

University of Economics, Prague



# MASTER'S THESIS

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# **Online and Smartphone Consumer Behaviour of Spanish Millennials**

### **D e c l a r a t i o n   o f   A u t h e n t i c i t y**

I hereby declare that all the materials presented herein are my own work, or fully and specifically acknowledged wherever adapted from other sources.

## **A c k n o w l e d g e m e n t s**

I would like to express gratitude to my supervisor, Ing. Petr Král, Ph.D., for his guidance and added value, not only during the thesis, but throughout my studies in VSE. I would also like to thank all my friends and family that made the CEMS journey possible. Finally, thanks to all the 213 survey respondents, which made the research a valuable piece of information.

## **A b s t r a c t**

This master's thesis conducts a deep research of the online and smartphone consumer behaviour with a focus on the Spanish Millennials. The main goal of the thesis is to identify a different online and smartphone pattern among Millennials in Spain, compared to the general population. At the same time, obtaining valuable and insightful information about the Spanish Millennial's consumer behaviour and trends is another goal of the thesis. This thesis aims to provide key findings on the topic, adding valuable knowledge, based on the current situation and behaviour of this segment of the Spanish population.

# TABLE OF CONTENTS

[Introduction and Motivation](#)

[Thesis Structure](#)

[1. Background](#)

[1.1 Consumer Behavior](#)

[1.2 Online Shopping](#)

[1.3 Mobile Shopping](#)

[1.4 Millennials: The Global Approach.](#)

[2. Spanish Market](#)

[2.1 Current Spanish Economy Analysis](#)

[2.2 Online and Mobile Shopping in Spain](#)

[2.4 Spanish Millennials](#)

[3. Primary Research of the Spanish Market](#)

[3.1 Sample Methodology and Survey Composition](#)

[3.2 Key Findings and Insights](#)

[3.3 Sample comparison by sex and age groups](#)

[4. Conclusions](#)

[4.1 Applications for local businesses in Spain](#)

[Limitations](#)

[Sources](#)

## **Introduction and Motivation**

The world is evolving at a very fast pace and the companies should adapt even faster to the new trends. Marketing towards consumers is not an exception. The customers are becoming more exigent and have access to a vast amount of information about the different products and services; more than ever before. At the same time, the smartphones are growing in popularity due to its easiness to use and mobility. According to many technology leaders , the smartphones are shaping a new consumer era, and most of the other devices, including computers, will soon be part of the history, as this is a trend that already started and seems unstoppable in the near future. This thesis intends to conduct a deep analysis of the smartphone consumer behavior in Spain, with a specific focus on Millennials.

Therefore the goal is to, first, identify if there are relevant differences in the consumer behaviour of Millennials and, secondly; to discover new findings about the consumer behaviour of this specific segment that will help companies to understand better their customers and to create customized marketing campaigns for this group of the population.

My personal motivation for writing the thesis about this topic is based on two factors. First, because I am a passionate about technology and entrepreneurship, and I believe this thesis will provide me and the reader a valuable understanding of the preferences and usage of the mobile phone by Millennials, not only in Spain, but in many other developed countries, where the behaviors are similar, according to diverse researches. My second motivation is that I will soon start a career in the technological industry and this topic represents one of the main concerns by this industry. Therefore, a deep study of the market will be very useful for me and for the companies I will be working with in the coming years.

Finally, I feel honored to do a research about the generation I belong to. I personally intend to understand this generation in an optimal way and help future researchers and many companies to have a better understanding of this segment of the population. The thesis will explain in detail why the Spanish Millennials are different from the rest of

Millennials due to the economic and social situation in the country as well as how those differences affect their consumer behaviour.

Hence, this study will research the behaviour of this segment of the population and will answer the following questions, among others:

- Do Millennials shop via smartphones more often than the rest of the population segments? If yes, How often?
- What type of products or services do they buy online more often? What products are they willing to buy online via smartphones? Which ones not?
- How is their decision-making process to buy online via mobile?
- Do they search online while shopping in stores? If so, what's the purpose?
- What are their preferences of buying online vs. offline?
- How many hours per day do they spend online and in their phones?
- Do they usually check their smartphones in store? for what purpose?
- And many more questions with the intention of revealing the consumer behavior.

This thesis goal is to provide valuable data insights, both from primary and secondary researches, about the Millennials consumer habits, including insights about how they use their devices, when do they use, what and how they buy products and identifying their consumer behavior, including also some of the possible obstacles and their preferences while shopping online or via smartphones.

Ultimately, The results will help advertisers in designing efficient marketing campaigns attracting these users to their Mobile sites, as well as having a clearer idea of how to target them and selecting the ideal channels for them.

## **Thesis Structure**

Once the goal of the thesis is clear, having a coherent structure is the next step. This study is composed by four pillars. The first pillar is the secondary data research. The initial purpose of the thesis started with a focus on the Spanish M-shopping (Mobile-Shopping) consumer behavior. After many reports and academic papers were reviewed, relevant data about the Millennials and their specific M-Shopping consumer behaviour was not found. This lack of information in several global researches led to the need of a research bases on this segment of the population, and given the scarcity of



researches based on them, the specific topic of this thesis was developed: online and smartphone behaviour for Millennials...

Consequently, the first pillar of this paper will introduce the reader to the topic of consumer behaviour; especially for online and mobile shopping, with a global perspective and some examples of different leading economies and the consumer behaviors there. Here, the current trends about the topic and other relevant global secondary data will be exposed to put the reader in context.

After this first introductory part, The study will lead the reader towards the Spanish Market. Starting with a brief and relevant insight about the Spanish economy and socio economic situation, the thesis will follow with the current smartphone users behavior and trends in the market. Finally, it will finish with a deep analysis of the Millennial's situation, consumer behaviour, preferences and lifestyle.

The third part of the thesis will be the key part of the study, because it will include relevant and exclusive data about the Spanish Millennials from the primary research conducted to over 160 respondents about their preferences and behaviors, providing a new source of information in the market. This primary data research structure will be explained in detail in the following pages, including general insights, as well as comparison by sex and age to identify possible differences in the target group.

Finally, A combination of primary and secondary data will be exposed to the reader, making some conclusions and possible applications of these resources to different companies doing online advertising in Spain and explaining how to attract this segment of the Spanish population.

