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Understanding the Millennial Buying Process in the Modern Digital Era - Secondary Research

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**Introduction**

Currently, the tire buying process is not setup to match the preferences of the millennial consumer. Tire buying is a somewhat antiquated process. It caters to older, more established generations, with its focus on in-store, in-person communication. Millennials, on the other hand, are a relatively new and continuously evolving group of consumers. The way that they shop and pay for things is very different from the way that their parents and grandparents shop and pay for things. They receive information in different, technology-driven ways. Their different values-systems have led to lifestyles that emphasize different things. All this makes for a different type of consumer, at least when compared to past generations. Many industries are changing the way that they operate to better suit the needs and values of millennials, making it important for other industries to not get left behind. The good thing is that this presents an enormous opportunity for Goodyear, assuming that they can realign themselves with new trends and change how millennials experience the tire-buying process. With the largest generation now at purchasing maturity (Migliaccio, 2017), Goodyear may be able to capture a high percentage of this potentially lucrative consumer segment.

**Purpose**

This paper will be an exploration of the different concepts that must be considered when discussing the qualms of the tire buying process. These issues are also relevant for companies who are trying to target millennial consumers specifically. We will examine general consumer knowledge and millennial buying habits while also investigating of mobile applications. Also of importance is how consumers pay for goods and services. Once a straightforward process, payment has become a constantly evolving aspect of the buying process both in terms of methods of payment and number of options. To be a market leader in the digital era, companies
like Goodyear must focus on how to use technology and mobile applications to their advantage. 
The key to the millennial market seems to be rooted in technology.

**Millennial Consumer Characteristics**

When discussing millennials and their buying habits, you first need to understand millennial interaction and communication methods (Taylor, 2016). One of the most common threads among millennials is reliance on cell phones. Not only do millennials use smartphones for standard uses such as calling and texting, but they also use them for social media, games, music, alarm clocks, pictures, email, and so much more. Millennials are a generation that came to life amid the internet boom, almost as if technology and millennials grew and evolved together. This has formed a strong relationship and, today, consumers’ cell phones act as phones, computers, gaming devices, televisions, and more. Phones are considered life lines, and when people are without them, a state of panic arises (Camarda, 2016). This is important information as it refers to businesses because a lot of decisions millennials make about companies and their products are heavily influenced by social media and mobile applications.

Millennials are moving further and further away from having any sort of in person communication with anyone. A 2014 Gallup poll confirmed what many already assumed to be true: text messages now outrank phone calls as the dominant form of communication among millennials. This shift from phone calls for text or email communication could be because many millennials see phone calls to be intrusive and even presumptuous at times. Also, task-oriented employees want to know what to do quickly without having to have unnecessary conversations where they have to read another person's emotions (Howe, 2015). Millennials would much rather get on the internet and text or email whomever they need to talk to or go straight to a company’s website to set up appointments online (Parment, 2013). This trend is also reflected in their
shopping habits, especially when consumers are dealing with products that they do not know a great deal about, such as cars and tires. Millennials show a very strong preference to going online and asking friends and family when they have automobile-related questions. Going into the store and asking a salesman is seen as the last resort (Faw, 2012). But this doesn’t hold for baby boomers who value the retail experience and in-store service higher than Generation Y.

For baby boomers, the purchase process starts with a retailer the consumer trusts and who gives advice for choosing the right product. This bodes well for Goodyear because they have established a relationship with baby boomers and older generations, meaning that they already have a proverbial foot-in-the-door in older generation's decision making processes. For Generation Y, however, the purchase process starts with choosing a product. They look for a company that is easy to work with, rather than looking for a favorite or previously patronized company. Generation Y looks for the easiest ways to get things done. They like to have everything at their fingertips (Parment, 2013). This creates a problem for many companies that have not been known to be technologically savvy. There is a great potential for those companies to get left behind, in terms of sales, as millennials continue to take over the consumer market (Taylor, 2016).

**Financing and Money**

As with all consumer products, the cost of tires can be a negative in the minds of consumers. Cost is an important factor in determining where consumers will make a purchase. Because a full set of tires can cost hundreds of dollars (“How to Choose the Right Tires,” 2017), it is worth it for companies to consider how consumers, especially millennial consumers, end up paying for their tires. It is also relevant to look at the evolving ways that young consumers are choosing to pay for a wide range of items.
The state of a consumer’s’ bank account, whether that consumer is a millennial or not, can cause substantial amounts of stress and anxiety. Getting a higher education, which 47% of millennials did in 2013 (Council of Economic Advisors, 2014), does not help, as it is becoming more and more expensive. For this reason, surprise purchases are especially harmful to the financial stability of younger people. Tire buying is quite often not something that is planned. More often than not one realizes that they need new tires when one’s current tires are well past their prime. That being said, having adequate and attractive financing options is especially important for companies whose products are bought whether the consumer wants to buy them or not. Nearly two thirds of millennial shoppers say that their choice of retailer is heavily influenced by the financing options available (PR Newswire, 2014). This implies that taking the time to set up and offer good financing options can, and usually does, pay off for businesses. Offering more financing options than your competition brings in more sales and attracts a wider variety of customers (NewComLink, 2015).

