



Perennial Millennials: a viral phenomenon

L.E.K. has conducted the first analysis of U.K. Millennials' media habits by life stage. The research covers six life stages, from living at home with parents all the way through to starting their own families.

In the first installment of the *Executive Insights* Spotlight on Media and Entertainment: "The Perennial Millennial" series, L.E.K. highlights revelatory findings from the proprietary research:

- Millennials' preference for new media is broadly consistent across all life stages
- Millennial behavior is viral and spreading to Non-millennials and older generations
- The change in media usage is faster and more pervasive than originally thought



How do Millennials consume traditional and new media? ►

The *Perennial Millennial* research and analysis was conducted by **Maria Palm** and **Martin Pilkington**, both partners in L.E.K.'s European Media, Entertainment and Technology practice. Maria and Martin are based in London.

For more information, please contact mediaentertainment@lek.com.

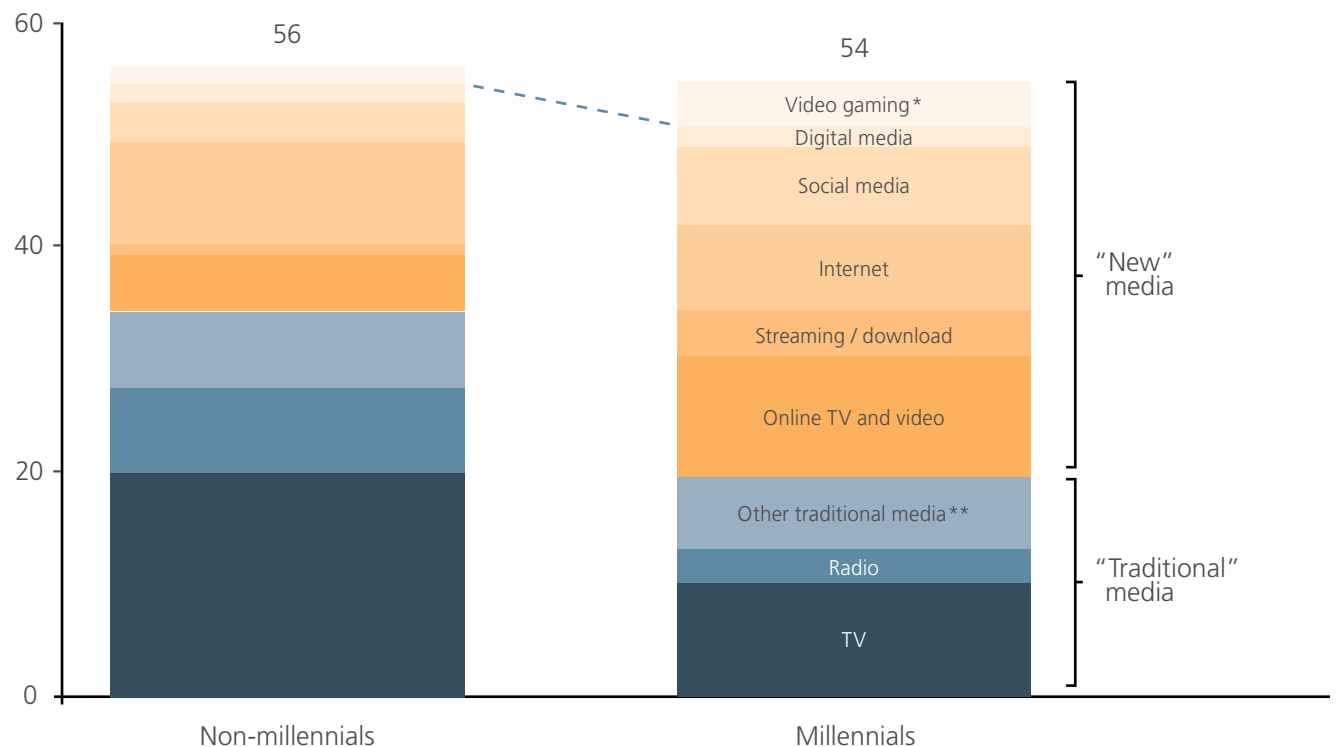
Millennials spend significantly less time on traditional media than older generations...

Millennials (people aged 16 – 34 in 2015) spend a similar number of hours consuming media as older generations but their mix of media is very different.

Traditional media such as TV, radio and print represents only 35% of total media consumption for Millennials vs. over 60% for Non-millennials. Millennials spend twice as much time as Non-millennials on new media, such as online video services (11 vs. 5 hours per week) and social media (7 vs. 3 hours per week).