## **1. Background**

Before jumping into the main topic, It is important to step back and look at the big picture. Human civilization has gone through three major revolutions throughout its history. The first one was the agricultural revolution, then the industrial revolution in the late 18th century; and we are currently living the third one: the technological and digital revolution. This is a fascinating era where everyone has granted access to all kind of information from anywhere in the world. Distances have been shortened and humans are now able to instantly communicate with anyone from any corner of the planet to the other.

Online communication has enabled the whole world to access information at a speed never known before, meaning that people have free access to all the information and people that have access to internet. During the technological revolution it is possible to distinguish many devices that have granted us access to information and people that are not physically in the same location as the sender. Some of these devices making the revolution possible are the phone, fax and the computer. But, in the last years there is a device that is changing the whole panorama and the consumer behavior; and this is the smartphone. Nowadays, all the information is, literally, in one's pocket. According to Google's Executive Chairman Eric Schmidt "The trend has been that mobile was winning. It's now won," he said in 2014 in an interview to Bloomberg. This statement confirmed that the use of mobiles and smartphones did overcome the use of computers in 2014 in the American market, and that the trend will continue for the next years and expand to other markets, according to the statistics. (Bloomberg, 2014)

For this reason, it is appropriate to comprehend the consumer behavior of smartphone users worldwide, because it is different from the former consumer behavior. In order to create relevant marketing campaigns for smartphone users, the companies should fully understand the consumer behavior and their needs. This first chapter of the thesis will provide the reader a valuable background in four main areas.

The first one will introduce the concept of "consumer behavior" and explain why it is important for this topic, including some processes and behaviors the consumer do, like for example the decision-making process to buy a product, which, of course differs from product to product, as well as from one consumer to another. The goal is to obtain a more precise image of the consumer behavior.

Secondly, a background in online shopping will be conducted, including statistics such as the penetration rate, users' behavior, and preferred products to buy online. Once the development and future trends of online shopping is concluded, it will put the reader in context for further analysis in this study. Analysis of statistics and data from the North American market, which is one of the most developed countries in online shopping, will demonstrate the power of this shopping method nowadays.

Thirdly, The thesis will cover an analysis of the online purchases via smartphones (m-shopping). This part will introduce data for the smartphone topic and will include statistical facts as its growth and development, as well as obstacles and future trends.

Finally, the Millennial's background and general facts will be analyzed. The topic of this thesis is focused on Spanish Millennials, and consequently, this segment of the population is important and deserves more attention. In the first part of the thesis, a brief analysis of the millennials will be developed with a global perspective. After that, the Spanish section will also include a section dedicated to the Spanish Millennials and revealing the differences between the Millennial worldwide and the Spanish Millennial.

## **1.1 Consumer Behavior**

For the sake of analyzing the specific behavior of a segment of the population, first it is important to cover what is consumer behavior and several current trends. Consumer Behavior is used by marketers to predict the consumer's attitudes and allowing them to create influential marketing campaigns to their target audience. Below we can read the official definition by Kuester:

“Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. “ (Kuester, 2012)

Analyzing the reference above, Consumer Behavior is a complex process in which users' habits differ from each other and their choices are different, based on psychological and social factors. Marketers cannot design a perfect marketing campaign that will appeal to all the different segments, for this reason the market should be analyzed and segmented among the consumers with similar consumer's behaviors.

The purchase decision-making process is one of the most important processes to be understood by marketers in order to successfully sell their product to the public. This process is composed by five well-known steps. The first one is “need recognition”. The consumers realize that there is a gap between their current needs and their ideal situation. Without need or desire, there is no purchase. The second step is information search, where the consumer seeks for information to solve this need/desire. Third, alternative evaluation, where the consumer will ideally have several options solving this need or desire, and has to evaluate the different alternatives. Purchasing decision is the fourth, which will be the purchase of the most appropriate product or service for the needs. Finally, the post-purchase behavior is when the consumer evaluates the adequacy with his initial needs and whether the right decision was made or not. This

will define the consumer's next buying behavior, based on his satisfaction or disappointment with this product or service. (Pearson, 2013)

This is a process that most of the people go through when purchasing a product or service, but of course this process can happen in just a matter of seconds, in the case of buying a chewing gum at the supermarket, for example, or could take months if the purchase is something more important or more costly, like a house or a car. Therefore, consumer assigns different importance to different products, according to the value and importance. As a marketer, it is crucial to understand the different needs at each stage, which influences the consumer's opinion, feelings and actions towards the brand or company. (Solomon, 2012)

As many marketing researches have been showing us for the past decades, it is possible to influence the buyer's consumer behavior and their buying process through marketing.

The decision making process of the consumers is usually a system of shortcuts and rule of thumbs, which makes it unpredictable. The process of buying is different from person to person. However, focusing on the past experience of consumers and asking them about preferences; It is possible to predict the future trends.

Getting into the consumer behavior of online and offline buyers, one of the main differences in behaviour is the second step of the buying decision making process: Information search. Today's technology savvy customers are always checking for information on the go, with their smartphones and computers. By searching information on the net, the consumer is not only saving time, but also making comparison between competitor's offers, which will also influence the third step in the buying decision making process, the alternative evaluation. Such customers prefer to use internet searching for information on various product categories. (Consumer Behavior in retail, 2013)

Today's consumers have access to a broad variety of information that affects their buying behavior process, and do not rely on retailer's staff to get information anymore. Also, Internet helps the consumer to find the products and the physical stores, in case they want to go in person. Some other factors revealed by Sridhar Ramaswamy, SVP Ads & Commerce at Google, are that the opinions in social media are very influential to today's buyers, compared to the past. Finally, the consumer is starting to be able to "feel" the product with Interactive videos, 360 views, gestural controls, which help the

customers to see the products “on live” through their screens. (Think with Google, 2013)

This quote by Bob Thacker, SVP of advertising at OfficeMax, summarizes how the savvy consumer does the buying decision making process nowadays. “Pre-shopping before buying has become a huge, huge part of customer behavior. In the past, it was pretty much confined to big-ticket items like cars, or expensive electronics or homes. Now people engage in discovery before shopping on very small things. It’s crossed all categories of shopping behavior. It’s just the way people buy today.” (PostNord Journal, 2014)

## **1.2 Online Shopping**

In the late 1980s the World Wide Web was invented and it meant a complete change to most people’s lives. Nowadays, everyone is able to connect, get directions, search for all kind of information and buy online from any location in the world. This means that both, companies and consumers have evolved into a more sophisticated market, where all the information is available for the consumers and where the companies are open 24/7 and can sell anywhere in the world.

