



Coming of Age

How millennials are becoming
a growing economic force

Millennials are the largest generation in history and are on track to earn even greater purchasing power.

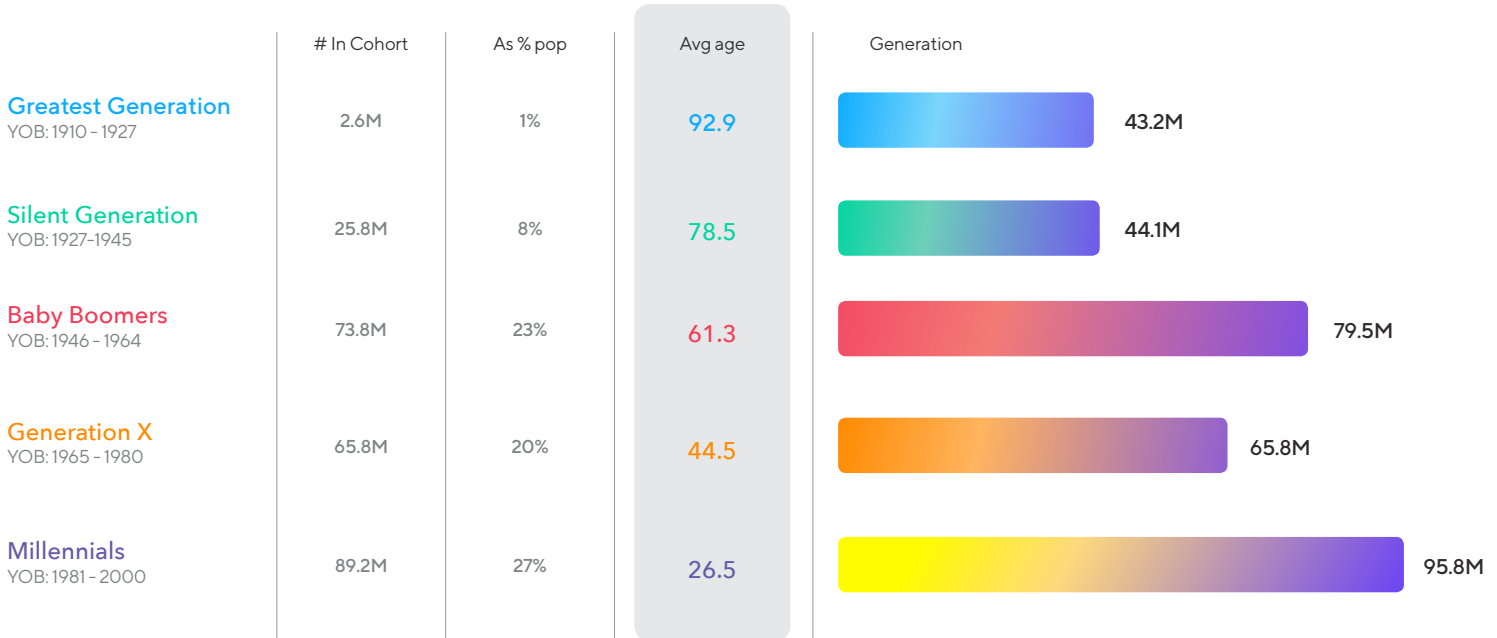
Millennials – those born between 1981 to 2000 – are frequently the center of marketing and targeting conversations. Traditionally, they've been defined by their digital savviness, liberal beliefs, and confident attitudes. In almost every regard, however, millennials are defined by their youth.

Yet as we continue to evaluate this generation's core characteristics and behaviors, it's important we change our perceptions of them as teens and young twenty-somethings. As millennials grow older and their social and economic influence increases, it's important that advertisers update their messaging toward what

millennials are on the cusp of becoming: the greatest economic force in history.

This is a generation that was raised with technology. Millennials' largest and most important brand relationships have typically been with digital brands like Snapchat, Netflix, Amazon, and Apple. Now, as millennials grow older, every brand across every industry will need to work to appeal to this tech-savvy, digital generation. Their impact on the US and global economy is set to grow exponentially in the next ten years as they become even more deeply ingrained in the workforce.

