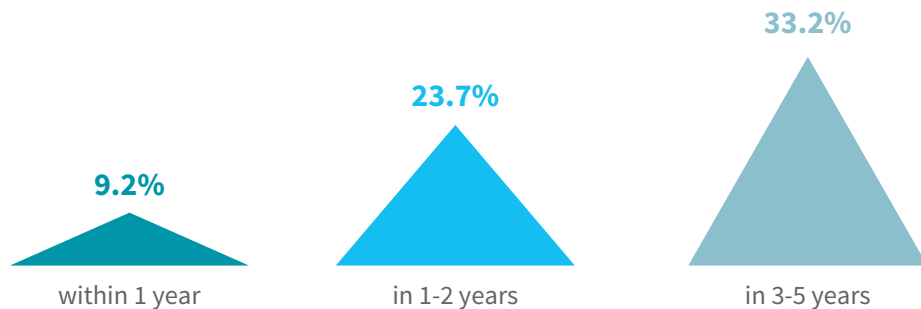
From a sheer numbers point of view, this is the Golden Age of opportunity for communications services. Younger Millennials are starting lives on their own; older Millennials are settling into committed relationships and many plan to purchase a home within the next 5 years. Each of these transition points triggers a search for wireless, broadband, entertainment and services. They're also an educated generation, and more ethnically diverse than older Americans, which tends to influence their attitudes about information privacy.

### LIVING ARRANGEMENTS



■ Younger Millennials = 18-24 years old    ■ Older Millennials = 25-34 years old

### NUMBER OF MILLENNIALS WHO PLAN TO PURCHASE A HOME<sup>2</sup>



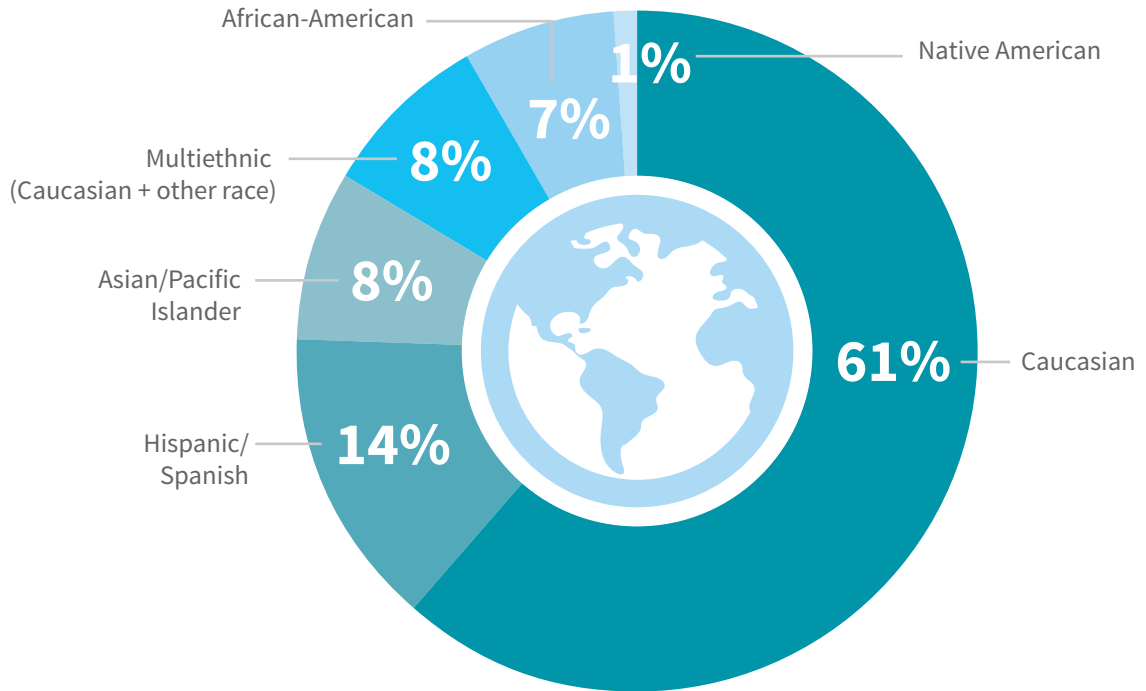
<sup>1</sup> Pew Research Center, Millennials overtake Baby Boomers as America's largest generation, 2016