Another popular financing option that companies use for more expensive consumer items are retail credit cards (“2014 Consumer Payments Study,” 2014). With a variety of benefits and advantages, such as rebates and discounts, this is an attractive option for many consumers. However, this is not the most attractive option for millennials, who use credit cards at a significantly lower rate than past generations. Over a third of millennials have never owned a credit card, compared to only 13% of Baby Boomers and Gen Xers (“Millennials Avoid Using Credit Cards,” 2015). There are organizations and apps, such as “Unroll.Me” and “Unsubscriber” which millennials use more than other generations, whose sole purpose is to unsubscribe consumers from different programs and credit cards. This is, in large part, due to the Great Recession. Besides the general downturn of the world economy, the Recession also fostered a
deep distrust of banks and financial institutions, in millennials especially (Glaubitz, Mayer, & Zick, 2012). It also changed the way an entire generation feels about and deals with their finances. Besides decreasing usage of credit cards and checks, millennials are also responsible for a rapid increase in mobile banking and peer-to-peer lending. You need only look at the rise of Paypal, Venmo and ApplePay to understand this point. For example, in 2014 payments via Paypal accounted for nearly 15% of all online purchases, after being close to 0% just a few years earlier (“2014 Consumer Payments Study,” 2014). In addition, they do not value strong relationships with their banks, as their parents did, but instead place a high priority on smooth transactions and quick, easy access to their various accounts (“There’s No Slowing Down Millennials,” 2015). For this reason, they have created a need for new and better ways to make payments and keep track of personal finances.

Millennials are notably well-versed when it comes to financing options, especially considering that they are more likely to need such financing options compared to past generations. People aged 18 – 34 are more aware of retail financing options than any previous generation. They are also more likely to be open to using such options for a wider variety of products (PR Newswire, 2014). We can assume that part of that is true because they need it more than previous generations, as the much higher cost of education and unfortunate timing of the Great Recession stunted the net worth of many in the millennial generation (Glaubitz, Mayer, & Zick, 2012). We can also assume that millennials are money savvy (White, 2015). As many as 80% of millennials believe that they need to start planning for retirement right now (“There’s No Slowing Down Millennials,” 2015).
In general, millennials have reacted in a more positive and productive way when compared to their older counterparts (Glaubitz, Mayer, & Zick, 2012). They care more and are putting themselves in more favorable positions in terms of their finances. By making attempts to save more of their income and by seeking out resources to increase their financial literacy, they are solidifying their respective financial standings. This, in turn, has led to more confident feelings about their retirement. Their experience in the economy so far has forced them to get creative with their saving and money management tactics.

**Tire Buying**

Tire buying is typically not something that any consumer, millennials or otherwise, enjoys. By Goodyear’s own estimate it takes consumers over 40 days to act on the need to purchase tires. One possible reason for that idle time is consumers purposefully avoiding the process. That, however, does not make tires any less necessary for those who own or lease automobiles. Estimates vary quite a bit, but it is recommended that tires should be purchased
every 25,000 to 50,000 miles or so, assuming something does not happen to them before that point is reached (Kelly Blue Book, 2013). When it comes to millennials, there are a few relevant characteristics that should be kept in mind.

In general, millennials care less about the specific brands that are available to purchase. Rather, they place a greater emphasis on value proposition (JD Power, 2016). This point is often misunderstood. Many believe that shopping for value proposition means shopping for the cheapest option when, in reality, this actually means that they are more willing to pay any price asked, be it high or low, if they believe that they are getting adequate and worthwhile value. This means that lesser-known brands can put themselves on-level with the more well-known ones if they focus on communicating the value of their product to millennials. This also means that the more well-known brands must not get complacent and rely too heavily upon their name and reputation. This is especially important for tire manufacturers to understand. The percentage of cars bought by those aged 21 to 34 fell 11% from 1985 to 2010 from 38% to 27% of all cars bought in the United States. In addition, the percentage of teenagers who get their license at age 16 fell by 28% from 1998 to 2008 (Thompson & Weissmann, 2012). The number of 16 year olds also dropped during that time period, but not by a material amount. Because of this trend, tire manufacturers must market themselves in smarter ways to gain a share of this shrinking market. It may seem unnecessary for a company to shift its business model to cater to the needs of a generation who is using less of the product in question, but the millennials are now the largest group of consumers in the market and ignoring them could prove costly (Fry, 2016).
Consumer Knowledge

Another important factor to consider when analyzing how consumers think about and shop for products is the information that they know about the product and the information that they seek out. Usually consumers do not have a great need to research most of their purchases. Tires, however, have proven to be a product that consumers do not know a great deal about.