Millennials represent the largest population cohort ever



STATISTICS @ 2017

Figure: Comparative size of generations

Population in millions

PEAK SIZE OF GENERATION

Figure: Comparative size of generations

(includes immigration)

Today, millennials represent a massive 36% of the US adult population, and almost half (45%) of the global adult population. Within the US, millennials are estimated to reach a peak size of 96 million potential consumers, making them 45% larger than Gen X (30 million more people). Brands that previously catered to older generations need to engage with these up-and-comers to not get left behind.

Within the US, millennials are estimated to reach a peak size of **96** million potential consumers

Globally, millennials are 45% of the adult population

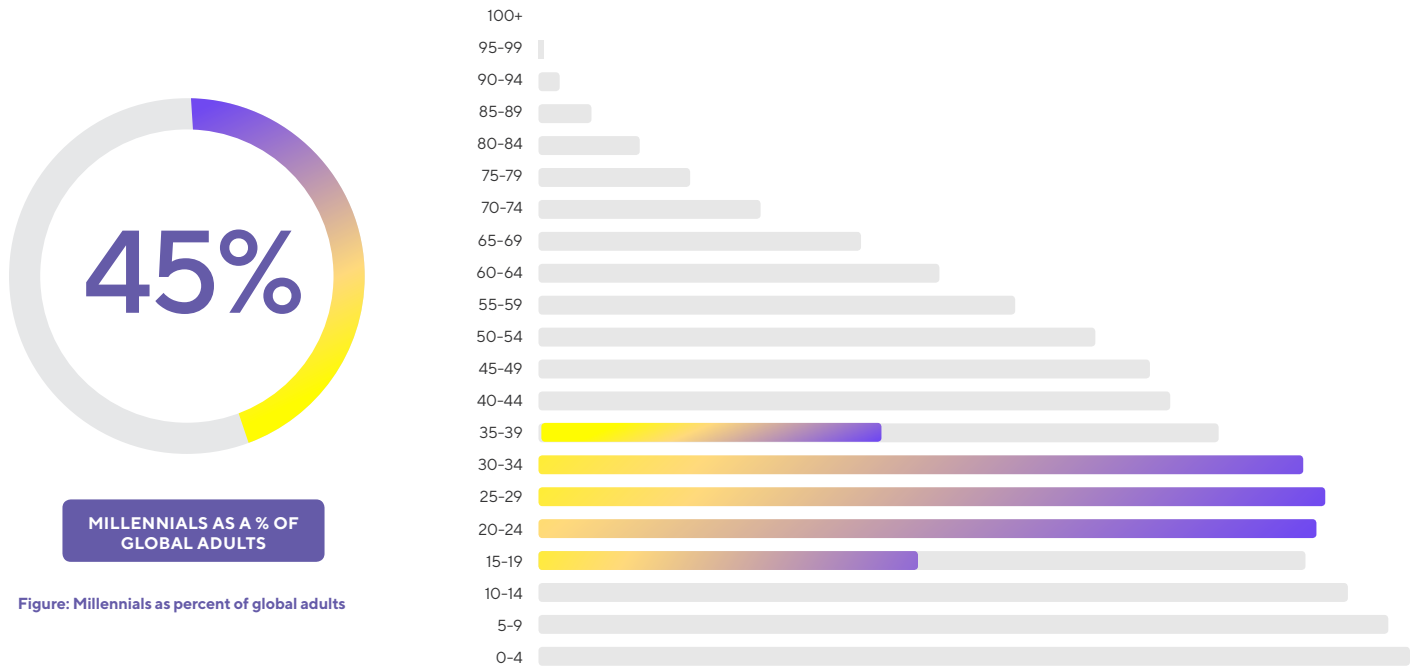
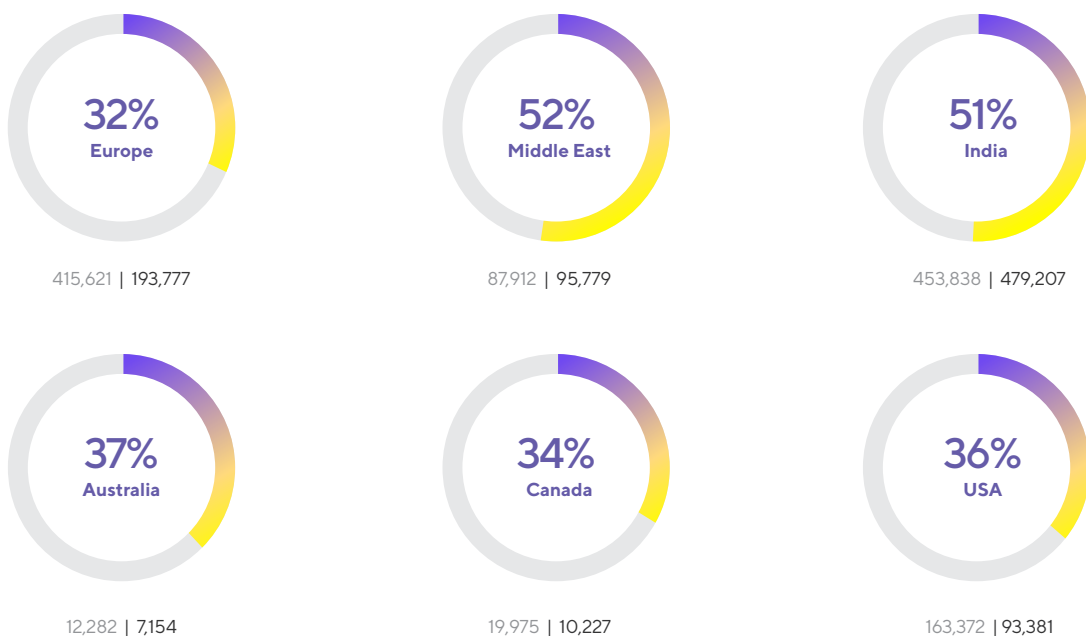