<sup>2</sup> USA Today, Zillow January 2016 Housing Confidence Index, 2016

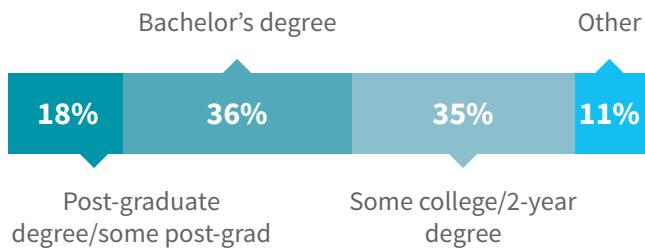
# WHO ARE THE MILLENNIALS?

## ETHNICITY

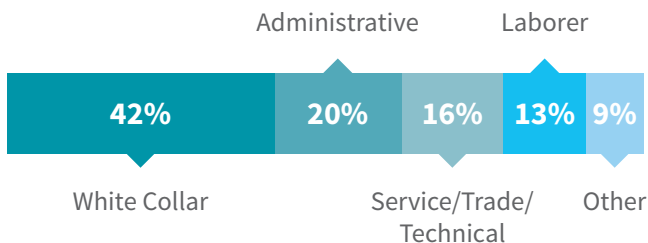
How the Millennials in our study identified themselves:



## EDUCATION LEVEL

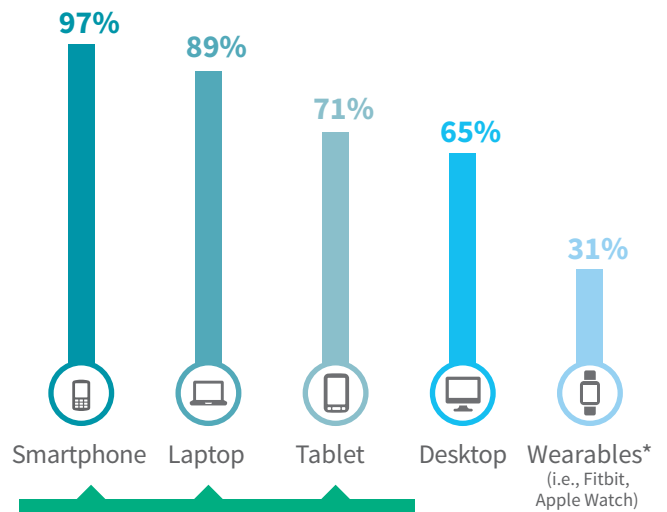


## OCCUPATION



## DEVICE DEPENDENCY

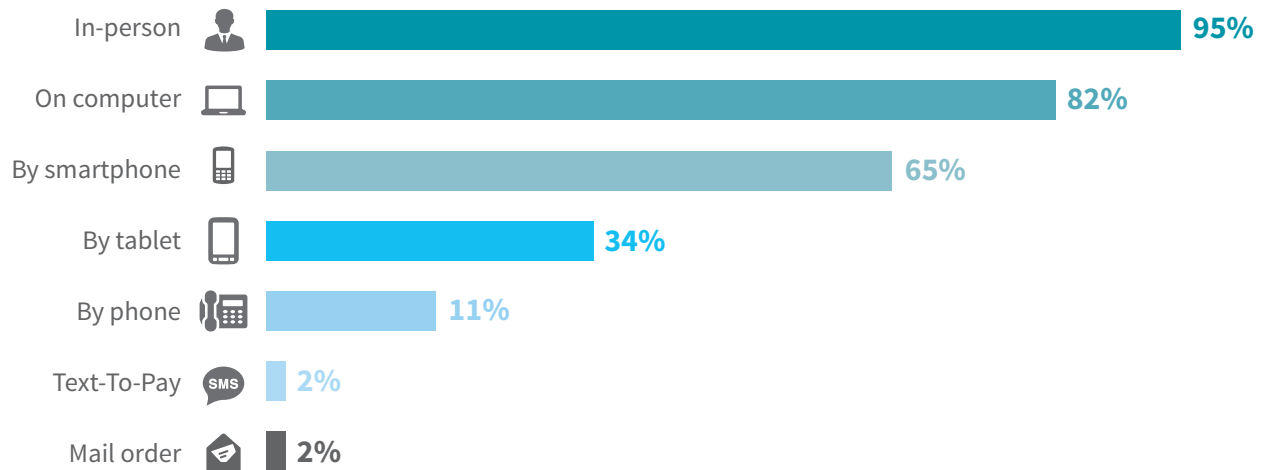
U.S. Millennials use an average of 3.5 different types of connected devices



## SHOPPING FOR SERVICE

Millennials are known for embracing disruption in commerce. But don't let that fool you: When shopping for communications devices, they still value the in-store experience. They shop in physical stores on a weekly basis, while using remote channels at least once a month.

### HOW MILLENNIALS SHOP



Their top motivations for shopping in-store are Immediacy (77%) and Ability to see, touch, and try merchandise (74%).

Clearly, Millennials place a high value on proximity and instant gratification, and that's something e-commerce can't compete with. The preference to go "in-store" doesn't appear to be motivated by worries over the security of online transactions.

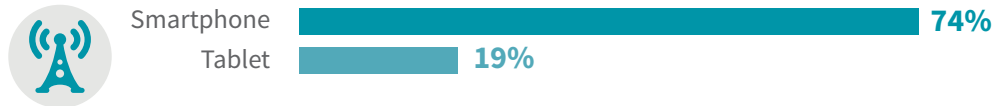
One factor does seem to drive the immediacy of the purchase: Millennials consider smartphones an expression of themselves. Nearly 6 out of 10 will take the upgrade every two years simply because they want the latest model and their contract allows them to have it. However, it is worth noting that Millennials don't upgrade other devices such as laptops and tablets as frequently — they often use them until the functionality fails.

## SHOPPING FOR SERVICE

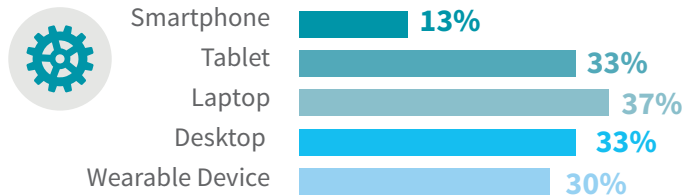
### Who's their go-to?

About three-fourths of Millennials purchase their smartphones from wireless providers, although the higher-educated are more likely to purchase from the manufacturer. Retailers are key purchase points for other types of devices, among all Millennial groups.