This is a clear advantage for consumers, as they can easily buy from their homes/offices without the need of going to a physical store and wait long lines or search for the items from store to store. Also, as information is readily available for the customers, they can easily compare prices and quality among competitors, write good or bad reviews about a product or service in just a matter of seconds. This factor makes it more difficult for the companies to have loyal customers and the market has become a very competitive one, where all the companies are under constant monitoring from the clients and any bad review could seriously damage their image and sales.

On the business side, it is very convenient to have all the stock available online without the need of a physical store and staff to take care of the customers. That’s why online retailers like Amazon.com can afford to have lower prices compared to physical competitors, as they are able to save money avoiding expensive rents in the shopping areas and prepared staff to assist.

Online shopping has been growing at a fast pace since its creation. The online shopping sales in 2014 accounted for \$1,471bn worldwide. Only in the US there are 191 million of

digital shoppers and the online market leader is Amazon with \$79.48bn sales, representing only 5.4% of the total online sales. The estimations by Statista, leader in online statistics, is that the worldwide online sales is going to increase over 60% in the next two years, reaching \$2,356bn in 2018. (Statista, 2015)

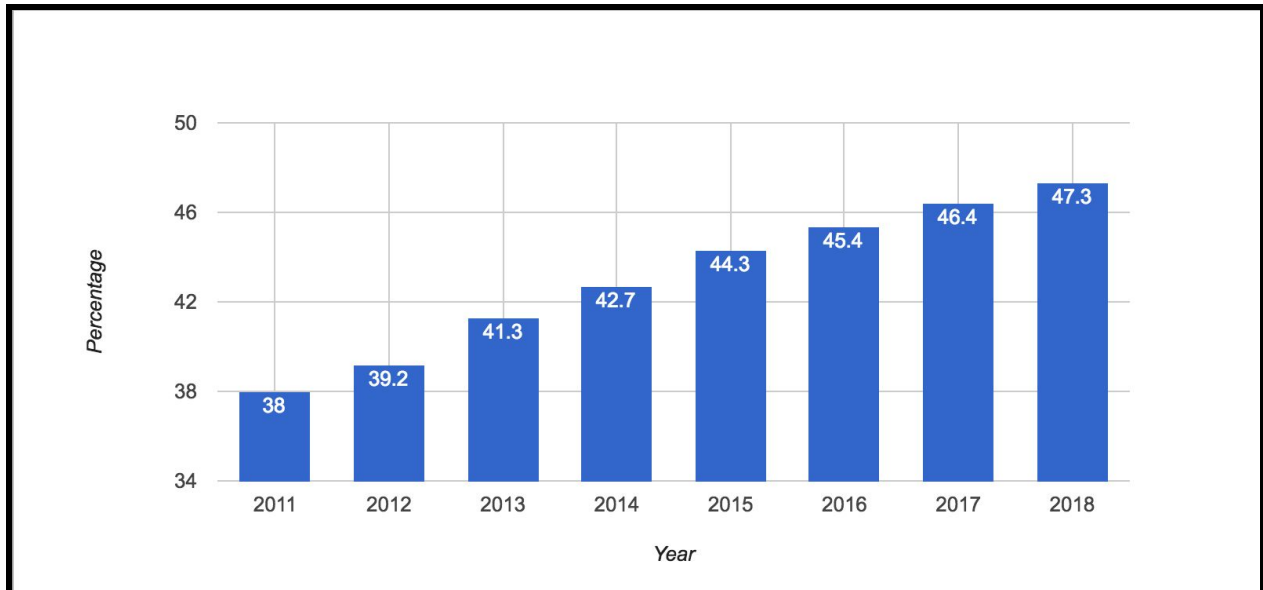
Taking as an example one of the most developed economies, the United States, the online consumer in 2011 spend an average of \$2,104. Four years later, in 2015, the average spent by digital user was \$2,626, a total increase of 25% and the trends indicate that this amount will keep increasing and reach \$2,937 by 2017. The example of the United States average spent shows us figures that may not be directly related to the ones in Spain or Europe, however, the outcomes can be applied to many other western countries, showing us a positive trend, and thus the importance of focusing in this growing channel: online shopping. This constant increase in online purchases is caused by the developed technologies, more sophisticated deliveries and increased trust with the online paying methods. (Statista, 2015)

The majority of transactions (not in terms of volume) are in a B2C basis, where the transactions are from an established company or retailer to an individual. As of 2014, the online shopping penetration rate is 42%; meaning that of all the online users, this percentage are the ones that bought something online in 2014. Of course, the online shopping penetration rate is different from country to country. In 2015, China is the country where most internet users had bought a product online, in part due to its huge population. Some other countries that show an increasing number of online purchases are led by Germany, India, Brazil and the UK. (Statista, 2015)

Below, the graph shows the online shopping penetration per year and the future forecasts. This graph shows that digital buyer penetration by 2018 is going to be almost 50%, meaning that 1 out of 2 internet users will buy online. Starting in 2011, the worldwide number of online buyers was 792.6M, and forecasts in 2015 indicated that this current year 2016 this number will increase to reach the 1.32 billion, almost twice as big as five years before. In order to obtain this forecast figures, Statista has compared the purchase intention rates. An example can be given with the online purchase of e-books. In the first quarter of 2014, 34 percent of respondents were planning to purchase an ebook online in the next six months. This figure represents a 19 percent growth from 2011. (Statista, 2015)

A good estimate to forecast the online growth is to look at two of the world's largest e-retailers: Amazon.com and eBay Inc. Their success can be determined by looking at their year-on-year revenue growth from 2006 to 2013.