However, the key question is not if the Millennials are different in aggregate, but whether or not these differences are sustained through life stages.

Average weekly media consumption by type
Number of hours



Do Millennial consumption patterns change as they age? ►

Note: Q: On average, how many hours of the following types of media do you personally consume in a typical week?
*Includes both traditional gaming and online gaming. ** Includes print media, DVD, CD and cinema
Source: L.E.K. survey

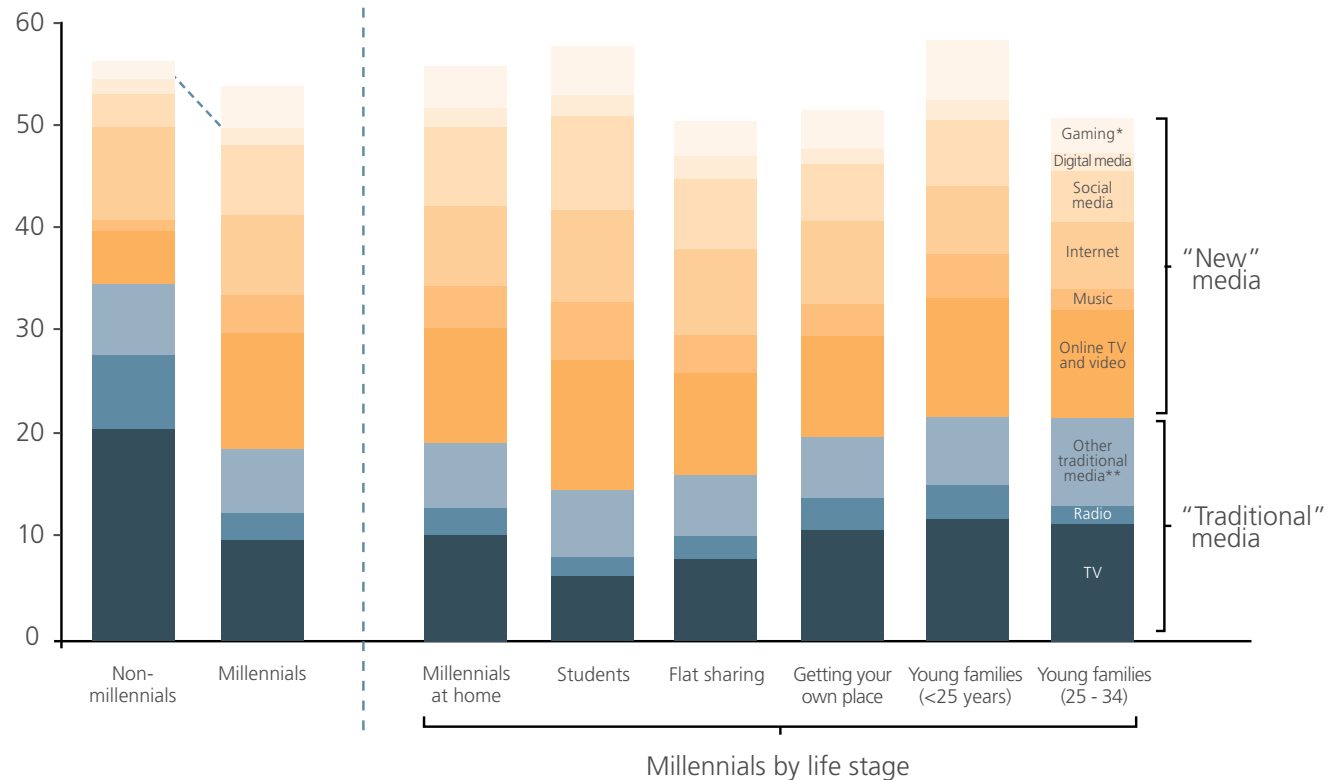
... and this behavior continues through life stages

L.E.K.'s Perennial Millennial survey shows that media consumption trends are broadly consistent throughout the life stages of the Millennial generation. Later life stage Millennials with kids are more similar to other Millennial cohorts than they are to older generations.

While Millennials' use of traditional media is lowest for students and flat sharers, it remains significantly below Non-millennials even as they get their own place and have children.

New media consumption remains significantly above Non-millennials for all Millennial life stages, albeit time spent on social media and music streaming is highest for earlier life stage Millennials (at home and students).

