With global millennial spending power growing and set to overtake Generation X by 2020…

strong millennial ‘experience spending’ will become increasingly important for a range of consumer sectors.

FORECAST ANNUAL AGGREGATE INCOME, BY GENERATION ($TN)


AVERAGE MONTHLY SPENDING ON EXPERIENCES – US$

One of the most distinct aspects of current consumer trends is the growing move by millennials to spend money on experiences, rather than things. This spending shift has a host of implications for companies.

In the past, social status was driven more by the ownership of impressive or expensive items. If you wanted to make your wealth known, you would buy a big house or a fancy new car, and wear expensive clothes and jewelry. However, the general social climate is changing for younger generations, with material possessions no longer conveying the social currency they once did. In addition, experiences can have somewhat of a leveling effect, as the quality of an experience is more subjective, whereas most people can see the allure of a luxury sports car over a family hatchback. Now, experiences are the focus of millennial spending, with the ability to share experiences on social media amplifying this trend.

We believe this change in consumer preferences will affect a number of different industries, most notably travel, restaurants, entertainment and companies in the wellness and fitness space. While we always keep potential shifts in mind, for now it seems probable to us that greater spending on experiences is a trend that will continue to develop over the long term.

This is likely to create new opportunities across a range of sectors, bolstered by increased usage of social media. Technology and millennials have united to drive a wallet share shift away from material possessions to experiences, and consumer sectors will need to adjust accordingly.

*The Consumer Power Theme Group, Newton Investment Management, a BNY Mellon company*
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