

## THE MILLENNIAL GENERATION

## Who are the Millennials?

Generations, like people, have personality and the Millennial generation is no exception. Also known as Generation Y or Next, Millennials reached adulthood at the start of the new millennium. According to the definition coined by the US think tank Pew Research Center, this includes all those born between 1981 and 1996. Therefore, Millennials are now aged between 22 and 37 years old. In this article, we try to identify the main features that define the Millennial generation and the reasons why this generation differs from previous ones.

Let's begin by comparing its size over the population. Globally, the Millennial generation is a larger cohort than previous ones. In particular, it is estimated that they represent almost 24.0% of the world's population, much more than the Generation X (19.5%) or Baby Boomers (17.0%).<sup>1</sup> In the US, 22% of the population belongs to this generation and it is estimated that, by 2019, Millennials will surpass Baby Boomers as the largest adult generation in the country.<sup>2</sup> In Europe, however, the generational composition is quite different. According to Eurostat data, in 2017 there were approximately 102 million Millennials living in the EU, roughly 20% of the population, while the Baby Boomers accounted for a larger share (23.4%). In Spain, the Millennial generation is even smaller (18.7%), and Generation X represents the largest share (26.2%).

So, what characterises this generation? The major events that define a period in history, such as scientific and technological advances or economic crises, affect the entire population, but tend to leave a greater mark on younger adults, since they are still forming their values and expectations. In fact, several studies show that this impact not only affects them while they are still young but tends to accompany them throughout their lives.<sup>3</sup> In this sense, and in order to characterise Millennials, we can look at how important events that took place at a global level while they were growing up (between 1995 and 2010 approximately) may have shaped them in one way or another. In particular, this generation has grown up during a period of rapid change, characterised by globalisation, the digital revolution and the great economic crisis of 2008. All these events have given them a set of preferences, attitudes and expectations that differ from those of previous generations.

Firstly, one of the main features of Millennials is that it tends to make its vital decisions, such as forming a household, later than previous generations. In particular, according to a study by the Pew Research Center for the US, the proportion of young people under 34 who are married is at an all-time low.<sup>4</sup> Data for the EU also suggest that Millennials are getting married later than the Gen X-ers. Nowadays, the average age at which Europeans marry for the first time has risen to 34 for men and 31 for women, compared to 30 and 27 in 1999, respectively. Similarly, Millennials also wait longer to have children. In particular, the average age at which women have their first child has been increasing over the past few years, reaching 29 in Europe, an all-time high.

This trend is due to the fact that many young people today have other priorities when they reach adulthood, such as getting a good education and financial security.<sup>5</sup> In fact, Millennials constitute the most educated generation in history. This is largely due to the demands of a modern knowledge-based economy, but also from the fact that many of them chose to continue studying due to the impossibility of finding work during the financial crisis. Thus, in Europe, the proportion of young adults with higher education is larger than ever: 4 out of 10 people aged 25 to 34 have completed university studies. In 1999, when the Gen X-ers were the same age, the percentage was 24%. This trend is even more pronounced in women aged 25 to 34: 44% of them have higher education compared to 33.6% of men.<sup>6</sup>

Another feature of Millennials is that they are the first digital native generation. Specifically, they grew up with the internet and many other technological advances, such as smartphones and tablets, and are very familiar with everything «digital». In fact, connectivity to the online world is deeply rooted in their personal and professional lives. In the EU, 9 out of 10 Millennials aged 20 to 34 use the internet on a daily basis, compared to 78% of the Gen X-ers and 48% of Baby Boomers. Also, 9 out of 10 European Millennials have a smartphone and spend an average of five hours a day online.<sup>7</sup>

1. The Generation X includes all those born between 1965 and 1980, while the Baby Boom generation refers to those born between 1946 and 1964. United Nations data for 2015.

