



MILLENNIALS ARE LEADING THE WAY ON  
DIGITAL INNOVATION IN ECOMMERCE



## From automated machine purchasing, to social commerce, voice and AI, and superfast delivery – millennials are at the forefront of eCommerce innovations.

A major new report titled “The Future Shopper,” by Salmon, a Wunderman Commerce company, provides fresh insight into the millennial demographic and their shopping habits and preferences, to inform brands and retailers of the challenges and opportunities millennials bring to the eCommerce landscape.

From a study of more than 3,500 shoppers in the US and UK who shop online once a month, 43% of their total spend is now online; in the US it's even higher at 49%. But, for millennials alone, in particular the 25 to 34 age group, this rises to 47% in the UK, and 53% in the US.

Born at the turn of the last century, millennials grew up in the midst of huge technological advancement. They saw TV channels change from analogue to digital, the evolution of the internet from dial-up to broadband and their parent's house-phones switch from landline to mobile.

Known as the first digital generation, they were early adopters of technology and, as young adults, their influence continues to shape this digital-first world. An army of these tech natives are behind the daily apps we use in our phones (Facebook, Instagram, Snapchat), the browsers we use to search (Mozilla Firefox), and even how we date in a modern world – hey Tinder!

Millennials have been blurring the boundaries between digital and physical commerce for some time, demanding more and more digitally from retailers; transforming a traditional 9-6 service to one that never sleeps. Now entering their prime working years, they have spending power and are soon to become the largest consumer group. A 2018 report by Pew Research has projected that millennials are set to surpass baby boomers as the largest living adult generation by 2019.

So, what exactly has The Future Shopper report revealed that should make businesses prick up their ears?

### Millennials and Marketplaces

It's probably the worst kept secret in eCommerce – Amazon is dominating online, and millennials are helping drive it; with over half (58%) most likely to purchase products through Amazon than anywhere else.

Quick delivery options, competitive pricing and an over-abundant number of products are big draws for this digital savvy generation; when it comes to winning over millennial consumers – Amazon is stand out.

Its Amazon Prime service is a powerful example of this, and caters to millennials' quick delivery expectations, with 64% demanding a speedy delivery of 24 hours, compared with 43% on average. No surprise then, that they make up the biggest demographic of Amazon Prime members in our survey at 69% compared with an average of 52%. A further 85% said they are more likely to purchase through a service like Amazon Prime, than they are to go directly through a retailer or brand's online site.

It's little surprise that Amazon and marketplaces are increasingly the preferred site to shop for millennials, given 94% rate price as being significant when purchasing a product online and 93% say the speed of delivery is another important factor – both of which Amazon sets the standard for. And, even when millennials aren't shopping directly through Amazon, 89% still visit the site to check for reviews and pricing.

With 89% of millennials also excited by the prospect of being able to order all their goods through one retailer, interestingly, it is no longer just your conventional products they are searching and shopping for, through these new-economy conglomerates. 28% of the millennials in our survey claimed to do most of their online food shop through a marketplace, compared with 19% on average. Although 10% still prefer to shop through a retailer's online store for groceries, is the gap between retailers and Amazon closing cross-sector? Furthermore, a 71% of millennials would be happy to allow someone to deliver and stock their fridge with groceries whilst they are out.

**89%** of millennials are excited by the prospect of being able to order all their goods through one retailer

When asked across eight categories where millennials prefer to shop online, from fashion to technology, and even children's toys, for seven of the eight, the answer was an online marketplace.

Luxury is another category where millennials prefer to shop through a marketplace at 36% (vs 28% of other respondents). For some time, there has been talk of millennials being the driving force behind "the new luxury" – less concerned about the price tag, and instead valuing experiences over material goods.