Average weekly media consumption by type
Number of hours



Note: Q: On average, how many hours of the following types of media do you personally consume in a typical week?
*Includes both traditional gaming and online gaming. ** Includes print media, DVD, CD and Cinema
Source: L.E.K. survey

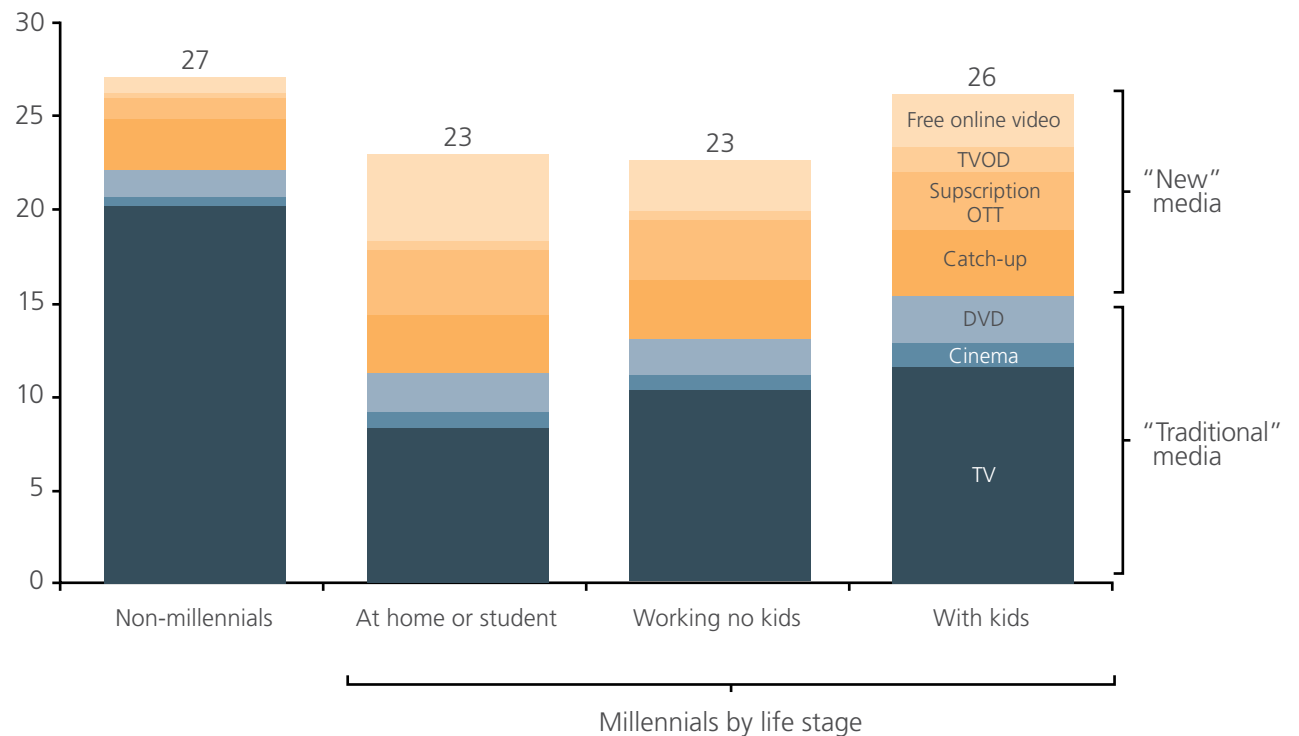
What are the TV and video consumption patterns? ►

Millennials across life stages spend significantly less time consuming traditional TV and are much higher users of online video

Millennials spend far less time than Non-millennials consuming traditional linear and recorded TV including pay TV, although overall video consumption is similar. The consumption of traditional TV does not increase significantly for Millennials with families.

Online video consumption in aggregate remains high across all Millennial life stages. However, the mix changes. The use of free online video services such as YouTube is lower for Millennials with kids than earlier life stage Millennials and their use of paid for online video services is higher.

Average weekly video consumption by type
Hours per week



Note: Q: On average, how many hours of the following types of media do you personally consume in a typical week?
Source: L.E.K. survey