When consumers lack knowledge about a product that they need to purchase, sales of the product in question are often affected. In the context of tires, consumers have shown to be notably uninformed about tire care and tire replacement (Laughery & Wogalter, 2012). At times this can have harmful effects. For example, old tires may lead to a car crash which may lead to injury or even death. In the United States, nearly 600 people per year die from car accidents in which their tires were flat or popped. This number does not include the situations when inadequate tire tread leads to accidents, a situation that occurs much more often (Schafer-Wilson, 2016). This implies...
that there are a high number of accidents that are caused by defective tires, a preventable cause. Yet people fail to realize and correct this. When surveyed, only 4% of respondents at North Carolina State University identified aged tires as a serious and potential cause of tire failure (Laughery & Wogalter, 2012). The communication methods that tire shops and manufacturers use have not had the desired effect on consumers.

Another problem inherent to tires and car care is the inaccurate and overly general information that many consumers believe. For example, many consumers still believe that they should get an oil change every 3,000 miles. In reality, the timing of an oil change depends on a number of different factors that vary from consumer to consumer, such as road conditions, driving habits, and the type of car (Peterson, 2012). This is true for a number of common automobile care assumptions. Normally the frequency with which something should be checked or changed depends on the specific driver and his or her habits. The general, one-size-fits-all rules that many people believe can have negative effects on their vehicles.

Unfortunately, this consumer misinformation problem may seem easier to fix than it actually is. For example, one approach many have suggested is to place warning labels on the tires. By putting warnings on easily visible places on the tire, consumers would likely notice them more often and take measures to ensure that their tires are still in working condition (Cowley, Kim, & Wogalter, 2006). After all, the more often a product is brought to the mind of a consumer, the more likely that consumer is to purchase that product. However, this method has not led to any measurable increase in tire-safety awareness and does not account for the location or terrain of the driver, or the number of miles that are driven per day, both of which are factors that vary from driver to driver. These factors heavily influence the quality of tires, but the aging effects are not always visible to the naked eye. And even when aging effects are clearly
discernable, such as dry rot and cracking, many consumers will downplay their danger. Less than 15% of consumers seriously consider dry rot and cracking to be potentially dangerous enough to cause their tires to fail (Cowley, Kim, & Wogtet, 2006). This indicates that the lack of consumer knowledge, in this particular case, about tire aging, may stop many people from replacing or purchasing new tires for their vehicle in a timely manner.

Another potential and somewhat novel reason why millennials are not well informed about tires is because tire and car-care are often associated with being an adult, and “adulting” is something that makes millennials rather anxious. Certain tasks and responsibilities signal the end to the relative innocence and care-free nature of the lives of younger people, and millennials have shown notable resistance to accepting that they must now deal with these tasks and responsibilities themselves (McClay, 2015). This is still a relatively new concept, but one of the theories as to why this “adulting” stigma exists is because of the non-linear nature of many millennials’ lives. Historically, the progression of a young person’s life has followed a straight path: living with one’s parents, getting a part-time job, going to school, landing a full-time job then living on one’s own. Now, those steps may be in different orders and some steps may be repeated (Tiidenberg, 2016). This has made the transition to adulthood less clear, which in turn affects how people feel about becoming an adult.

Consumers do not seem to be well informed when it comes to tires or tire care. This is especially true for millennials. In general, millennials know much less about taking care of their cars and tires than their parents and grandparents do. In addition, they do not seem to be interested in learning, because the exact information that they need is often just a Google-search away (Faw, 2012). This poses a potential threat to tire manufacturers, as an uninformed and disinterested consumer is one who may not see the need or importance for a product, and
therefore may not make a purchase. And when millennials do need to purchase tires, their lack of knowledge likely makes the process an even worse experience for them. It has also affected the way that they go about purchasing tires, as well as other consumer products. The result is a generation of consumers who values different things when compared to consumers who belong to other generations.