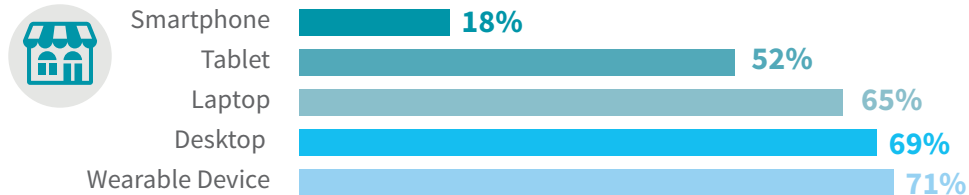
#### WIRELESS CARRIER



#### MANUFACTURER



#### RETAIL STORE



### What makes Millennial consumers tick (And more importantly, what ticks them off)

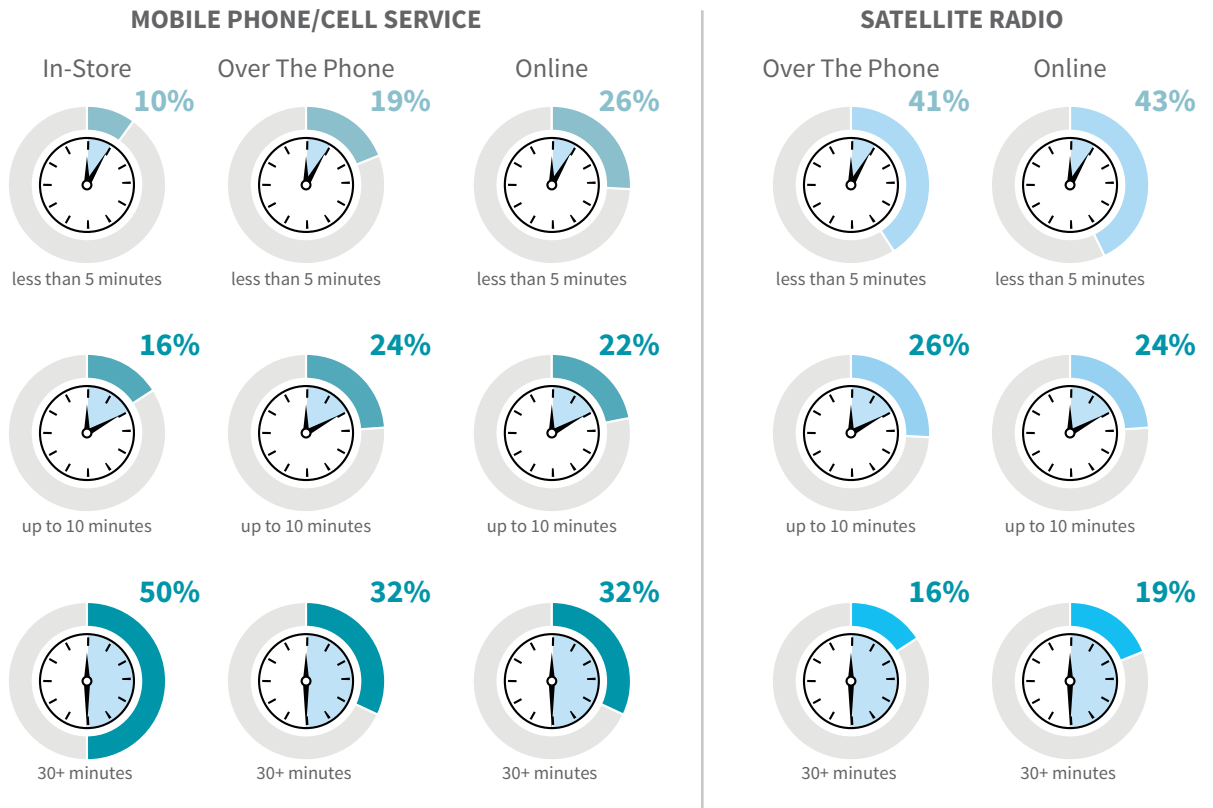
Serving Millennial consumers will continue to call for a mix of physical onsite experiences and mobile/e-commerce engagement. But look before you leap: **Millennial attitudes about privacy and security aren't so easy to discern. A lot depends on the situation.**

This is a group known for being impatient. They eschew experiences that are inefficient and have them waiting for answers. They want retailers to be respectful of their time. Yet paradoxically, they are willing to cut more slack depending on the channel and the purpose of the interaction. Communications providers need to consider the type of services being sold, their value, and the “experience expectation” being set. (For example, an online on-boarding process would be perceived to be faster, more efficient and streamlined than an in-person one. Is it?)