What about other media forms? ►

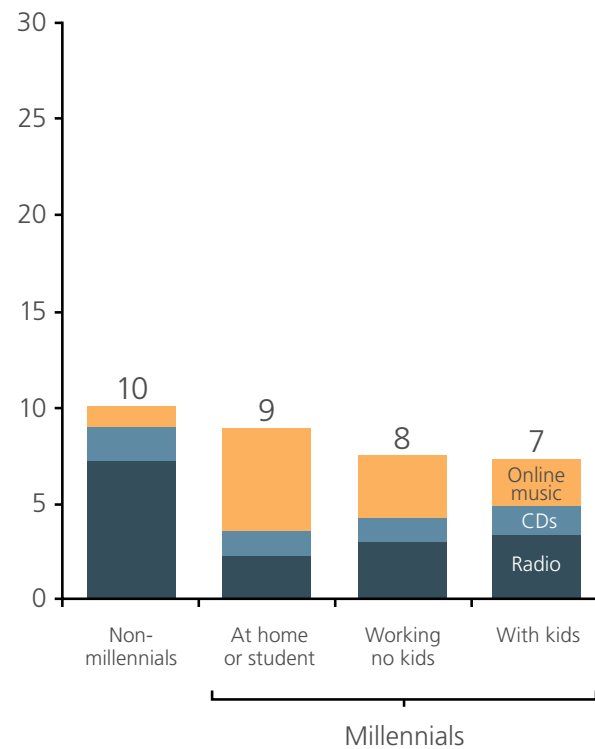
Consumption of other forms of traditional media is also lower for Millennials than older generations

The pattern is broadly similar for other media: the use of traditional media is significantly lower for Millennials of all life stages compared to Non-millennials. This is true for both radio and print media.

However, some areas are different between life stages. Music streaming and social media are more important for earlier life stages. The importance of alternative social media platforms also differs. Facebook use is high across all life stages but the uptake of newer platforms, e.g. Instagram and Snapchat, is significantly higher in the earlier life stage segments.

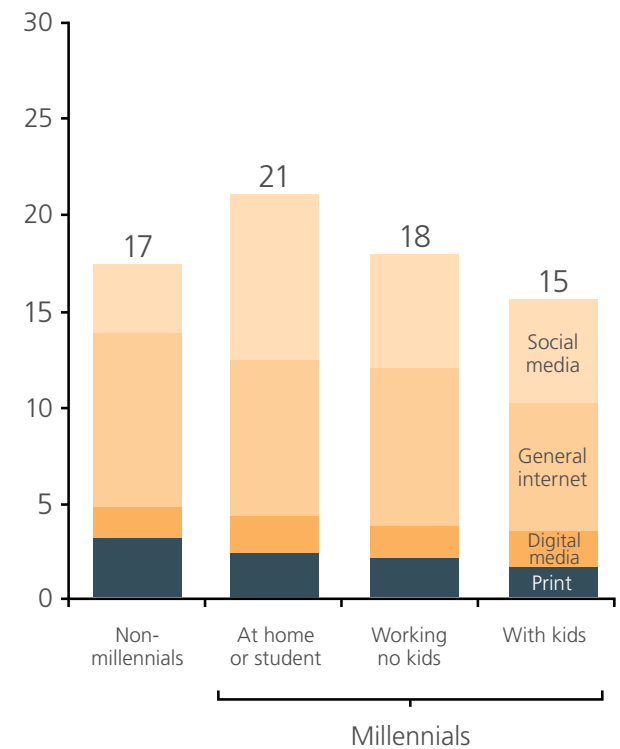
Average weekly audio consumption by type

Hours per week



"Information" consumption by type

Hours per week



Note: Q: On average, how many hours of the following types of media do you personally consume in a typical week?
Source: L.E.K. survey

What forms of media are "must-haves" for the Millennials, and which are not? ►

Millennials place higher value on social media, music and subscription OTT video than traditional Pay and Free-To-Air TV

When asked which three media they would choose to take with them if stranded on a “desert island”, Millennials’ selections are very different to Non-millennials.

