

April 10, 2018

WHAT BRANDS SHOULD KNOW ABOUT DISCOUNT-LOVING MILLENNIALS, IN 3 STATS

MILLENNIALS ARE AVID BARGAIN-HUNTERS. HERE'S WHAT BRANDS NEED TO KNOW ABOUT THEIR LOVE OF A GOOD DEAL...

When it comes to shopping, Millennials love a good discount. The generation is adept at thrifting, bargain-hunting, coupon clipping (in the digital form, of course), and getting more bang for their buck in general. [According to Forbes](#), almost 80% of Millennials are influenced by price. So even though Millennials are known for expecting other values from their products like authenticity, transparency, ethical production, and a convenient shopping experience, nothing beats a good discount.

And while this had led to the rise of brands like H&M and Forever 21, which promise the hottest trends at the lowest prices, Millennials' love of a good deal is redefining retail in ways that even the biggest names in fast fashion can't keep up with. Young shoppers are turning to apps like Thredup, Poshmark, and Depop to resell their retail and buy used pieces. The \$20 billion resale market has outperformed the overall retail market in the past five years [according to IBISWorld](#), and it's only getting bigger—the market is expected to grow by about 11% per year and reach \$33 billion by 2021, [according to Forbes](#).

Their love of a discount is also hurting the luxury market—a recent brand equity poll shows Nordstrom is losing favor with Millennials as they skip luxury department stores for off-price options. [MediaPost reported](#) that while the full-price store's sales showed a 2.8% drop from 2016, discount chain Nordstrom Rack's sales offset most of the losses by spiking 2.4%. All of this, of course, is fueled by the digitization of retail, where young consumers can find the same products in brick-and-mortar stores but at reduced prices, as well as the rise of Groupon and other coupon-collecting apps, which stole Millennial hearts early. Now, Millennials *expect* a discount, even when they're shopping IRL. More than half of Millennials use their smartphones to search for a coupon or discount code while in a store, [according to a study from Accenture](#). In other words, finding ways to cut prices is a sure-fire way to get them to buy.

Millennials aren't just cheapskates, though—their reasons for clipping those digital coupons have less to do with entitlement and more to do with their budgets. Though Millennials hold the most spending power of any generation, their bank accounts are decidedly less flush than previous generations'. According to [recent data](#), Millennials make 20% less than Boomers did at the same age, and those with degrees and debt make about the same as Boomers with no degrees did in 1989. At the same time, they are saddled with debt, high housing prices, and [flatlining salaries](#). In our [recent Topline on finances and spending](#), Millennials self-reported having an average of \$1150 in spending money after bills, so it's no wonder finding creative spending solutions is top-of-mind for young consumers. Here's what brands should know about reaching them:



1. Six in 10 Millennials value price over premium products

When we surveyed Millennials on [their feelings about luxury items](#), 60% said they prefer to buy products that are a good value for the money compared to 33% that say they rather buy products that are premium but affordable. Millennials are known for buying from brands that support the causes they believe in—that are local, organic, sustainable, or ethical. But more than anything, 18-35-year-olds are looking for a deal. But that doesn't mean they want cheap products. When we asked what descriptors would make them more or less likely to purchase a product, as many respondents said "cheap" would make them purchase a product as said it would make them not want it (29%). Instead, they were drawn to words like "durable" and "high quality," showing that while they want a deal, it's more important that it's a good deal. They want their premium products at non-premium prices.



2. Eight in 10 Millennials have used a discount code or coupon in the last 12 months

While it's clear that the vast majority of Millennials are taking advantage of coupons, it's also important to note that they're working for their bargains. A [recent study from YouGov](#) found that roughly a third of Millennials say they look for online coupons on a weekly basis, and 40% said the same of print coupons. But more importantly, Millennials don't want to miss a good deal. In other words, coupons push them to buy: as a [study from CouponFollow](#) found, around a third of Millennials say they "always" or "very often" use the discounted offers they find when shopping online. Give a Millennial a coupon code and they're likely to give over their hard-earned cash.



3. Half of Millennials get their discount codes via email

Though Instagram ads and coupon-aggregating apps are popular, the majority of Millennials are getting their discount offers via email. When we asked 18-35-year-olds where they're finding their discount codes, their top answer was email alerts, followed by retailers' websites and—believe it or not—mailers. Just 13% of Millennials get their codes through mobile apps and 11% get them on Instagram. For brands wanting to reach the demo, email is the clear winner. In fact, when we asked 18-35-year-olds [what they use their email for](#), 65% said promotion and discount notifications, which was their top answer after updates on personal and work accounts.

Terms & Conditions: Use of this content must adhere to the Terms & Conditions, published at <http://www.ypulse.com/about-ypulse/terms>