How Many Affluent Millennials Are There In America?

Contributed by The Shullman Research Center
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The most recent Insights brief that The Shullman Research Center published focused on American Millennials and it generated questions about the current size of that closely-watched market. No matter the slight variations defining the ages that generation encompasses (we define them as consumers born between 1981 and 2000), there are many of them in America (about 86 million in total), including those of high-school age. When marketers start to focus, though, on the adults who are 18 or older, the number declines to about 73 million. The following exhibit segments the entire American Millennial generation by four typical age segments many marketers use.

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Notably, the largest segment consists of 18- to 24-year-olds. When we look at the three adult Millennial segments by their current buying power using recent US Census Bureau statistics (in the following exhibit), this generationâ€™s age segments become much more interesting.

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When marketers consider targeting these Millennials by their household incomes and are seeking â€œaffluentsâ€• for their brands, depending on their definitions of affluence, the percentage of Millennials who are deemed affluent ranges from a high of 43 percent (31 million) if the starting point of affluence is defined at $75,000 (which is what The Shullman Research Center often uses); 29 percent (21 million) are affluent when that is defined as starting at $100,000 (which another well known survey does); and finally 3 percent (2 million) are affluent when itâ€™s defined as starting at $250,000, which a fair number of luxury brands tend to do. However, if we look underneath the household-income numbers at the individual consumers' personal buying capabilities as defined by their personal incomes, the landscape about affluent Millennials changes dramatically.

During their early adult years (18 to 24), a majority of these younger Millennials go into the workforce or military, while a good number start college and graduate schools, and a portion of them graduate and get better entry-level jobs. Notably, though, their personal incomes on average are quite low (about $14,000) and so they are not personally affluent in our estimation by anyoneâ€™s definition unless their parents support them or they are married (8 percent) and their spouse works, which in reality means many of them have little or no personal buying power. When Millennials reach the ages of 25 to 29, almost three quarters (73 percent) are now in the work force, and a third are married and establishing their own households. Their personal income is clearly growing and on average is now about $31,000 (still below the average American consumerâ€™s level of $39,000). Finally, when they reach 30 to 34 in age, about half (55 percent) of these older Millennials are married and now have their own households, and their average personal income has reached $39,000, the same as the average American consumer. To obtain a copy of the Insights Brief that contains all the insights and data that were the basis of this news article, please click here

Finally, depending on how marketers to the Millennial generation define their target groups and on the prices of what they are selling, they may want to reconsider how they define affluence and how they plan to reach their affluent prospects. Just like an orchestra,
this effort needs fine-tuning before they can make beautiful music.Â Otherwise, there will be dissonance.