**Figure 1: Worldwide Online Shopping Penetration**

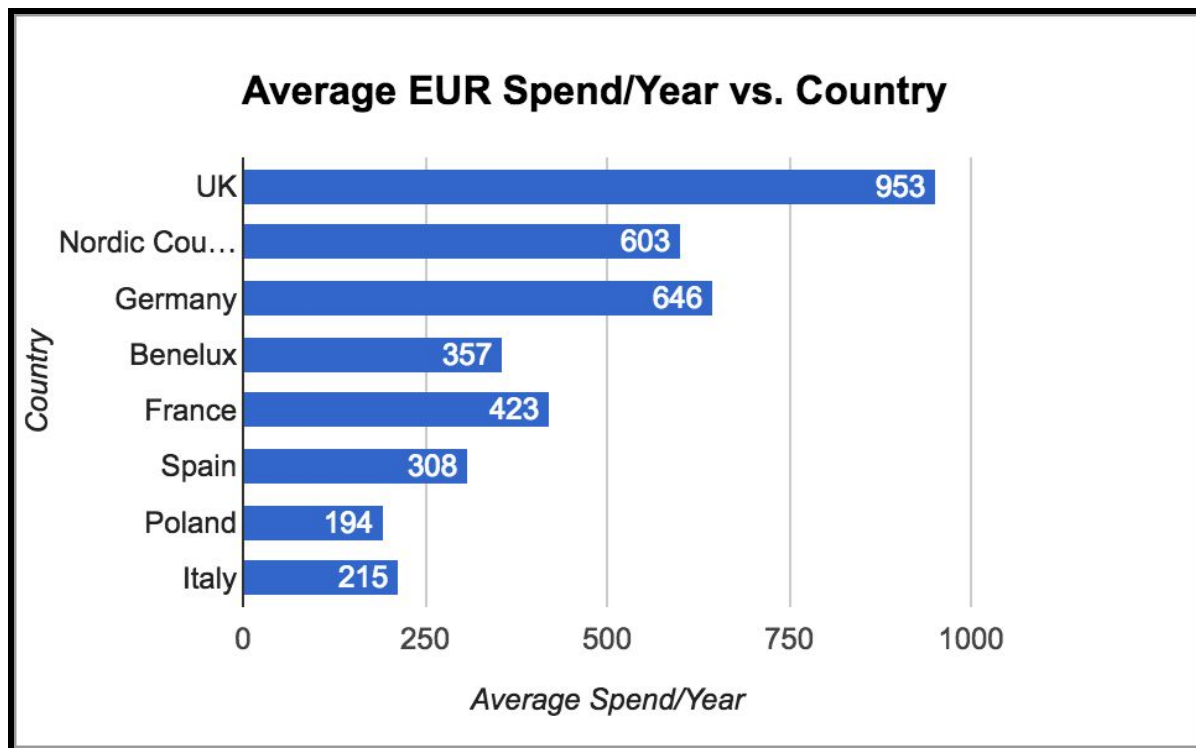


**Source: Statista, 2015.**

After analyzing the worldwide situation and the specific example of the United States, Let's focus the attention to the European statistics and trends, which are more relevant to this thesis' target population. According to a European survey made in 2014 to 12,000+ citizens in European countries, the UK is the country with higher online shopping sales, where 81% of the respondents confirmed that they bought online during the last year and the average expenditure was 953 Eur/year, as we can see in the graph below. If we compare these data with the Spanish results, where 60% of the respondents bought online and they spent an average of 308 Eur/year, we can see that the Spanish market is not among the best performers in Europe, as the figure 2 shows.

A cause of this is because the consumers are more concerned when buying online, spending only a third of the English consumers buying online. According to the journal: "Europeans with strong purchasing power who are used to the Internet are buying more and more online. As the global E-commerce market matures, curiosity is also leading them to buy from foreign sites." (PostNord Journal, 2014)

**Figure 2: Average Annual Online Expenditure per person in Europe.**



**Source: PostNord Journal, 2014**

Taking a deeper look at the consumer behaviour, the most favorites online purchases are Clothing and Footwear, where near 100 million European users bought online. This is followed by books, home electronics and cosmetics. The least favorite measured item is food; only 25 Million users purchasing in Europe, 25% of them from the UK.  
(PostNord Journal, 2014)

Moreover, the PostNord study of 2014 shows some of the critical issues for the online shopper. Here are some of the main insights from the European market. Low Price is crucial for europeans, according to the research. Most of the customers find very relevant to find the best prices online, especially in the southern and eastern regions of Europe. Speed delivery, including deliveries in the next couple of days from the purchase is essential for online shoppers. Over 80% of the buyers expect to receive the product within 5 days from ordering. Free delivery is more important in the southern regions than in the northern ones of Europe. 64% of Spanish online buyers considers very important to have a free delivery when buying online, while 63% of respondents from Italy.

Foreign Purchases in Europe is a fact, given the diverse area and small distances among countries. Four out of ten respondents bought something online from a foreign country in the period established, leaded by the Nordic countries. (PostNord Journal, 2014)



According to Jonathan Alferness, VP product management at Google: “87 percent of shopping research happens online while 92 percent of goods are still sold in retail stores”. This statement shows the importance of internet for the users, where most of them research online, but still prefer to go buy offline and have the ability to “feel” and try the products in first person. This represents a good opportunity for the “physical” stores that aim to have a strong online position, with strategies to attract the online users to their stores. (VentureBeat, October 2015)

### **1.3 Mobile Shopping**

Because of the easiness of smartphone access to information and the inexpensive prices of basic smartphones, It has become the fastest adopted technology of all time. The mobile technology has emerged as a primary engine of growth changing lives everywhere. (The Mobile Revolution, 2015)

Underdeveloped and developing countries can now enjoy the access to information using their smartphones, which was impossible before due to the excessive price of computers. Based on this, the mobile is especially revolutionizing the developing countries, giving access to the worldwide information to all the users. A clear example are many countries in Africa. The population use their phones to make transfers and payments to other people in the country in an easy way, instead of going to the closest bank or having access to an expensive computer. This is one of the clearest advantages of mobile technology. (Bloomberg, 2013)

