

MARKETING

Millennials to inherit \$68tn, will spend on values

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Dolce & Gabbana's Stories features millennial-centric content. Image credit: Dolce & Gabbana

By BRIELLE JAEKEL

By the year 2030, millennials are expected to have five times the amount of wealth as they do now. But philanthropy will be a significant part of their expenditure, as this generation is showing an early interest in giving.

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While philanthropy is typically seen in older consumers, millennials' values are strong at a younger age than other generations, as they have shown monetary interest in causes early on. In a new report from WealthEngine's Research Lab, millennials are on set to inherit \$68 trillion in what it is calling the "Great Wealth Transfer."

"The fact that more than half of all millennials are already contributing to causes is surprising, when donating is usually associated more with older, wealthier individuals," said Moira Boyle, director of luxury sales and strategy at WealthEngine. "Seventy percent of millennials are also more willing to spend with brands that support causes they care about.

"This truly speaks to the values of this generation as a whole," she said. "They are willing to put their dollars behind who and what they stand for, and not support others. They are not apathetic.

"To remain relevant, brands and institutions need to be very aware of their millennials' wealth, tastes and behaviors, and how they choose to be intentional."

Millennials' minds

The report shows that the values of the millennial segment should be an important part of luxury brand strategy, as this generation is set to inherit this wealth within in the next 10 years. Their characteristics highly impact purchasing habits, with many making sure to spend their funds with brands that share their core values.



Millennials are critical to luxury brands' future. Image credit: "Meet the HENRYs: The Millennials that Matter Most for Luxury Brands" (Paramount Book Publishing, 2019)

"Millennials' commitment to charitable causes is taking hold fast," Ms. Boyle said. "We know they'll hold brands accountable for their actions, and are keen on seeing brands become more sustainable."

While the majority of millennials live in major urban areas and cities, millennial millionaires are moving into suburban areas. Potomac, MD and Cupertino, CA are a few of the suburban areas millennial millionaires can be found.

This growing generation also thinks carefully about where they spend their money and which organizations they give to. The more honest the connection is, the more likely they will be to give or spend.

However, this group is not a one-size-fits-all type of group. The millennial generation is comprised of a wide range of vastly different individuals with different ideals and values. It is important for luxury brands to keep this in mind.



Gucci is one luxury brand winning with millennials. Image credit: Gucci

While currently the percentage of millennial millionaires is below others, this will change dramatically as the wealth shift begins.

Additional insight

Consumers have a long history of flaunting specific brands to showcase their status, but research shows millennials are more interested in showing off sport clothing brands than luxury names.

According to a report from First Insight, 23 percent of millennials in the United States flex sports brands. The term flex refers to wearing specific brands to show personal association with brand, but only 19 percent of U.S. millennials refer to doing this with heritage brands and 17 percent for luxury brands ([see story](#)).

Single women are more confident than married women about investing, but unmarried millennial women are less engaged with their finances than those in other generations.

According to a report from UBS, more than 60 percent of single millennial women admit to putting other areas of their life above their finances. They also report unhealthy financial habits, with one-third already having dipped into their retirement accounts ([see story](#)).

"Millennial buyers display their allegiance or loyalty to companies and institutions who create the most honest connections with them," Ms. Boyle said. "If they see that their specific needs are being catered to, millennials are

more likely to spend their money in those places. And, given the sheer volume of dollars they'll control, millennials have unprecedented influence.

"At first glance, millennials may not appear significantly wealthy," she said. "The percentage of millennial millionaires is well below any national comparison.

"However, as the well-publicized transfer of \$68 trillion begins, millennials are approaching their wealth differently. There are many segments within the millennial population with vast differences in behavior and wealth. They don't exist as a homogenous entity."

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