Figure: Millennials as percent of global adults

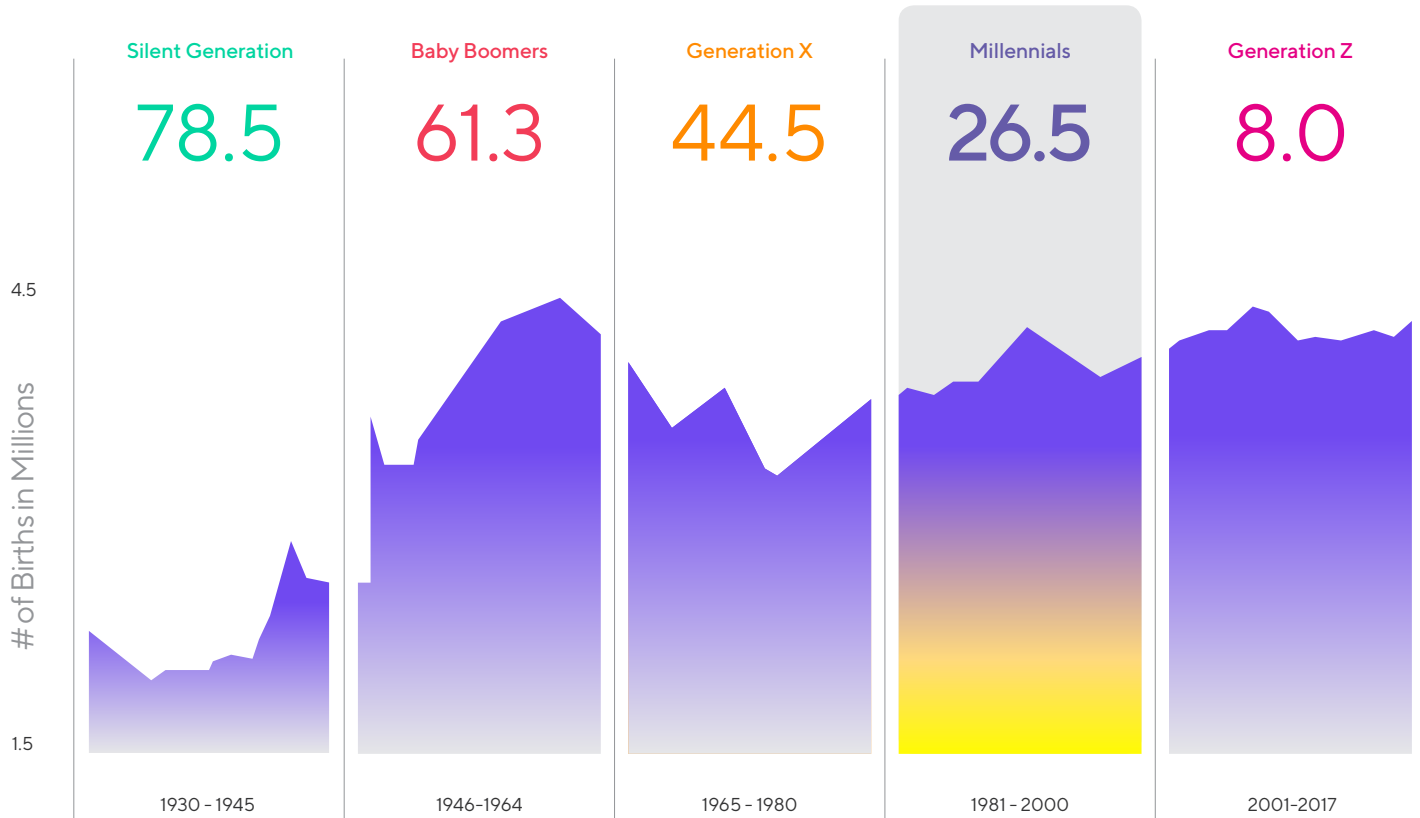
The percentage of adults millennials make up in six major regions