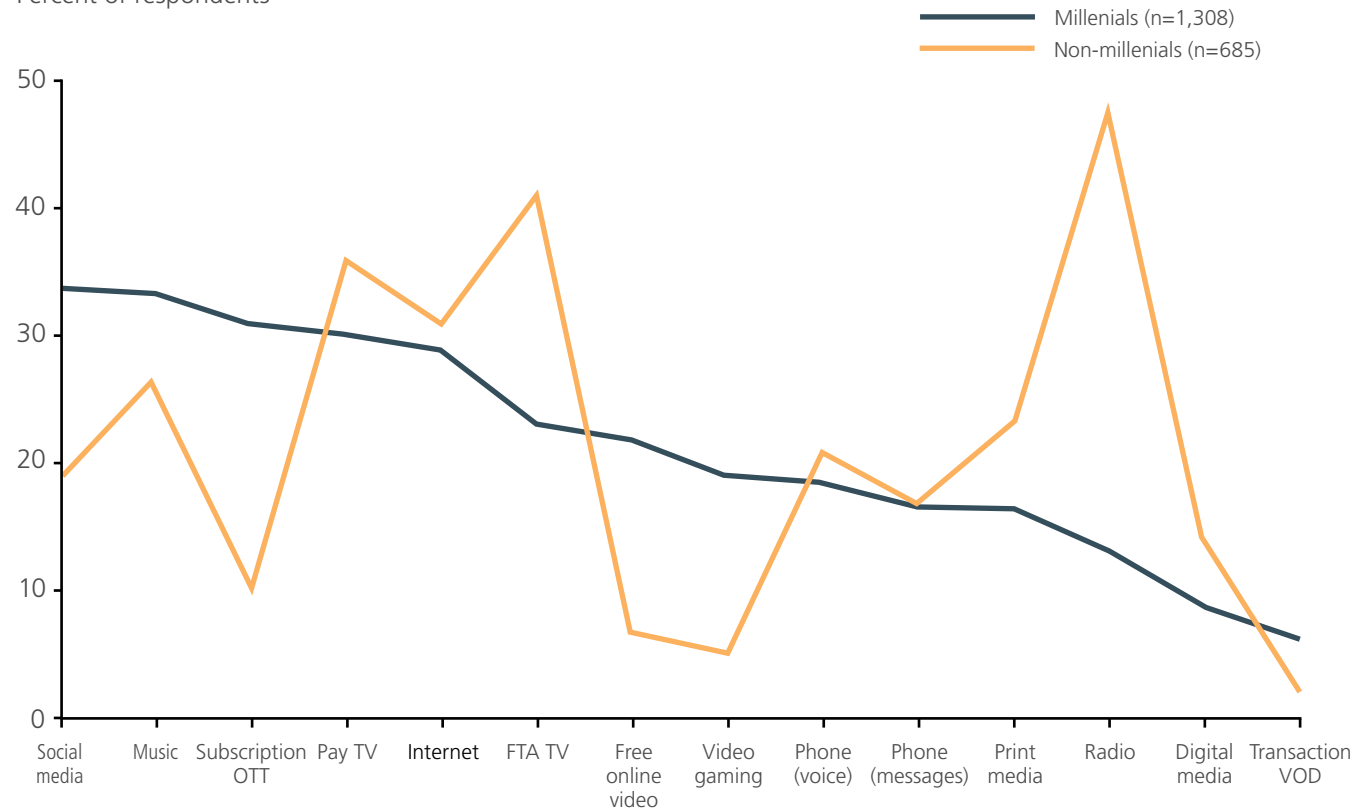
The top three media for Millennials are social media, music and subscription OTT video services while Non-millennials would prioritize radio, free-to-air (FTA) and pay TV.

For video, Millennials rate subscription OTT ahead of traditional TV (pay and FTA) and free online video (such as YouTube) is rated at a similar level to FTA TV.

For communication, Millennials rate phone voice and text, significantly below social media.

Top three media you would take with you to a “Desert Island”

Percent of respondents



Note: Q: Imagine that you are stranded on a desert island and can choose only three types of media for entertainment purposes. Which would you select? Please rank the top three.
Source: L.E.K. survey

Is migration from traditional to new media continuing? ►

Both Millennials and Non-millennials are shifting consumption to new media but the speed of change and the migration patterns are different

