



Winning the Millennial Generation

Cover Story

Feb 20, 2015, 6:00am EST



Pontiac BBQ in OTR is one of many new spots attracting millennials. Photo credit: Bruce Coppen

Paula Christian, Courier Contributor

They're in no hurry to buy homes or get married. They don't repair their cars. They're ditching their TVs. They grew up on the 'net. They're millennials – the generation aged 18 to 34 – and they're transforming Cincinnati, and the nation. At 75 million strong, they are overtaking baby boomers as the largest living generation.

Quantity has a quality all its own. Millennials have unprecedented purchasing power – \$200 billion in direct and \$500 billion in indirect spending. And their peak buying years are still ahead.

"They're calling them the million-dollar generation. It's just because of their sheer numbers," said [Drew Boyd](#), executive director of the University of Cincinnati's Master of Science in Marketing program. "It will become a consumer bonanza for companies, there's no doubt about that." Marketers are spending a fortune to understand this new generation. Companies are changing long-held management practices to please fickle young workers. Cincinnati and other cities are in a frantic competition to lure in millennials.

"This demographic is the golden goose," said [Erika Fiola](#), manager of strategic initiatives for Agenda 360, a [Cincinnati USA Regional Chamber of Commerce](#) program to grow jobs and convince young professionals to move and stay here.

Although the city has launched a suite of programs to help millennials with everything from leadership skills to making friends, Fiola and others worry it might not be enough. While millennials are pouring into cities like Columbus, they're barely trickling into Hamilton County.

[Dennis Devlin](#), owner of Consumer Clarity, a Cincinnati firm specializing in marketing to millennials, said the importance of this generation cannot be overstated. "I don't mean to sound trite, but it's true: They're the lifeblood of the future," he said.

Economic engine

When the Chamber launched Agenda 360 in 2009, it did so with a very ambitious goal in mind: attract 150,000 young professionals here by 2020. Now local leaders know better.

"The only city that may be able to do that is Austin," Fiola said. "We are now in the process of rethinking a new goal ... and trying to find a more realistic number."

From 2010 to 2013, the net gain of young people ages 20 to 34 was 10,025, representing an annual average percent growth of 0.8 percent for the 15-county metro region, which includes Northern Kentucky and Southeastern Indiana.

While this is certainly better than the .07 percent annual average growth from 2000 to 2010 (the region only added 2,690 young people during that decade), it is well below the growth of young professionals in other Midwestern cities.

For example, Pittsburgh added 22,305 young people from 2010 to 2013, marking an annual average growth of 1.75 percent. And Cleveland added 14,888 young people, resulting in 1.37 percent annual average growth rate.

This is a dramatic turnaround for both cities. From 2000 to 2010, Cleveland and Pittsburgh performed far worse than Cincinnati and were actually losing young people. Now they are outpacing the Queen City.

"Some cities have very aggressive initiatives to attract young talent," Fiola said. "Cleveland and Pittsburgh are throwing millions of dollars at this. And we're not. Yet."

Agenda 360 looks at how Cincinnati compares in the young talent race against 11 other cities, including aspirational ones such as Denver and Austin that are attracting young people at triple the rate.

How does Cincinnati fare?

"We're heading in the right direction," Fiola said. "But we certainly have catching up to do."

According to RealtyTrac Inc., which studies millennial migration rates across the country, Hamilton County saw just a 0.43 percent increase in its millennial population from 2007 to 2013. Butler, Clermont and Warren counties actually saw decreases.

Interestingly, Northern Kentucky seems to be doing particularly well attracting young talent. RealtyTrac noted that Kenton and Campbell counties each grew millennials by more than 10 percent during the same period.

"It hasn't happened organically," said [Adam Caswell](#), vice president of public affairs for [Northern Kentucky Chamber of Commerce](#). "This has been a very intentional effort."

Leaders in Northern Kentucky realized the riverfront was key, as were urban housing options and a strong arts scene, walking trails and parks.

"We're in a race for talent," Caswell said. "Millennials choose where they want to live first, then they choose a job."