The average millennial is older than you may think

Figure: Births by year
From 1930 to now

Average Age 2018

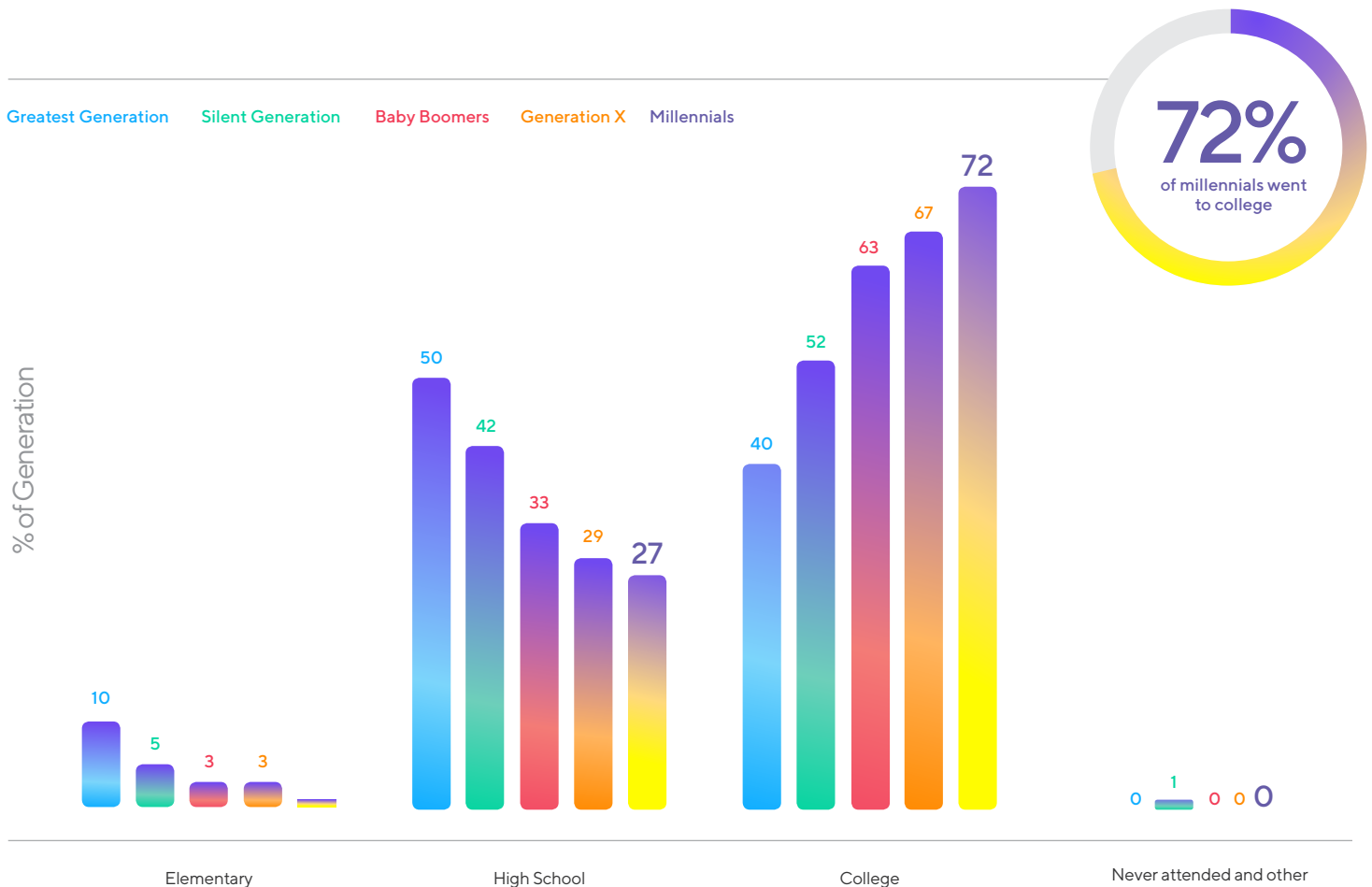


In the past decade, most discussions regarding millennials have been focused on their youth and how they diverge from “adults” (baby-boomers, Gen X, etc.). However, millennials have aged quite significantly since they first made their way to the forefront of marketing discussions. Today, the average millennial is 26 and a half, with the oldest clocking in at 37 years old.

On average, millennials are expected to have longer life expectancies, meaning their impact on the economy will have lasting effects that surpass that of previous generations. For