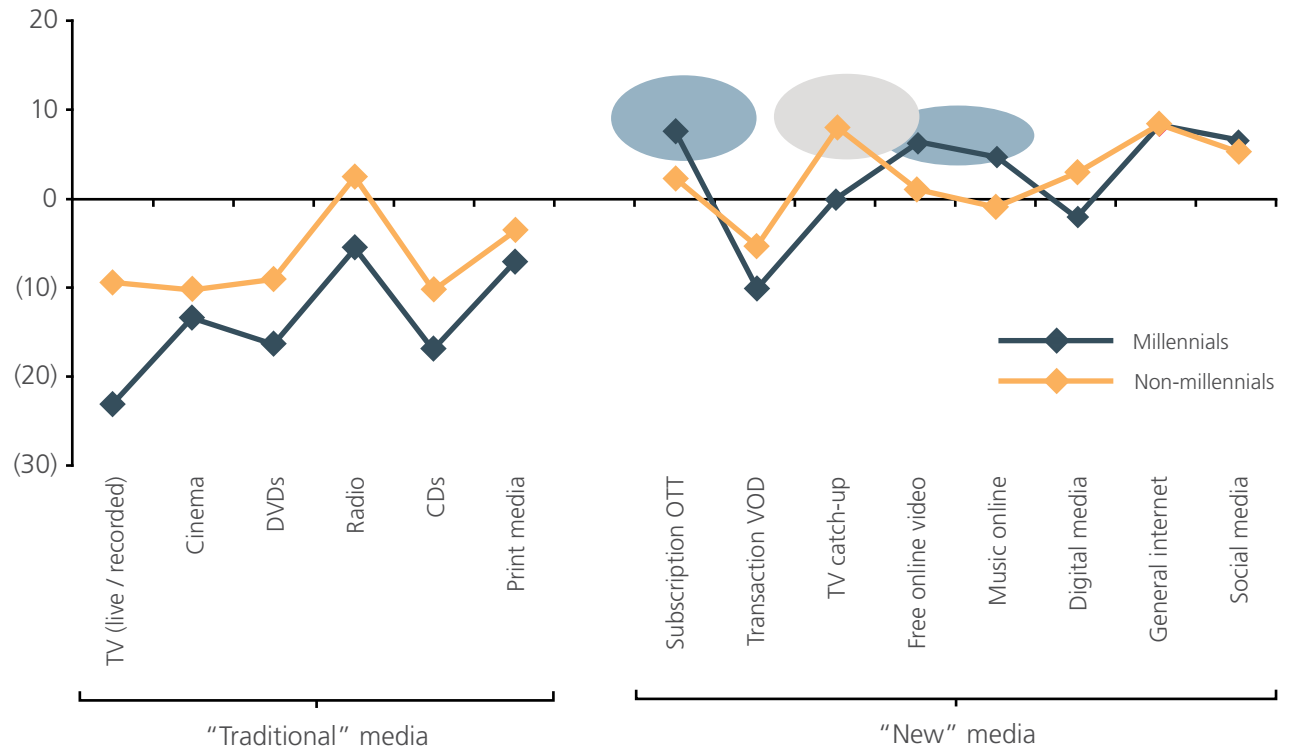
Both Millennials and Non-millennials are decreasing their use of traditional media and shifting consumption to new media.

However, a larger proportion of Millennials state they have reduced the use of traditional media, in particular for traditional TV. Moreover, while Non-millennials are shifting from traditional linear and recorded TV to catch-up (likely staying with the same broadcaster brands), Millennials are shifting to new platforms offering subscription OTT services and / or free online video.

Both Millennials and Non-millennials are reducing their use of transaction-based VOD services. Both groups are increasing their use of social media and the internet.

Net change in media consumption by type over last year

Percent of respondents that have increased their usage by >10% less percentage that have decreased usage by >10%



Note: Q: Compared to last year, has your personal (not including other members of your household) weekly consumption (in hours) for different types of media increased, decreased or remained the same as current levels?

Source: L.E.K. survey

What is the rate of adoption of OTT services? ►

Millennials are significantly more likely to use Over-The-Top (OTT) video services

Millennials across all life stages have significantly higher adoption of online video subscription services: 38% for Millennials pre-family and 32% for Millennials with kids vs. 15% for Non-millennials.