**Importance and Effectiveness of an Online and Mobile Presence**

With the extreme accessibility of information online, the first place that will likely be checked for product information is the internet. It is often said that millennials are the most connected generation ever. The internet is also the most convenient consumer tool available, and will likely be the first point of contact, when searching for information. Many companies know this and have taken steps to create an online presence. How a company represents itself on the internet can have an effect on the consumer’s buying-decision. It is necessary to understand just how the buying-decision can be affected.

Online sales have grown tremendously in recent years and will likely continue to be a key factor moving forward. Sales made online now account for a significant portion of all sales made, in the United States and are growing very quickly in developing markets (Barik, Pandey, & Soni, 2015). All trends since 2011 suggest the number of online shoppers is still increasing as well. Companies can not only boost their online revenues by having a better website, but can enjoy better overall returns by enhancing their brand as a whole via their web activity. Basic buyer behavior shows that online shopping can help build a sustainable competitive advantage in brand loyalty. This can be achieved through several factors. Customers build a relationship with the company by the reduced costs that online shopping allows, superior goods and services, and
the brand equity that is supported by name awareness and perceived quality (Bilgihan & Bujisic, 2015)

This highlights why developing a channel to gain e-loyalty is important. As the amount of business companies do online or on mobile phones continues to increases, so will the importance of e-loyalty. E-loyalty is the ability of a company to earn a loyal customer over the web. It can be obtained in a number of ways. Factors include the ease of ordering, an on-time delivery system, accessible product information and selection, customer confidence, well-maintained privacy policies, and quality (Forman, Lester, & Loyd, 2005). Websites are found to be most effective when they are user friendly and have both hedonic and utilitarian benefits. Being interactive and forcing engagement from the customer creates a more value-adding experience for the customer, which ensures that they will return and continue returning. In certain online environments, interaction between other customers can create a sense of community (Forman, Lester, & Loyd, 2005). Although this research could be limited by its age, the explosion of online gaming communities and particularly social media giants, like Facebook and Snapchat, sufficiently prove the thesis. User-friendly tools that are functional and flow easily are very important from the utilitarian model. Web designers should keep this in mind when building in order to create the most effective website possible. Very closely related to the perceived ease of use is the access to information. If a user is looking for specific information and it is easily available, the utility of the website is increased, creating a better customer experience.

Hedonic features, or features that trigger pleasant sensations and feelings in a consumer, that center around fun or light-hearted aspects of an app or information system have proven to be strongly correlated to prolonged use, beyond the use that is strictly necessary. This implies that is
companies that take the time to make their online presence both aesthetically and functionally appealing will likely see increased usage, which could lead to increased sales. In addition, companies that do not take themselves too seriously online often see increased traffic on their social media and other online platforms (Bilgihan & Bujisic, 2015).

In addition to having an effective website, having a solid online presence may require the development of a mobile application. For many users, it provides a more convenient option relative to standard, stationary options. With the introduction of secure mobile devices into the marketplace, consumers can now even do their banking on their phones. In many instances this is more secure than banking online using a computer due to reduced phishing capacity for demographics susceptible to such activity (Gilles, 2015).

Similar to designing an effective website for consumers, mobile apps require many of the same features and functions in order to be successful. Smartphones market penetration has reached 72% in America as of August 2014, and has only grown since then, marking its importance in the private sector worldwide (Kim, Malthouse, & Wang, 2015). “Mobile apps account for more than 50% of time spent on digital media, suggesting that apps have deeply penetrated into the daily lives of smartphone users.” The image of an app and the design can significantly influence the stickiness and use. Stickiness, defined as the duration of time the app stays on a user’s mobile device and is actively used, is an important factor to an app’s design if a company wishes to monetize the capability or use it for customer support purposes. If designed well, it can even improve brand image and consumer’s attitude toward it. Increased use leads to increased subsequent spending. Information is often only available through just the channel of mobile devices when traditional channels are not possible. If an app can fulfill the informational need and build trust in the value of the app, the repeated level of use will also increase. To
determine how a mobile app can be more effective, the research laid out some important distinguishing differences (Kim, Malthouse, & Wang, 2015).

The factors that were evaluated in a case study were perceived risk, perceived ease of use, age, compatibility, perceived usefulness, and income. All factors were significantly important for the functional use of the mobile banking apps. The limitation of this case study is the transfer of applicability between industries of banking and tires. A higher number of helpful and interactive features in the app usually corresponds with a higher amount of spending. Consumer reviews have also shown to be relevant with assessing an app’s effectiveness in influencing spending (Kim, Malthouse, & Wang, 2015).

After understanding the factors relevant to website design and mobile applications, it is necessary to evaluate how these principles apply to the millennial demographic. This is key to capturing the younger consumer base as well as understanding how technology trends are affecting consumer behavior.