brands, building loyalty with millennial consumers can impact how millennials engage with businesses for many years to come.

On average, millennials today
are **26.5** years old

Higher educational attainment is creating unmatched purchasing power

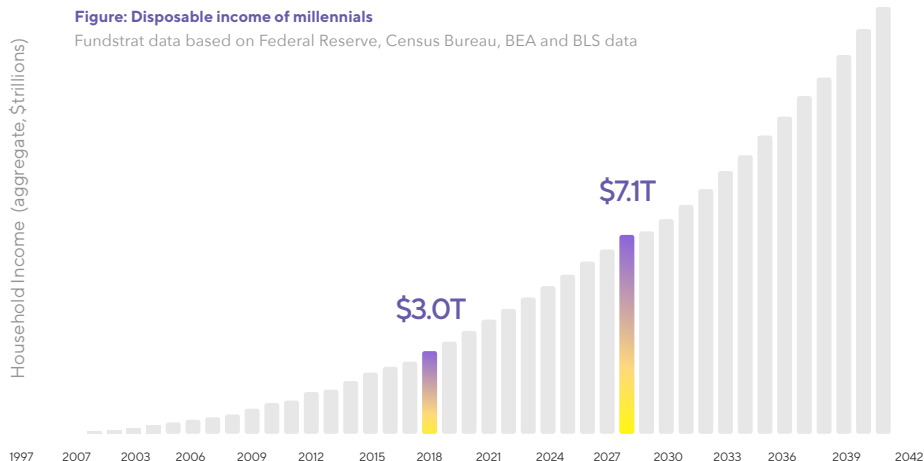


Millennials' size, growing age, and overall earning potential will lead to significant increases in their purchasing power. Within the US, over 72% of millennials have attended college, compared to 67% for Gen X and 63% of Boomers. Because educational attainment has significant implications for more advanced and higher paying roles, we anticipate significant increases in the generation's disposable income over time.