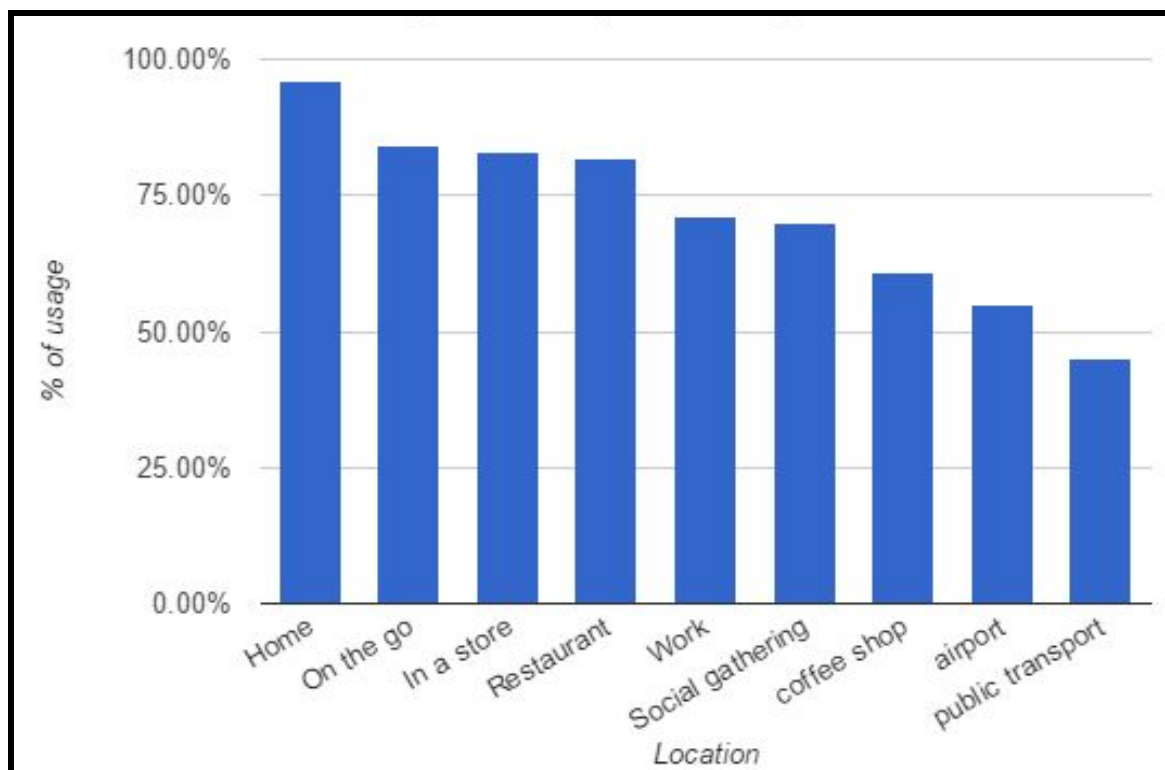
According to the research made by BCG in 2015, there are a few factors that explain why the smartphones have been such a successful device. The cost of a smartphone nowadays can be as low as \$40. Everyone can afford to have one. The cost reduction of data infrastructures. a 95% cost reduction from 2G to 3G. Mobile data-transmission speeds have increased a lot recently. These three facts are, according to BCG experts, the main drivers towards a quick adaption of the device in all of the markets. (BCG Report, 2015)

A research made by Kleiner Perkins Caufield & Byers's shows that smartphone users check their phones an average of 150 times per day and there are more than 1.5Billion people with smartphones globally, most of them localized in the developed countries. (Kleiner, 2013)

Online shopping via computers and laptops is still the preferred method of the online purchase by many consumers, but mobile shopping is growing and has a lot of potential to develop. Given the trends in the market, mobile will be the preferred device for the users in most of the countries soon. (Google Research, 2014)

The graph below made by Google statistics show how the USA users use the phones on a daily basis, and we can see that the 84% of the repliers use it on the go, where almost everyone at home. This means a whole new world of opportunities for companies to reach the potential customers when they have free time at home or waiting for the bus or at a coffee place. Another particular point to highlight is the high use of smartphones in store, meaning that the consumers are checking and comparing product quality and prices online. (Google Research, 2014)

**Figure 3: Usage of Smartphones by the users**



**Source: Google Research, 2014**

According to another research in the US made by SessionM in 2015 to more than 12,000 respondents, most of the retailers still see mobile shopping as a weak source of income, but with a constant growth. Most of the barriers while buying with their mobiles are the

personal data security and/or poor user experience. However, there are some interesting trends to take into consideration. Based on the responses, more than 90% of respondents said they had made a retail purchase in the past 90 days, where 73% made those purchases in a traditional store. The major discovery was that 90% of these buyers confirmed that they used their smartphones in store while shopping. The main in-store activities were price comparisons with other competitors/products (54%), Looking up for more product information (48%) and Checking Online reviews (42%). The research also found that many users look online for coupons or deals, although it was not among the top search activities. (MarketingLand,2015)

More statistics based on Google data and published by KissMetrics in 2015 show that, not only in-store activities are very common among smartphone users, but that 78% of online searches for local businesses made by smartphone ended up converting. (A conversion can be interpreted as a purchase or action taken by the buyer. In this case it is a visit to the local store). This figure is much higher than the 61% for desktops/laptops or the 64% for tablets. This has a clear explanation if we think of three individuals using a laptop, tablet and phone and looking for a local coffee house. More than probably the last one will be more likely to convert, as we presume he is on the go. (KissMetrics, 2015)

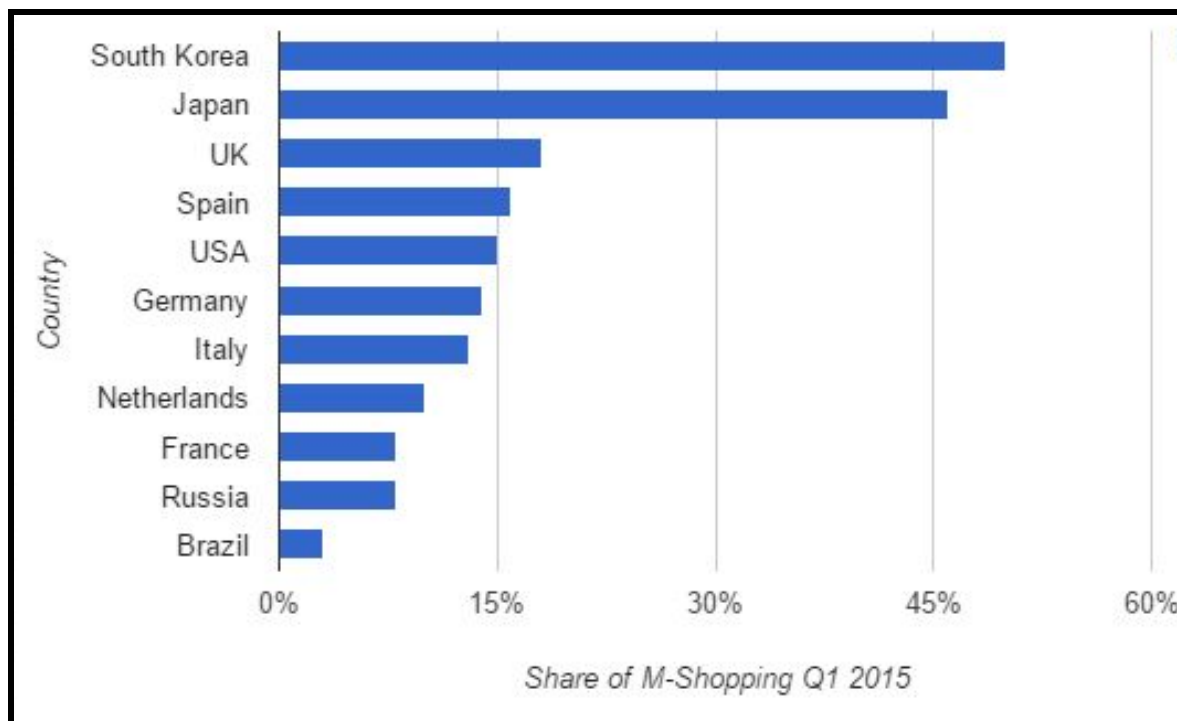
Yet one more insightful data is that smartphone users indeed prefer to use the company's website adapted to phone rather than the app. Two out of Three prefer access the company's website without the need of having an extra app downloaded. (KissMetrics, 2015)

