Demographic-Driven Demand

The Millennials: Money, Mobiles, and Mobility

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The basic idea:

Demographic trends

+ Economic constraints

+ New mobile technology

= New mobility trends
Millennials are the largest demographic group since the Baby Boomers.

They have the potential to transform society as their parents did.
Millennials don’t seem that interested in driving anymore…

IS THE YOUNGER GENERATION LOSING INTEREST IN CARS?

Licensed Driver as % of Population by Age Cohort

...a trend that increasingly worries car makers...

Source: GM (2013) as posted on theatlanticcities.com
...and has already produced a change in national travel behavior

Source: US Census Bureau, National Household Travel Surveys (2001 and 2009)
One reason: It is expensive to own a car...

Total Cost of Operating A Car

...especially when incomes have gone down for Millennials

Source: GM (2013) as posted on theatlanticcities.com
Millennials have higher debt rates than other generations...

![Debt Owed as a Share of Household Income, 1983-2010]

Source: Pew Research Center (2013)

...and they are working hard to reduce this burden...

Source: Pew Research Center (2013)
...by a combined strategy of:

a) Not marrying
b) Not buying a house
c) Not owning a car
d) All of the above

Which opens up the question: Will things get back to “normal”?
It is more than purely financial constraints, though.

In your daily routine, losing which piece of technology would have the greatest negative impact on you?

% By age group

- **18-34 years old**
  - TV: 7%
  - Mobile phone: 30%
  - Computer: 28%
  - Car: 35%

- **35-44 years old**
  - TV: 9%
  - Mobile phone: 11%
  - Computer: 39%
  - Car: 41%

- **45-54 years old**
  - TV: 10%
  - Mobile phone: 17%
  - Computer: 28%
  - Car: 45%

- **55 years or more**
  - TV: 7%
  - Mobile phone: 13%
  - Computer: 31%
  - Car: 49%

Source: Zipcar (2010)

Actually, for Millennials the car is less important than being connected.
When asked, Millennials are OK with spending time online with friends rather than driving to see them

...which opens up a competitive advantage for transit vs. other modes

Source: Zipcar (2011)
The change to mobile is not only merely a shift in technology but a paradigm shift in how users engage with service providers.

Same business model
- Centralized
- Physical
- Bundled
- Limited choice

Different business model
- Decentralized
- Virtual
- Unbundled
- Unlimited choice
Apps / social media have allowed for 2-way conversations to (re)emerge...

...leveling the field of how information is produced, shared, and used
This decentralized, online, mobile world is different from the previous one

Before…

• High fixed costs (filter, then publish)
• Professional distinct from amateur
• Asymmetry of costs and flows

Now…

• Low fixed costs (publish, then filter)
• Professional<>amateur range
• Symmetry of costs and flows
Users expect more than personalization....
…they are expecting to shape the products and services they use

(Citizens Connect app, Boston)
In addition to personalization, users want…

<table>
<thead>
<tr>
<th>Feature</th>
<th>Netflix vs. TV</th>
<th>eBook vs. Bookstore</th>
<th>MOOC vs. College</th>
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<tr>
<td>Convenience</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Low price</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Choice/Variety</td>
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<td>✓</td>
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<td>Unbundling</td>
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<td>✓</td>
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<tr>
<td>Own schedule</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Ability to shape</td>
<td>✓</td>
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✓ = new technology has competitive advantage

To survive, existing industries / institutions need to adapt to a new reality.
Car and bike sharing is the mobility example of this paradigm shift...

...that only took off because smartphone apps were available
One shared car substitutes eight personal cars…

…with obvious implications over the built environment

Source: Frost and Sullivan (2013)
The mobile online world also allows to eliminate the middleman…

…greatly reducing transaction costs and allowing peer-to-peer transactions
The real issue is not about modal share...

...but understanding and fostering true multimodality...

...which is all about informed choices...
...that mobile user apps are ideally suited to provide. They are convenient, low-cost, demand-driven, and allow for unbundling and multiple choices.

(We’re getting there)
In other words: sustainable mobility is a network, not a tree – an old/new new idea in urban planning.

It’s another paradigm shift in the 21st century: Specialization vs. Integration.
Not unlike online social networking...

...where Millennials are right at home.