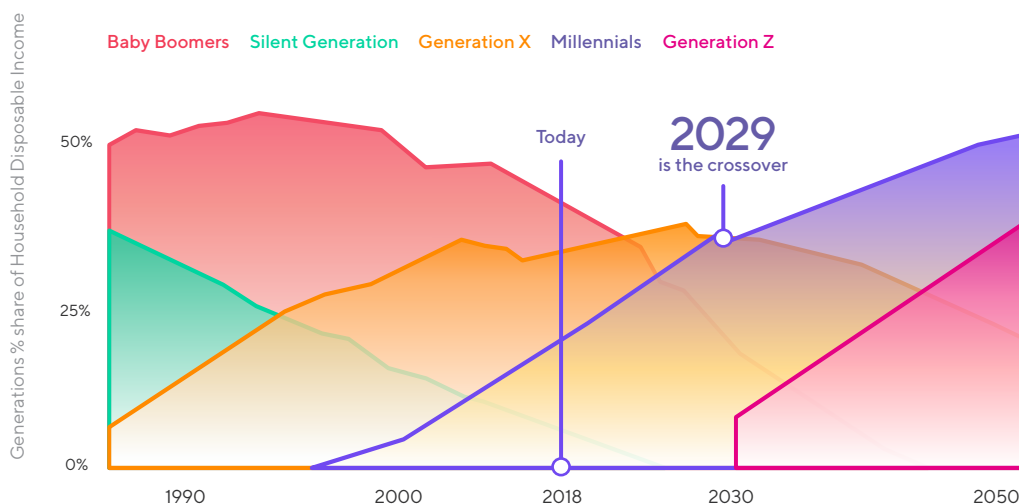
14% more millennials attend college compared to Boomers

Millennial disposable income will grow to over \$7 trillion in the next decade

Fundstrat estimates millennial disposable income in the US to be about \$3T today, and to grow 9.1% annually to \$7.1T by 2028. This drastic increase will represent a significant shift in the share of income by generation. Based on the Census Bureau and United Nations DESA, millennials are expected to capture the largest share of income by 2029 – surpassing Baby Boomers, who still possess a larger share of income than Gen Xers (primarily because of the smaller size of the Gen X cohort).



Percentage share of disposable income of each generation



Source: Fundstrat, commissioned by Snap Inc., 2018

1 US Disposable income is nominal SAAR \$. The calculation is based on Federal Survey of Consumer Finance to determine median income by generation. The population data is using single age census data to determine number of millennials of working age. Using this population x income ratio x # millennials determines aggregate income. Income projections based on 2.0% Real GDP growth, 2% inflation and household disposable income share constant of 70%.

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Millennials will continue to dominate consumer spending across categories

Millennials' share of US consumer spending is expected to grow from 21% today to 33% by 2028, which will have significant benefits for businesses and industries that can adequately tap into their ever-growing needs. Already, millennials represent the largest share of first-time automobile purchasers today. Within the next decade, millennials are expected to represent the vast majority of parents and first-time home buyers, as well as individuals typically considered to be in their "prime income years." By the next decade, US millennials are expected to be responsible for 78% of all births, 44% of vehicles purchased, and about 40% of housing starts.

US millennials will be responsible for **78%** of all births, **44%** of vehicles purchased and about **40%** of housing starts in the next decade.