Now, let's take a look at the actual purchases using smartphones. According to a research made by Criteo in 2015, the online company affirms that " Mobile commerce is growing like a weed". According to the research, Mobile represents 29% of eCommerce transactions in the US and 34% globally, including transactions from tablets. And the trends also show that in some countries already represent more than half of the transactions. For the first time Japan and South Korea had over 50% of their eCommerce transactions on mobile.

The figure 4 below shows us the market share by countries. According to the 2015 data gathered by Criteo, South Korea and Japan are leading the m-shopping. For the sake of this thesis, let's take a closer look at the Spanish data. Spain has a high market share compared to their neighbourhoods. Spain's market share was 15% in 2014 and jumped

to 16% in 2015. More than a third of the purchases (11% out of 16%) were done from an Android device, while the rest from an Iphone. (Criteo Media, 2015)

**Figure 4: Share of M-Shopping by country, Q1 2015**



**Source: Criteo Media, 2015**

Out of these secondary data research there are a few key takeaways. One of the most relevant ones is that smartphone users do not purchase online through their phones as much as with computers yet, with the exception of South Korea and Japan.

Another key point is that the users use their smartphones most of the time during the decision process (90%), either for price checking, product information or reviews. Also, most smartphone users looking for local stores with their smartphone end up converting in a purchase. Hence, it is possible to conclude that, although m-shopping is still not the largest source of income for businesses, smartphones play an important role in the user's decision making process. Therefore, from the seller's point of view it is important to learn that being visible in smartphones is as important as being visible for desktop searches. Search Engines like Google or Bing evaluate the landing page and

mobile adaptability of the websites and based on that, the algorithm assigns a position in the list for both desktop and mobile, showing in different positions and rankings most of the time for every device. This is something to take into account by many marketing experts developing online campaigns.(Criteo Media, 2015)

## **1.4 Millennials: The Global Approach.**

The constant growth of M-shopping and the importance that smartphones are taking in the decision making process of the shoppers has been proved by many different statistics and researches in the pages above. Smartphones are shaping a new consumer behaviour and is changing the way people purchase, make decisions and find information. The younger generations, which are more engaged with the use of technology are the ones that are more affected by this switch on consumer behavior. The younger generations are the first ones that were born in the digital era and use technology for many different activities on a daily basis . Therefore, Millennials are one of the key segments of the population for the M-shopping research and for marketers, and this thesis intends to obtain relevant findings . The definition of Millennials is explained below.

Millennials is a term used for the population born from early 1980s until early 2000s. There are several interpretations by different institutions about the specific starting and ending years of this generation. However, for the purpose of this thesis and to make a more heterogeneous group of individuals to research, Millennials will be composed by the population born between 1985 and 2000, which are individuals aged between 16-31 years old in 2016. (White house Official Report ,2014)

The global millennial generation is approximately represented by 2.5 Billion people, which is near 35% of the worldwide population. As an example, In the US there are 92M Millennials versus the 77M Baby Boomers, representing a large part of the population and this is an opportunity for the companies to exploit. Companies can now adapt their marketing strategies targeting at these different segments of the population, which has a different way of thinking and behaving. (Millennials Report, 2015)

There are many factors that differentiate this segment from the rest of population. The main differentiator is that the Millennials are the first ones to have access to the internet during their formative years. This a clear advantage for them when using technological devices, as most of them have a better understanding and usage of these devices. Another important fact about this demographic group is that most of them have come of age during a very difficult times in the global economy (crisis of 2008), with little opportunities in the labor market, forcing them to make important decisions about their education and career paths in a very unstable environment. (Millennials Report, 2015). Some of the main global characteristics of this generation are the extensive knowledge of digital technology and the massive use of social media. They are also more focused on getting the most out of the present and find what they really like. Discovering their passions are important to most of them, looking for new ideas and projects to develop, even when this represents a lower quality of life, according to different researches about the motivations and behaviors of Millennials. (Pew Internet, 2012)

According to a global survey conducted by Deloitte in September 2015, there are several global trends for Millennials, while other trends differ by country. Let's take a closer look to the global trends in terms of working and living. The first finding that this macro survey reveals is that two thirds of the millennial workers have a desire to leave their organizations by 2020. This represents the low feeling of belonging to an organization or group and the importance to grow and have new experiences. Another highlighted insight is the more traditional approach for their personal goals. Instead of seeking fame or prestige, most of them are looking for a good work/life balance, owning a home, a desire to have a partner for life and have enough money for a safe retirement. Another relevant finding from this survey is that most of the Millennials (87%) believe that the success of a business should be measured in terms of more than just financial results. This gives an insight about the shift in Millennials way of thinking and their emphasis in more social and environmentally focused companies. (Deloitte, 2015)

A research made by Goldman Sachs focusing in the US Millennials shows some of the trends in their habits. They are more willing to stay living with their parents more than even before, with a 30% deciding to stay at their parents. Also, their social life has changed, as well as their relationships. The median marriage age is 30 years old vs. the average 23 years old in 1970. Although Millennials want to stay single for a longer time, 70% of them would like to get married and have a family at some point later in life. A

relevant insight about their consumer behavior includes the importance for quality when making a purchases; but Millennials' most important factor is the price, and they will use their technological devices to find the best price/quality product.(Goldman Sachs,2013)

Finally, an interesting trend is that most of the Millennials are reluctant to ownership, preferring to share items in what is called the "shared economy", including shared transportation, housing and rental systems. According to Jeremy Rifkin, Author and Economist, "25 years from now, car sharing will be the norm and car ownership an abnormality." This quote is largely represented by Millennial's behaviours nowadays in many developed countries, where less people buy their own cars and houses. They'll rather use the shared economy systems or rent. (Goldman Sachs,2013)

Once the reader has acquired a better understanding of the Millennial's demographic and behavioral dimensions, a closer look at the trends when shopping online is the next step, including statistics and insights relevant to the study.