Yet Cincinnati also has rolled out new initiatives to woo young people. From the transformation of Over-the-Rhine to a hip, urban core, to the chamber's Harnessing Young Professional Energy (HYPE) initiative, to the Brandery for entrepreneurial startups, these efforts all entice young talent to the Queen City.

Last year the chamber launched two programs aimed at young professionals: HYPE Connections to give them a social circle and CincyNext to teach leadership. But is it enough?

"Talent is truly a key factor in economic development. As a region, we need a comprehensive talent strategy with key tactics and metrics that both attract new employees to the region and retain existing talent," said [Johnna Reeder](#), CEO of [REDI Cincinnati](#). "This issue has been studied. Now is the time to act before competitive cities start knocking on our millennials' doors."

Millennial customers

Four Entertainment Group has built an empire of bars and casual restaurants in Cincinnati thanks to the millennial generation. It will open its 11th bar here in March, and it also owns four in Chicago. "Millennials account for approximately 80 to 90 percent of our aggregate business. Our target demographic is between the age of 21 and 35," said marketing director [Cameron Woodruff](#), herself a millennial. "With the cultural shift toward delayed marriage and children, more people in this age range have discretionary income that can be spent at bars and restaurants."

Marketing experts say that 4EG is doing two things right - hiring a staff of millennial marketers and using social media.

Millennials like new experiences, diverse food and drinks and immediate information. They check out nightly drink specials online. They rate their meal on Instagram or tweet about it, even before leaving

a restaurant. They rely on a "party host," or someone who heads up a group text, to decide a starting point for nights out.

"Millennials and social media have grown up together," said [Devon Barnhard](#), a recent college graduate and social media assistant at 4EG.

Millennials rely on social media

"A birthday card posted on a Facebook wall now replaces the purchase of a physical greeting card," said [Milen Mahadevan](#), senior vice president of client solutions for research giant DunnhumbyUSA. Millennials may love Facebook, but they don't love cars. As Toyota USA President [Jim Lentz](#) famously said a few years ago: "We have to face the growing reality that today young people don't seem to be as interested in cars as previous generations."

They're more concerned with price and fuel efficiency than previous generations. And because they more often live in urban areas, smaller is better.

Millennials also are getting driver's licenses later, he said, and rely on friends or ride-sharing services such as Uber and Lyft to get around.

Studies show that millennials drive less than previous generations and prefer to live near transit. Woodruff thinks the city is appealing to millennials because it has ride-sharing programs, Cincy Red Bike and the soon-to-be completed streetcar. 4EG has two bars directly on the streetcar route, and two others within a block of it.

"Cincinnati is quickly becoming a transit-minded city, but we need to continue to forge ahead and keep pace with other cities who are competing for millennials, like St. Louis," she said.

Millennial employees

When Devlin, owner of Consumer Clarity, talks about millennials, he often tells a story about his stint teaching marketing at a local university. A student walked up during a final exam and bluntly asked for the answer to a test question.

"It floored me," he said. "The sense of entitlement that they should be given answers just because they ask for them. That's when I recognized there are differences in this particular generation." Millennials want jobs with a purpose and authority. And they will leave a job quickly if they aren't getting what they want, experts said.

Working with this generation can be frustrating because millennials want the freedom to be creative, work flexible hours and have authority to challenge the status quo. And if they aren't happy, they usually won't stay.

"They aren't saying, 'I'm going to stick it out for five years.' They're saying, 'I'm going to move on to something else,'" said [Mike Sipple Jr.](#), 32, president of Centennial Inc., a Cincinnati recruiting firm. "I don't think there's a lot of patience to wait it out like there has been with previous generations." The companies who are winning with millennials have programs to onboard young talent by making them feel welcome. They are also giving young workers some authority, while minimizing risk if they make a mistake. And they aren't making them work a strict 9-to-5 schedule, Sipple said.

"Millennials just won't put up with that," Devlin said. "You think it's different now – just think about when these millennials are in charge."