Despite many of the report's findings, it's not all plain sailing for the digital juggernaut, Amazon, with opportunities for brands and retailers to bridge the gap. More than two thirds of millennials (67%) are worried about the likes of Amazon dominating the online industry; and there are certainly reasons for them to go elsewhere. The top three factors cited by millennials to shop at another retailer over Amazon are:

- Cheaper pricing – 38%
- More convenient delivery options – 31%
- More attractive loyalty programmes – 30%

**67%** are worried about the likes of Amazon dominating the online industry

## Millennials and social media

Millennials are renowned for being social media fanatics, and social media now comes in many different forms; blogs, forums, picture and video sharing platforms, business networks, to name a few. But, with the ever-evolving

nature of digital, social is moving on. Social platforms have become much more than networking sites, they're now used to actively promote and sell – changing the way consumers interact with brands and discover products. Users are now able to shop directly with a number of retailers through Instagram, Facebook and Pinterest.

Our report revealed that 39% of US millennials are already taking advantage, and actively purchasing through social platforms, though, at 16%, the UK has a way to catch up.

For those not actively shopping, 37% (across UK and US) are making recommendations to their friends on products to buy, compared with 24% of all respondents; and 32% find inspiration for to buy on social channels like Facebook, Instagram and Twitter.

Whilst this reaffirms current thinking on millennials, our findings on tech affinity should be a wake-up call for both brands and retailers...

## Millennials pushing ahead on technology

Millennials are highly invested in digital technology; among the first to try out new innovations and the first to drop them when they begin to date, and others advance. But, how exactly are they shopping right now and how do they plan to shop in future? Our report has revealed 87% of millennials will increase their use of digital shopping channels in the near future with a further 45% currently using an online subscription service compared to 31% on average.

A staggering 81% of millennials say they are ahead of retailers digitally, with 86% expressing they wish retailers would be more innovative in how they use digital technology as part of the customer experience vs an average of 72%.

**81%** feel ahead of retailers digitally, with 86% expressing that they wish retailers would be more innovative

Millennials are comfortable with voice technology too, with 44% already using smart assistants, like Amazon Echo and Google Home, compared to just over a quarter (29%) for all respondents.

82% of millennials want cashier-less payment too, and are more likely to buy from a store like Amazon Go, to do this. Over a quarter of millennials (28%) are using automated purchasing (AKA Programmatic Commerce™) to order on their behalf, based on their preferences (such as price limit, preferred brands, etc), compared to an average of 18%.

Love them or hate them, they're set to be the biggest consumer base by 2019 (source: Pew Research Center 2018) and there is no sign of their influence on digital trends slowing down anytime soon!

**82%** want cashier-less payment

When targeting the millennial demographic, it isn't just important to ensure your customer experience includes the latest technologies, but it also continues to innovate and stay ahead of digital trends. Tech is core to their experience, and if you're not providing it, they're unlikely to connect with you.

Hugh Fletcher, Global Head of Consultancy and Innovation at Wunderman Commerce, suggests many retailers should see this as a wake-up call: ***“Our Future Shopper survey found that 89% of millennials are excited by the prospect of ordering all their goods through one retailer; a similarly high percentage (86%) also wish retailers would be more innovative in how they use digital technology. So if you're a retailer that's failing to match the tech expectations and experience of this demanding consumer group, you're not likely to get a second chance at their custom any time soon, when there are other retailers ticking the right boxes.”***

It's also fundamental for brands and retailers to evolve with the eCommerce landscape. Take social commerce for example; scores of millennials exist on these platforms, making it a huge opportunity for brands to engage, and drive sales back through to their sites. Whilst these digital innovations may initially seem daunting to brands and retailers, they also offer huge opportunities.

Millennials are changing the way we shop online and are excited by the prospect of products being available through a single site, demonstrated by their love of Amazon, which means brands and retailers need to innovate fast to compete. So, now's the time to get digital, get social, get innovative and get ahead before it's too late.

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Salmon, a Wunderman Commerce company, has a team of eCommerce multichannel experts who are working with leading brands to address both the opportunities and challenges addressed within this article. These are explored amongst other key themes in its ground-breaking, new report “The Future Shopper”. [Download your full copy here.](#)

In this report, we asked over 3,500 consumers from the US and UK aged between 18-64, and who shop online at least once a month, about everything from automated purchasing and the dominance of Amazon, to the rise of voice-activated devices and the shifting shopper priorities.

[Read the full report](#) “The Future Shopper – 2018 and beyond”

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