**Applications to Millennials**

Millennials are the first so-called “opt-in” generation, meaning information comes directly to us rather than us having to go out and search for it ourselves (Camarda, 2016). For example, there is an NBA app for smartphone users, and whenever the team of their preference plays, they can get notifications about quarterly scores, major events that happen, such as injuries or major player milestones, and other facts. This is different than generations before them who had to either look up scores or actually watch the game. Consumers have information at their fingertips that they do not even have to ask for.

Millennials, now the majority generation (Migliaccio, 2017), have forced companies to start thinking about this digital era and how it pertains to doing business. Some companies have
already bought into the mobile age, creating an app specifically aimed at millennials. For example, TrueCar has created an app, for millennial customers that collects data that will “enable automakers to target customers by profile, activity and location ‘nearly a dozen different ways.’ It also can help predict who is going to buy a new car, what they may buy, where they’ll buy it and when” (Trop, 2015). This kind of customer-specific targeting is the new way of getting sales, but also building brand loyalty. Understanding that millennials like to purchase things online, and the device they use most frequently to go online is their cell phone, is important when it comes to selling to them. An app is something that is very useful to a generation that likes to get things done quickly and efficiently. The TrueCar app is millennial-targeted and is easy to use. This app was a great example of gaining and retaining loyal customers from the millennial generation. Giving simple “this or that” questions and then arriving at several options within seconds is what a millennial likes to see (Trop, 2015). In regards to customer loyalty, millennials are more likely to choose a product that is already integrated into their life somehow, such as an app on their phone. If a millennial has an app through which the can purchase a company’s product on their phone, out of pure complacence and ease, they will most likely choose your product every time. Many companies have already taken advantage of this.

While apps are important to understand and harness, general digital knowledge is key as well. After all, understanding and utilizing mobile applications is an effective way to put oneself in a favorable position to keep up with today’s rapidly changing technology. Take CVS Pharmacy as an example. The endeavors of CVS Pharmacy into the digital world have been praised. Consumers who shop online “at” CVS spend, on average, 4.5 times more money and engage with CVS’s brand six times more than an in-store consumer (Johnsen, 2016). While CVS does not compete in the tire industry, their story is still important because it gives relevant
information about the success of a business that used technology and digital tools to lure in more customers. This shows how CVS stays on top by sending text message reminders, and constantly innovating. The idea they have about customizing/personalizing your health profile to better diagnose possible problems and to ease the prescription process is something any company can use to its advantage (Johnsen, 2016).

The research seems to indicate that if businesses want to succeed in this new era, they have to catch up to the technologically savvy millennials. Understanding millennial consumer behavior and how they interact with technology is important to gaining their loyalty as a customer. If a company wants to remain relevant in the minds of millennials, they must integrate themselves into the digital world, whether it be with an app, a lively social media page, or just an effective website in general. If a company wants to be an industry leader, however, they must try to master all areas of technology. This will also give them a competitive advantage over their technology-challenged opponents.

**Conclusion**

Tires are not typically thought of as new or exciting. Nor is tire-buying, which is an old and often tedious process. This is a problem because a new type of consumer is taking over the market. Nearly all of the preferred methods of shopping that millennials prefer are significantly different from those preferred by older generations. The average consumer is not what he or she used to be and does not value what he or she used to value. In addition, the marketplace itself has undergone a change. The digital era truly is here and the internet is touching nearly every industry. It is important to realize this because the companies that do not adapt will likely not be successful in the future. Companies must adapt to the evolving consumer and the evolving
marketplace. For tire companies such as Goodyear, several changes should be made to avoid falling behind.

Our secondary research will guide the areas into which we research further. In our primary research, we hope to both prove some of the common assumptions that exist about millennial shoppers and find answers to questions that arose from our initial findings. We will also explore the tire buying process for ourselves. The research we have conducted has shown that while the tire buying process is not especially suited for millennials, there are other industries and shopping experiences that are. Our goal is to go through the entire process from start to finish, giving us first-hand knowledge about how the process currently is and where the pain points exist. We will also research some innovations in other industries that have allowed companies to be better aligned to the millennial generation. In addition, it seems that millennials may need to have product information presented to them in different ways. For that reason, it will be well worth our time to explore the types of marketing tools that Goodyear uses to inform consumers of their products, as well as the financing options that are in place to assist consumers in buying the tires. Our secondary research indicates a number of marketing tools and financing options that millennials do not favor, so we hope to discover the types that they prefer. Finally, we will conduct focus groups and surveys in the local area to test out some of the ideas that we have been formulating.
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