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FINAL REPORT

What influences the online consumer practices of millennials in the UK?

Investigators:

Principal Investigators: Professor Neil Wrigley FBA and Professor Michelle Lowe, FAcSS,
Research Associate, Dr Mary Houston

Outline of project

The demographic group commonly referred to as millennials are defined as those born between 1980 and 2000 (Pew Research Center, 2010). A distinctive aspect of the millennial generation is that they are the first generation to have grown up with digital technologies and with a ubiquitous presence of the Web in their lives. As a result, significant differences in the ways this group might access, use and engage with the Internet have long been expected (Hargittai, 2010; Davies *et al.*, 2017). The aim of our study - set in the context of opportunities arising from the appointment of Amazon's Director of European Operations as Adjunct Professor at the University of Southampton - was to explore these influences on this generation's consumer practices and the intersection of these practices with both economic circumstances and rapidly evolving uses of digital technology. We began from the position that the size of the millennial group, their spending power and their relationship to technology has shaped consumer behaviour not only via 'normalising' online purchasing but also via the implications of their active participation in social and interactive media (Donnelly and Scaff, 2013; Hajli, 2014; Fung Global Retail and Technology, 2016).

Work undertaken

A literature review was conducted to explore the topics of generational cohorts, uses of digital technology, the economic context and the influences on consumer practices. We conducted searches in the Google Scholar, Google Web, Emerald Insight and Web of Science databases. The time-span of the search focused on 2007-2017 - covering the adoption and use of social and mobile technologies as well as the global financial crisis and its deep and persistent consequences. Most of the literature we considered appeared in peer-reviewed journals although we also included so-called 'grey literature' from business and voluntary sectors and government reports.

We analysed data from publicly accessible aggregated data sources made available by the Office of National Statistics, Government departments, the Oxford Internet Institute (OII) etc. to build a detailed picture of the size, density and spatial distribution of millennials, and their levels of education, employment and income. Data from these sources and from the retail industry show not only persistent and sharply rising levels of online shopping and mobile technology use over that period but also the preference of this group for retail apps and chat

based customer services together with the significance of rating and reviewing of products, services and organisations in their buying choices.

We supplemented the literature review and data analysis with in-depth qualitative interviews (predominantly face to face but including one telephone interview) with industry leaders (including Tesco Amazon, Leon, and T2) to explore their understanding of evolving consumer behaviour over time, their perceptions of digital innovations relevant to retail, and their insights into the implications of the economic and political context.

Findings

Within the existing literature, we found a degree of consensus regarding rapidly changing consumer practices, but an emphasis on the impact of technological innovation rather than on how social practices are co-evolving with the use of digital technologies, reconfiguring relationships, spaces and interactions between retailers and consumers (Wajcman, 2008; Hoffman and Novak, 2016). Interviews with retailers similarly tended to accentuate the driving force of technology in changing consumer practices but there was an implicit recognition not only do technologies shape competitive advantage, but they also respond to interactions between people and technology as consumers appropriate and adapt technology to their needs.

Studies discuss how millennials shop, their pre-purchase investigations and buying intentions, levels of trust and loyalty; and the emphasis they place on speed and convenience but there is much less material about the extent to which their online shopping practices might be systematically affected by geographic location, socio-economic status or macro-economic conditions. Future research on the implications of differentiated uses of technologies in consumerism would extend our understanding of this. A sense of place is also often missing from discussions on retail-related technology. The focus is on opportunities and interactions that take place online, yet these have implications offline in terms of the wider environment, high streets in the internet era, and the competitive future of remote areas.

Outcomes

This exploratory study has reviewed what is known of millennials' consumer practices. We have considered how uses of technology in retail are leading to changing interactions, adaptations and emphases. Digital technology is used by all age groups to a greater or lesser extent and there is no digital 'shelf' between generations (Duffy et al., 2017) but the pace of change and deep embeddedness of technology in the lives of millennials is generating new consumer activities and practices more widely.

Our results were also concerned with the significance of heterogeneity within the millennial cohort. Generational theories often focus on the importance of age as the defining shaping factor but we would argue that, while age and collective experience is important, it is not sufficient by itself. The range of ages within a 'generation' at any given point in time means that the generation straddles a variety of life stages (e.g. in the case of millennials, 17-37

currently) from entering further education or employment to being well established in work and family life. Furthermore differences in education, employment, geographical location as well as age impact on consumer opportunities and preferences.

Our work we argue, although preliminary and exploratory adds to existing knowledge about how the consumer practices of millennials have been profoundly influenced by the macro-economic context in which they have matured. To date we do not know what the implications of Britain's exit from the European Union will be for the economy but recent reports indicate that the economy is slowing down and disposable incomes are reducing. Consequences from the 2007/08 financial crisis are still apparent so further work on how individual socio-economic circumstances and the wider economic climate impact on online consumer behaviours is an area ripe for further investigation.

Collaboration with external stakeholders

The project originated through a unique engagement with Amazon. Neil McCourt, Amazon's Director of European Operations, is an Adjunct Professor at the University. His relationship with the university offers significant opportunities to researchers across a wide spectrum of disciplines. The research has facilitated dialogue that can be taken forward in future work, increasing research impact and engagement.

Research Impact

This pilot research was undertaken as a scoping exercise to consider the dynamics of digital and mobile technologies and emerging consumption habits and practices of millennials.

Our research has demonstrated:

- How use of technologies is impacting on consumer practices
- How retailers evaluate consumer behaviours and shape technologies

More specifically we critically considered the notions of generational cohorts and technological determinism on which assumptions of 'digital natives' are often incorporated into academic and business understandings of consumer behaviours. The WSI stimulus fund awarded for this work has been enormously helpful in enabling research to go beyond the 'myths' (Duffy *et al.*, 2017) to focus on the multiple and complex dimensions of online consumer behaviour. Due to the constraints of time, we feel we have not quite achieved all our aims in relation to data collection. However, we have been able to build important links with retailers which will inform future work and have been able to identify important areas for future research.

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