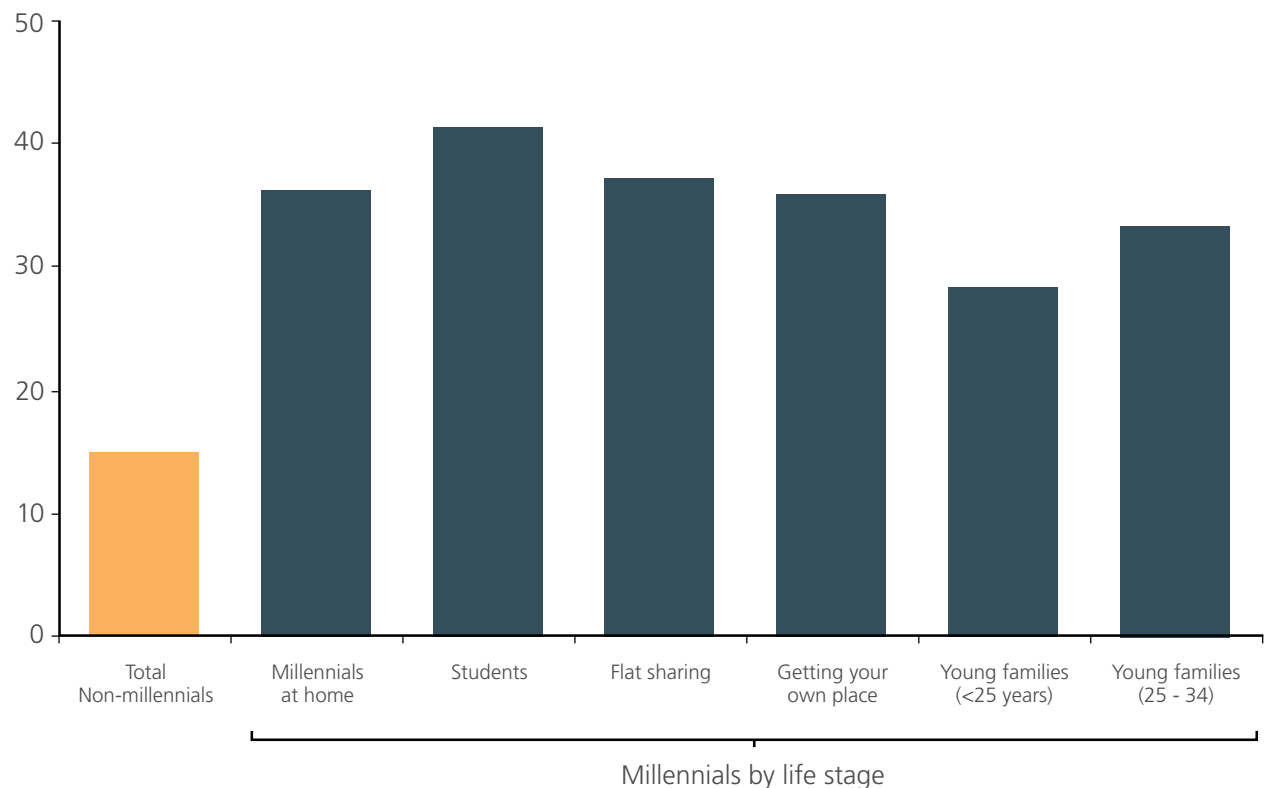
Of OTT providers, Netflix has by far the highest uptake amongst Millennials. 85% of Millennials with OTT have Netflix, 30% have Amazon and 12% have NowTV. The pattern does not vary significantly by life stage.

Netflix is also the leading provider for Non-millennials, but the gap between Netflix and Amazon is significantly smaller (63% of Non-millennials with OTT have Netflix and 41% have Amazon Prime).

How fast will Millennial behavior become mass market? ►

Household penetration of subscription OTT video services

Percent of respondents



Note: Q: Compared to last year, has your personal (not including other members of your household) weekly consumption (in hours) for different types of media increased, decreased or remained the same as current levels?
Source: L.E.K. survey

Millennial media behavior is viral and is spreading across generations: from Millennials to Non-millennials with kids, to all generations

The behavior of Millennials will not remain contained within age groups born after 1981.

Their habits spread to older generations: from teenagers at home, to their parents, to wider family and their networks of friends.