Just taking a look at the US population, there are over 80 Million Millennial's users and close to 60 Million using internet on their mobile phones. No other generation uses more social network to create, share and exchange information with each other. One of the most popular social networking sites among Millennials is Facebook, where 7 out of 10 Millennials use it, closely followed by Youtube (63%). It's also interesting to measure how long they spend per month on the Facebook App, which is more than a complete day per month,25.7 hours per month. (Statista, 2014)

The study also examined the main activities Millennials do online via desktop or smartphone. The most usual ones are checking emails, staying in touch with friends, streaming music, tv and movies, shopping and product research. However, the activities they do on their smartphones differ from the ones above. Here, the more usual activities are social networking and checking the weather, while commerce activities still lag behind; compared to their online behavior with computers. When buying online, Amazon is the most frequently used app in the USA. (Statista, 2014)

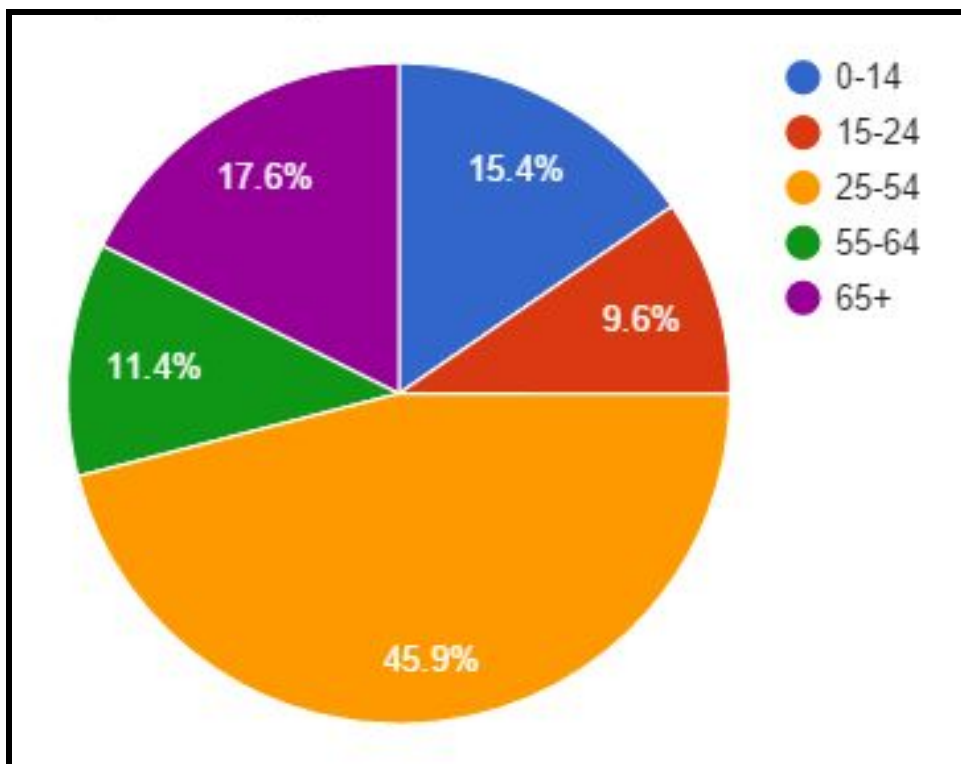
## **2. Spanish Market**

After a deep analysis about the online and mobile shopping behaviour in the global and US market, including a better understanding of the Millennials' way of thinking, the thesis will start focusing on the targeted market: Spain. Starting from this point on, the

thesis data and information will be mostly limited to this country, and then comparison on how the situation is in this country to the others will be performed.

As a starting point to analyze the Spanish market, first it is important to have a brief introduction about the current economic and social situation. Spain has a population of over 47M people, with 0.97 males per female and 4.7 Millions foreigners with permanent residency. It's the 29th most populated country in the world. As seen in the figure 5 below, Spain is, like many developed countries, mostly composed by older individuals, with the largest population group including population between 25-54 years old. It's also relevant to highlight that the Spanish population has been in constant decrease since 2011, due to the exit of the younger population and the exit of many foreigners, all caused by the economic crisis that will be covered below. (Index Mundi, 2014)

**Figure 5: Spanish Age Distribution in 2015**



**Source: Index Mundi, 2014**

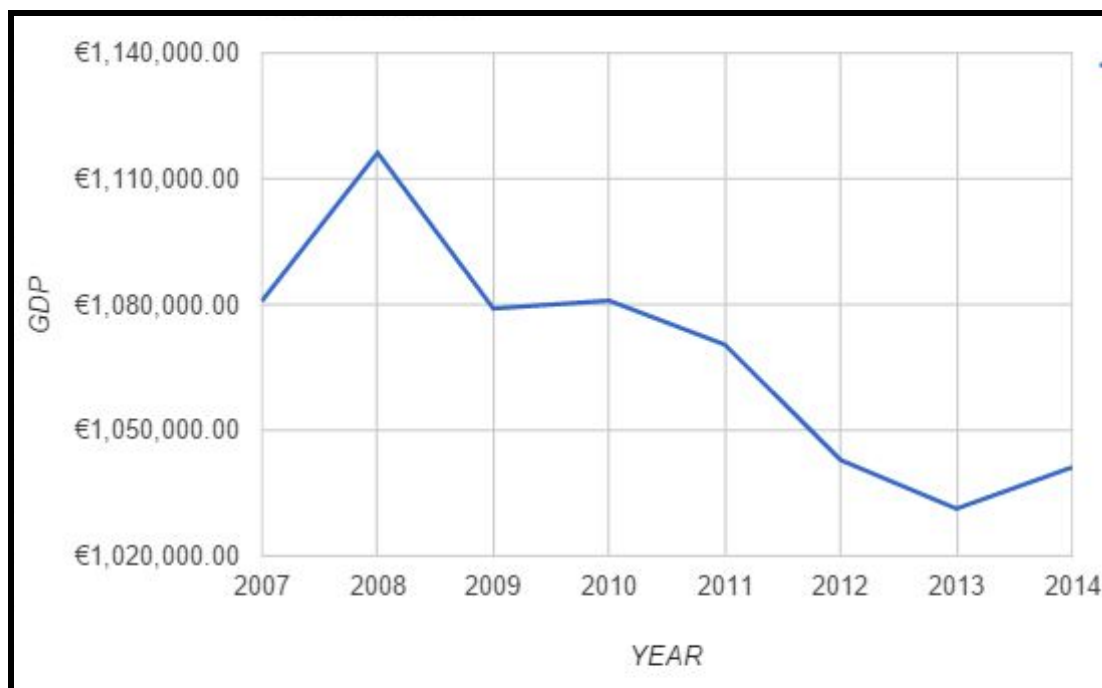
## 2.1 Current Spanish Economy Analysis

Spain is considered the #14 strongest economy in the world with a GDP of 1.260Eur Billion in 2014. It represents 2.23% of the total world economy. (Datos Macro, 2014)