2. According to data from the US Census Bureau.

3. See Pew Research Center (2010), «Millennials: Confident. Connected. Open to Change», Social & Demographic Trends.

4. See Pew Research Center (2014), «Record Share of Americans Have Never Married», Social & Demographic Trends.

5. See Vespa, J. (2017), «The Changing Economics and Demographics of Young Adulthood: 1975-2016», US Census Bureau Report.

6. Eurostat data for 2017. In 1999, this difference was much smaller, namely 0.2 pp.

Therefore, Millennials are an hyper connected generation, which makes an intensive use of new digital technologies, more than previous generations. For example: 6 out of 10 European Millennials make online purchases<sup>8</sup> compared with 53% Gen X-ers and 29% of Baby Boomers. Likewise, nearly 80% of Millennials report using the internet to find information on products and services (compared with 72% of Gen X-ers and 47% of Baby Boomers) while a third of them uses the internet to find and apply to jobs (compared with 18% of the Gen X-ers and 4% of Baby Boomers). In addition, they also have a larger presence on social media: 8 out of 10 European Millennials have a profile on social media (compared with 56% of Gen X-ers and 24% of Baby Boomers).<sup>9</sup> One of the motivations behind their participation in social media is connecting with other people (often in real time).<sup>10</sup> In fact, for many of them, digital relationships are intertwined with other forms of interaction.<sup>11</sup>

Similarly, their great affinity for technology has given them a variety of behaviours and attitudes that, for now, are exclusive to this generation, such as their preference for immediacy.<sup>12</sup> Millennials value the convenience of being able to access information, compare products and services, buy and communicate from anywhere and at any time. This immediacy in the connection with the (digital) world has become part of the expectations of many Millennials, who value speed, efficiency, ease and simplicity in everything they do, also in the offline world.

On the other hand, despite having more facilities to work and study in other countries, the millennial generation does not seem to be more mobile than the previous generation (Generation X), at least in Europe. Specifically, data show that the percentage of European millennials who work in another EU-15 country –approximately 2%–, is similar to that of the Generation X at their age. Moreover, according to a survey of young people aged 16 to 30 in EU-28 countries, the vast majority (61%) of young Europeans do not feel inclined to travel to another member country to study or find work, while 9 out of 10 young people reported they had never done it.<sup>13</sup>

Finally, Millennials tend to be more averse to risk than previous generations. According to a survey conducted by the Brookings Institute, the average investor aged 21 to 36 has most of their savings in cash and deposits, compared to 23% in older generations.<sup>14</sup> One of the reasons behind this trend is that, despite being highly educated and their digital skills, for most Millennials the entry into the labour market coincided with the financial crisis. This, among other factors, may have affected their attitude towards risk. In fact, according to a study by the economists Malmendier and Nagel for the US,<sup>15</sup> people who experience low market returns tend to be more averse to taking on financial risks and participate less in the stock market. Moreover, this effect is greater the younger the person is.

In short, the events that define the period in which Millennials have grown up have helped to shape their preferences, attitudes, values and future expectations that characterise them as a generation. Although the economic environment was not entirely favourable during their youth, this generation, incredibly well-trained and with a great ability to adapt to the new technologies, is very well equipped to face the future successfully.

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7. See Telefónica (2013), «Telefónica Global Millennial Survey: Europe Results».

8. Over the past three months, according to Eurostat data for 2017.

9. According to Eurostat data for 2017.

10. Another reason is to keep up-to-date with the news and current affairs.

11. See Ipsos (2017), «The Millennial influence».

12. See The Boston Consulting Group (2012), «The Millennial Consumer: Debunking Stereotypes».

13. See EPRS (2016), «European Youth in 2016», 2016.

14. See Brookings Institute (2014), «11 Facts about the Millennial Generation», Brookings Now.

15. See Malmendier, U. and Nagel, S. (2011), «Depression Babies: Do Macroeconomic Experiences Affect Risk Taking?», The Quarterly Journal of Economics, volume 126.