By 2028, millennials will make up a majority of three key markets

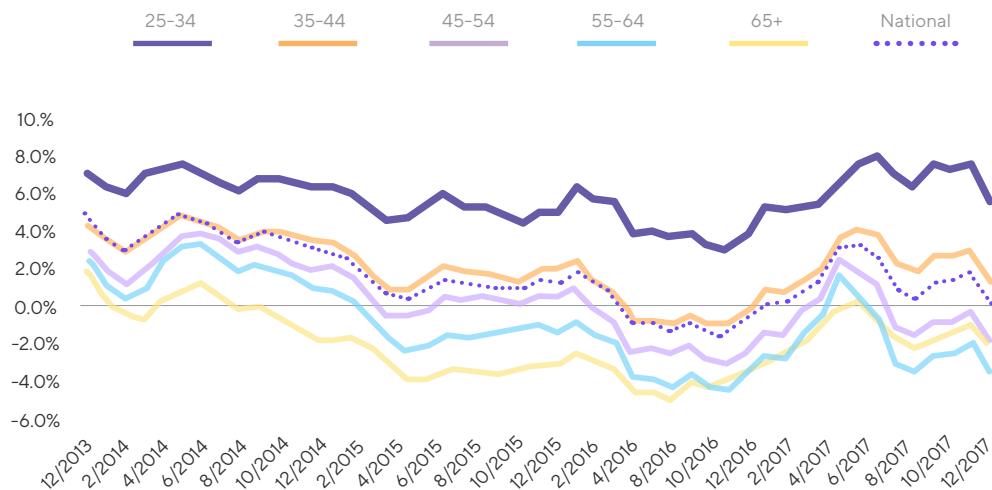
Figure: Share of total over next ten years
Per Fundstrat

	Millennials	Total US Market	Millennials share of 2018-2028 total
New Parents	36 Million	46 Million	78%
Vehicles purchased	96 Million	217 Million	44%
Housing starts (total)	7.5 Million	18.8 Million	40%

The financial impact millennials have on frequent, smaller, purchases is significant as well. Current US credit card data by Chase shows that millennials are driving overall consumer spending growth across categories. Since 2013, millennials aged 25-34 have been the only cohort to see consistent gains year-over-year in credit card spending. This pattern is consistent across all of the top 14 metropolitan areas. Some areas, like San Francisco, see differences in growth rates as large as 9% between millennials age 25-34 and the total population.