## MORE THAN A MATTER OF TIME

Our research shows that Millennials have varying thresholds of patience when purchasing communications services. Some examples:

### THE AMOUNT OF TIME A CUSTOMER IS WILLING TO SPEND OPENING AN ACCOUNT VIA VARIOUS CHANNELS:



### Timing is everything...But privacy is priceless

Though Millennials put a premium on efficiency, our research shows they are more concerned with the amount of data they're required to provide than the amount of time it takes to open an account or conduct a transaction.

**59%** said they believe companies need to collect information to verify identities and prevent fraud...

**BUT Less than 1/3** fully trust businesses with handling such information to protect them

**And 72%** said they think twice before providing information if they feel the company is asking for too much

**67%** said they'd be likely to terminate account opening over too much information being requested

VS

**21%** who said they'd terminate due to time

### How much is T.M.I.?

A majority of Millennials are only willing to provide two pieces of personal or sensitive information. Only 24% of respondents said they'd be comfortable handing over 3 or 4 pieces of information. Date of birth and a one-time password (OTP) seem to cause the least friction. While it's typical for providers to ask for a social security number, most Millennials are not comfortable sharing that type of identification.

The perceived level of intrusion matters as well. While more than half of survey respondents said they would be willing to give a summary of shopping habits in exchange for free products, only 34% are willing to provide their geo-location for targeted goods/services.

The adoption of biometrics has been slower than you might expect among a “digital generation” — but it's growing. Users mostly activate the feature to lock and unlock devices; about half of the respondents use it for enhanced security. More education about the value and security of biometrics will bring it into the mainstream.

Communications service providers should be aware that attitudes about privacy may be culturally defined. Hispanics, in particular, are more concerned than others about giving out family information (55% vs. 38%) and more sensitive than Caucasians (35% vs. 25%) about providing biometric information. Among Millennials who have been victims of identity theft, more than twice as many Hispanic Millennials said they are “very worried” about the long-term impact of these breaches.

### “Don't you know who I am?”

Asking an existing customer for personal information online raises a red flag. Millennials tend to view this with suspicion that it's a phishing scam. Not only that, it signals that you don't really know your customer — and to a generation that values personal relationships, this is a customer service “fail.” On the flip side, having experience with the brand enhances their comfort level with providing information, but only for certain situations as they choose.