What is the impact on different forms of media? ►

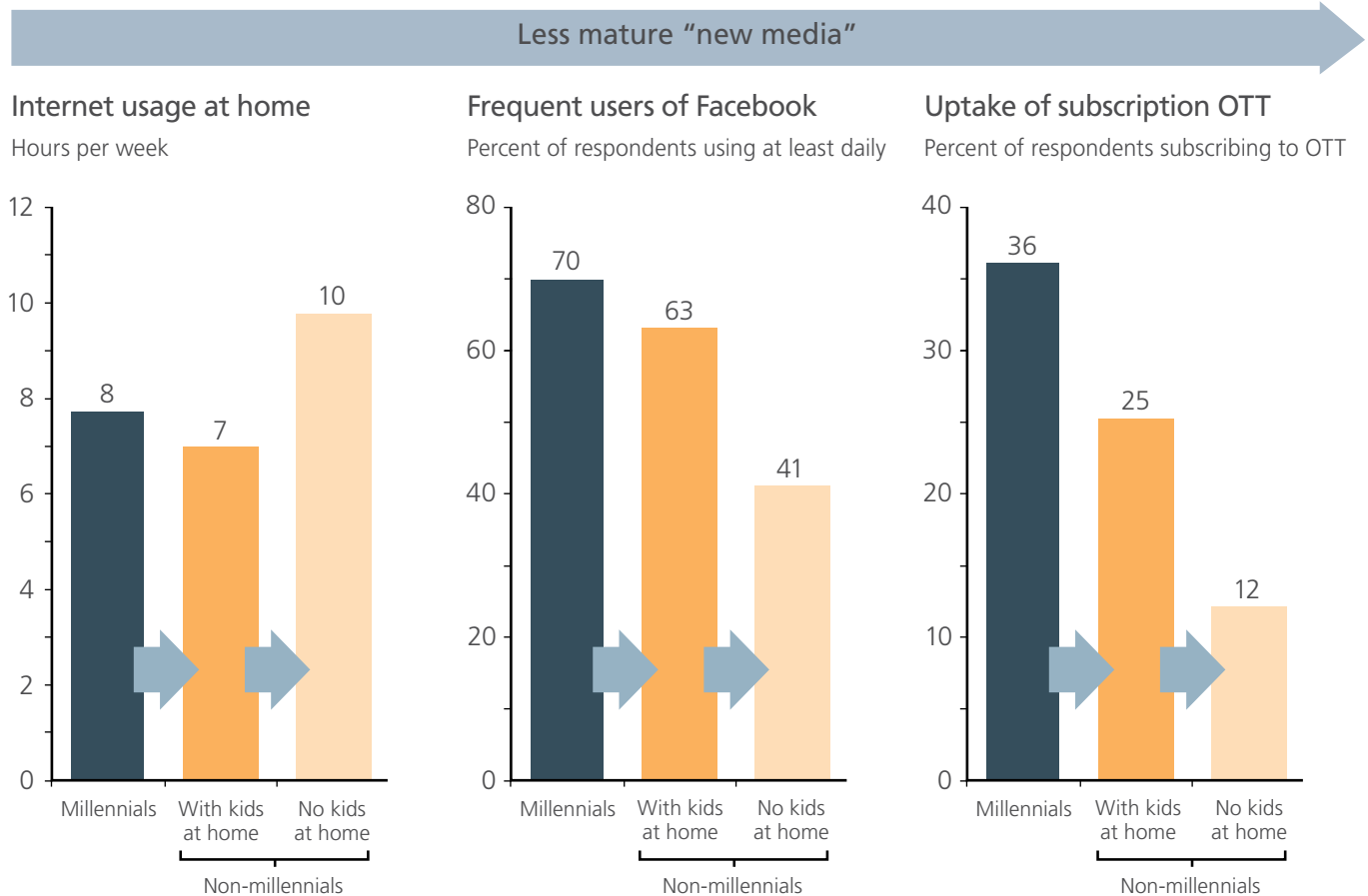
Millennial behavior has already been picked up by Non-millennials for mature digital media and is spreading rapidly in other areas

The viral effect is evident when looking at the uptake of new media of different maturity.

General internet usage is now high across all age groups and actually highest amongst older generation Non-millennials.

Facebook usage is almost as high for Non-Millennials with children at home as for Millennials. However, it is still significantly lower for Non-millennials without children at home.

For more recent digital services, such as subscription OTT, adoption of all Non-millennials is still below Millennials. However, uptake is significantly higher for Non-millennials with children at home compared to other Non-millennials.



Note: Q: On average, how many hours of the following types of media do you personally consume in a typical week?
How frequently do you use Facebook? Which of the following TV services do you use at home or for your personal use?
Source: L.E.K. survey

What are the implications? 

The change in consumption habits is faster and more pervasive than previously thought. Traditional media participants need to adapt rapidly

Millennial media consumption behavior is very different to older generations:

- They consume significantly less traditional media, in particular linear / recorded TV and radio
- Uptake of new digital media platforms is significantly higher
- They are continuing to change away from traditional media and their rate of change is faster and more fundamental than for older generations
- There is a strong interest in slim OTT bundles from Millennials

Their behavior remains different to Non-millennials through all life stages and does not revert to more traditional media consumption patterns.

Their behavior is viral and is spreading to older generations.

What does this mean for the media industry?

- The change in media consumption is coming faster and is far more pervasive than previously thought
- Traditional media participants will need to adapt rapidly to compete in this fast-emerging new environment
- There needs to be further and faster innovation to develop propositions that capture the interest and behavior patterns of the Millennial generation

About the authors ►

Research Methodology

For *The Perennial Millennial*, L.E.K. Consulting conducted online research of 1,308 Millennials and 685 Non-millennials living across the U.K.

The research took place in September 2015.

About the Authors



Maria Palm is a partner in L.E.K. Consulting's London office. She has over 22 years of experience in the telecommunications industry and has assisted various clients with commercial due diligence, sales and distribution strategy, and valuation projects. Maria first worked for L.E.K. between 1993 and 1997 before leaving to join British Telecommunications as a strategy manager. She returned to L.E.K. London in 2000.



Martin Pilkington is a partner in L.E.K. Consulting's London office and is one of the leaders of L.E.K.'s European Aviation & Travel and Media, Entertainment & Technology practices. Martin has more than 22 years of experience helping clients address issues including growth strategy, portfolio optimization, transactions, sales and marketing strategy, pricing, performance improvement, new product development and market entry strategy.

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