Millennial credit card spending is outpacing the rest of the population

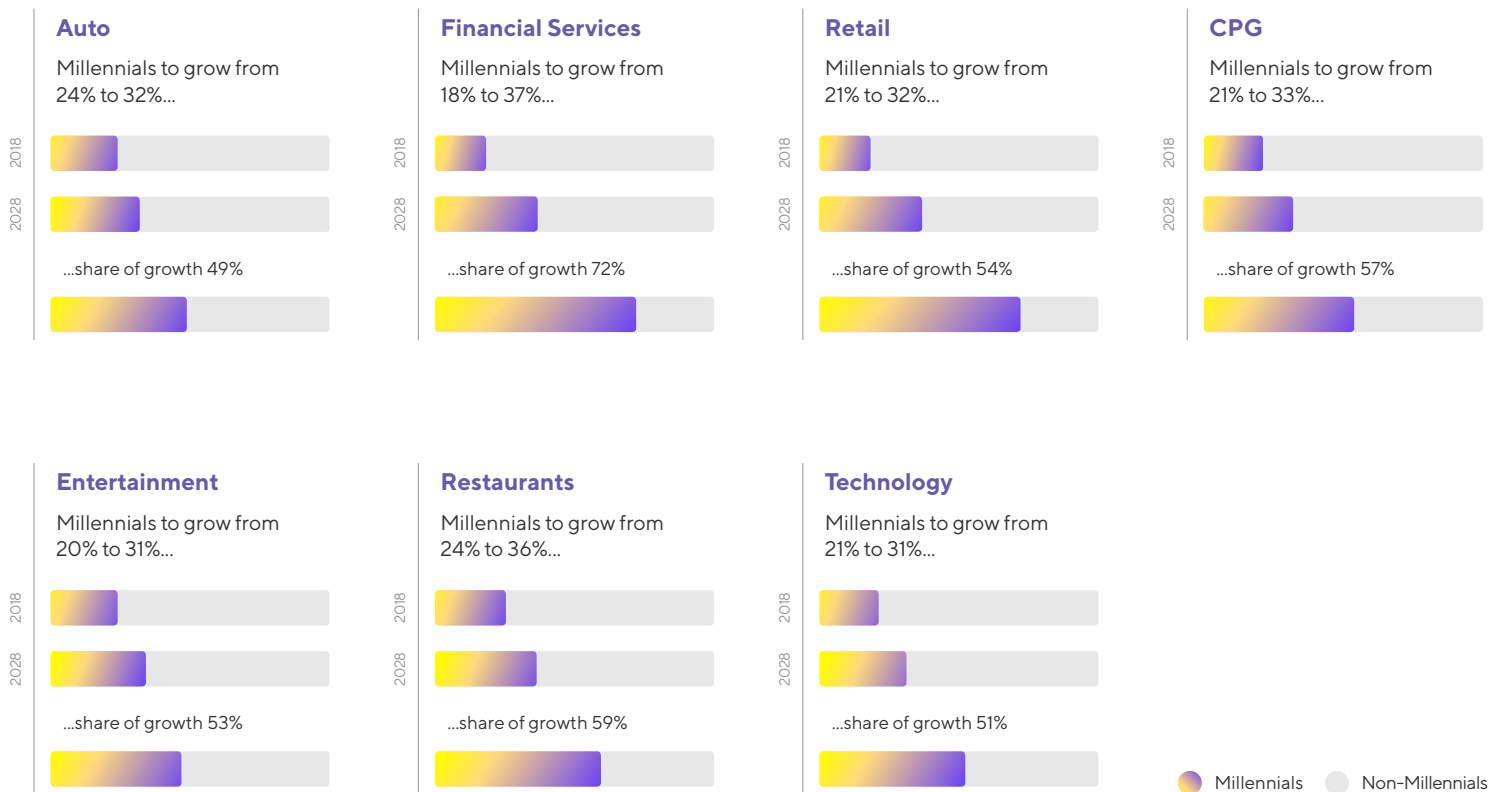
Figure: Chase credit card spending growth based upon cohort
Per Chase Bank



Millennials will drive over half the expenditure growth from 2018-2028

Millennials aren't teenagers any longer. They're managers, car purchasers, home-buyers, and parents. As they grow into their adult years, it's important that we begin to see them as the highly-educated adults with considerable buying power they are rapidly becoming.

Figure: Millennials share of consumer spending categories and the overall share of growth
Millennials are defined as born between 1981 - 1996



1. Source: Fundstrat, commissioned by Snap Inc., 2018

2. Categories listed from largest 2018

3. 2018 millennial share represents the respective category's 2015 wallet share applied to US 2018 est. millennial spending for the category, as a percentage of 2018 est. US aggregate spending for the category. 2028 millennial share is derived similarly using the respective category's

2015 Gen X wallet share applied to US 2028 est. millennial spending for the category as a percentage of 2028 est. US aggregate spending for the category.

4. Category composition. Auto: transportation, vehicle purchases (net outlay), gasoline and motor oil, other vehicle expenses public and other transportation; Financial Services: personal insurance and pensions, mortgage interest and charges vehicle insurance, cash contributions, vehicle rental/leases/licenses/other charges, vehicle finance charges, life and personal insurance; Retail: household furnishings and equipment, apparel and services, drugs, audio and visual equipment services, toys/hobbies and playground equipment, other entertainment supplies/equipment/services, personal care products and services; CPG: other food at home, meats/poultry/fish/eggs, fruits and vegetables, personal care products and services, alcohol beverages, cereals and bakery products, housekeeping supplies, dairy products, tobacco products and smoking supplies; Entertainment: entertainment, audio and visual equipment and services, other entertainment supplies/equipment/services; Restaurant: food away from home; Technology: telephone services, audio and visual equipment and services, other entertainment supplies/equipment/services

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