#### PERCENTAGE OF MILLENNIALS WILLING TO PROVIDE PERSONAL INFORMATION...

**36%**

for an existing account: 36%

**41%**

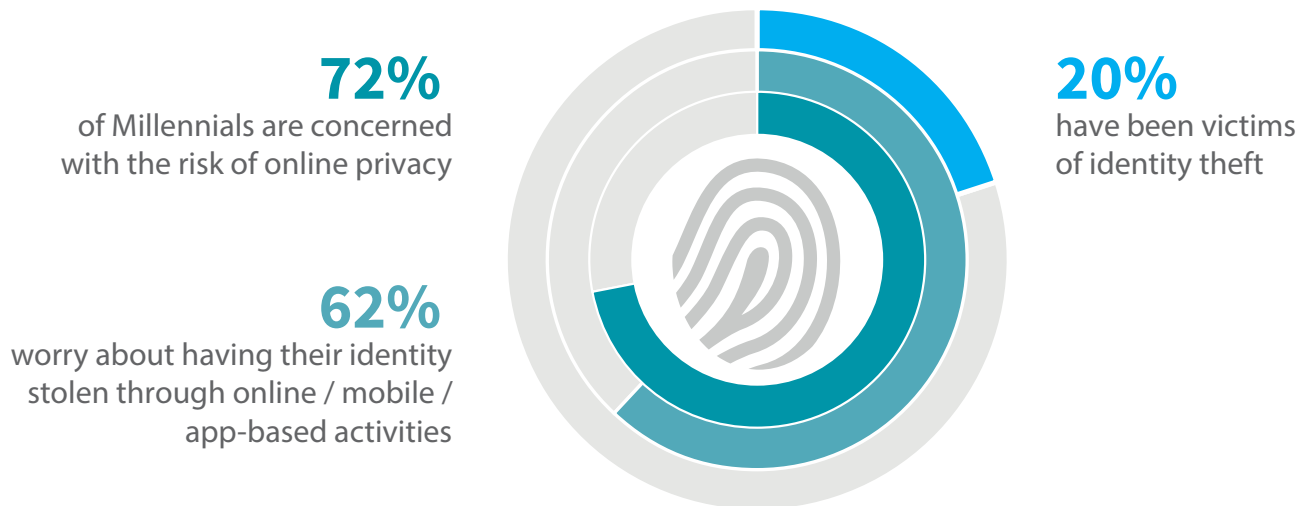
for a new account: 41%

Consistent with other risk and security concerns, few are comfortable linking to existing social media accounts indiscriminately as a way to create new accounts.



## THE PRIVACY PARADOX

Millennials have been anointed “power users” in the digital space. They’re viewed as the brave early adopters ushering the rest of us into new frontiers of commerce. But don’t misconstrue their courage. Millennials are aware of the fraud-related dangers around identity and personally identifiable information (PII) — even though only 1 of 5 of them say they’ve actually been victims of identity theft.



Trust in providers’ access to and handling of their PII is limited. No single provider type is fully trusted with their sensitive information. Telecoms and ISPs fall somewhere in the middle of the pack in terms of level of consumer trust.

However, we see a disconnect between Millennial attitudes toward privacy and security, and their efforts to protect their devices. They recognize the need for companies to obtain information to verify identity — yet they’re bothered by it and will terminate account opening if too much is requested. They aren’t willing to share their personally identifiable information — yet a majority of them will store login credentials on their mobile device (45%) and/or web browser (45%) for greater convenience. This makes them vulnerable to hackers. Few Millennials are using a more secure method, such as a password manager or app.

## Balancing responsible business and frictionless service

Communications services organizations struggle with competing goals. Customer experience, marketing and sales teams want to remove the barriers to Millennial engagement while risk managers have a duty to ensure security of the business and customers' accounts. Satisfying all of these objectives can be achieved with a data strategy centered around enhancing customer insights with alternative data, customizing identity authentication for the situation, and better integrating data between systems so information doesn't have to be requested repeatedly.

### 1. Supplement your customer information with alternative data.

Due to age and life stage it's difficult to gather the type of data required to compose a "fraud-resistant" customer profile. Leverage alternative data about consumers, including the underserved/underbanked, to supplement traditional credit profiles. Such information may include identity documents, tax records, personal property titles and more. This not only provides a broader view, it also takes the burden off the consumer to provide sensitive personal information. This is especially important when you have an existing relationship with the individual.

### 2. Tailor the identity authentication process based on the service channel and the value of the transaction.

Consider differentiated levels of PII gathering and profiling based on the risk of the transaction. Millennials will be less comfortable and/or less willing to provide certain types of information online than they would be in-person. The amount of patience differs by channel based on "size of the prize." A contract for the latest smartphone may be worth the wait; signing up for OTT content likely won't be. Familiarity of the brand or website also influences the perceived level of friction. Also, the research indicates that cultural attitudes about information privacy may create barriers and should be considered in market-based strategies.

### 3. It's important to not only reduce pain around information gathering, but to be transparent about reasons for using it.

Millennials don't inherently trust organizations with their data, so you'll need to reduce pain around information gathering and be transparent about reasons for using it. Pre-populating data wherever possible will go a long way to lessen friction, sensitivity and skepticism from the Millennial consumer. Enabling access to existing accounts through one-time passwords is acceptable to this audience because it doesn't require the exchange of sensitive data — yet it does provide the measure of control they crave.

## Let us help you better connect with Millennials

LexisNexis® Risk Solutions can help you better focus on delivering the right customer experience every time, with sound customer data management and a layered authentication strategy.

Tap into our unparalleled breadth and depth of consumer and alternative data — composed from 45 billion consumer records and more than 13,000 sources — for robust consumer insight and a more complete view of risk.

For more information, call **1.800.869.0751**  
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