The GDP per capita is 22.780Eur, which represent a relatively high figure, being ranked the #32 out of the 196 countries worldwide. The Spanish economy has been one of the most affected by the 2008 economic crisis, affecting most of the households and reducing the wealth of the country. Below there is an evolution of the GDP in Spain and its decrease since the 2008 crisis hit the country. This economic crisis affected most of the Spanish households in terms of reduced wealth and unemployment, as we shall see later. On the positive side, starting in 2015, there are signs that the economy reached its bottom in 2013 and is starting to recover at a slow pace, according to many economists and is shown in the graph below starting from the year 2014. (Datos Macro, 2014)

**Figure 6: Spanish GDP development.**

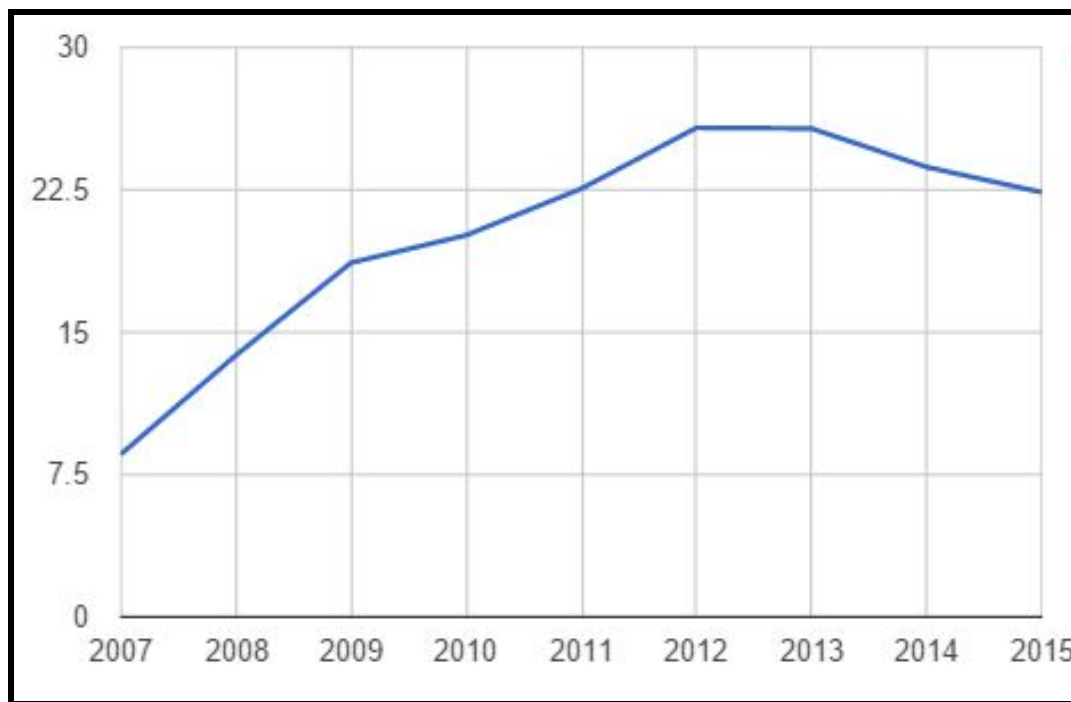


**Source: trading economies, 2015**

One of the biggest problems in the Spanish economy is the unemployment rate, represented by 22% for the overall working population in 2015, and 49% among people actively looking for jobs under 25 years old, being the country with the highest unemployment rate in the EU. The Figure 7 below includes the unemployment rate since 2007, where it was 7.6%, going through the crisis and ending up in 2015 with a 22.5%. Again, the good news for the Spanish economists is that it seems that the maximum unemployment rate was reached 2013. The Spanish government didn't find a

proper formula to reduce the unemployment at a high pace, even today, where most of the reduction in unemployment is due to a decrease in the working labor and not for a high job creation. For this thesis' sake, it's crucial to understand the critical situation for the young population, where one out of two actively looking for a job, are unable to find a remunerated job. Consequently, this fact causes the massive exit of young people from Spain in direction to other countries with the aim of finding a quality job with fair conditions (Trading Economies, 2015)

**Figure 7: Spanish Unemployment Evolution.**



**Source: trading economies, 2015**

Another insight about the Spanish economy and society is obtained observing the Spanish households, in order to have a clearer picture of the situation. There are more than 18 million households in Spain with an average of 2.53 persons per house. The number of people living alone increased to reach 4.4 Million in 2015, representing a 24.2% of the total. One out of two people between 25 and 29 have still not emancipated and are still living with their parents. Also, it is important to highlight that most of the total population (78.9%) own their house, instead of renting, a fact that is different from many neighbour countries. (Instituto Nacional de Empresa, 2014)

Taking a look at the basket of goods, Spanish consumers spend a fifth of their income in food and non-alcoholic beverages, 15% in transportation, and 14% in restaurants and hotels, on average. The last figure is significantly high compared to the EU average of 8%, and is explained by the fact that Spanish people tend to go out for dinner and lunch more often than other nationalities, and it is known to be one of the countries with more restaurants and bars per capita in the world. (Instituto Nacional de Empresa, 2014) Finally, in order to include some relevant information about the households and infrastructure, almost all of the households own a TV and have at least a mobile phone (96%), while 74% have a computer. This figure is relatively high, concluding that Spanish households have a significantly high quality of life (Cetelem,2014)

## **2.2 Online and Mobile Shopping in Spain**

Once the worldwide online and mobile trends have been exposed, as well as an overview of the Spanish situation, the procedure of the study continues doing a deep analysis of general consumer behavior in Spain.

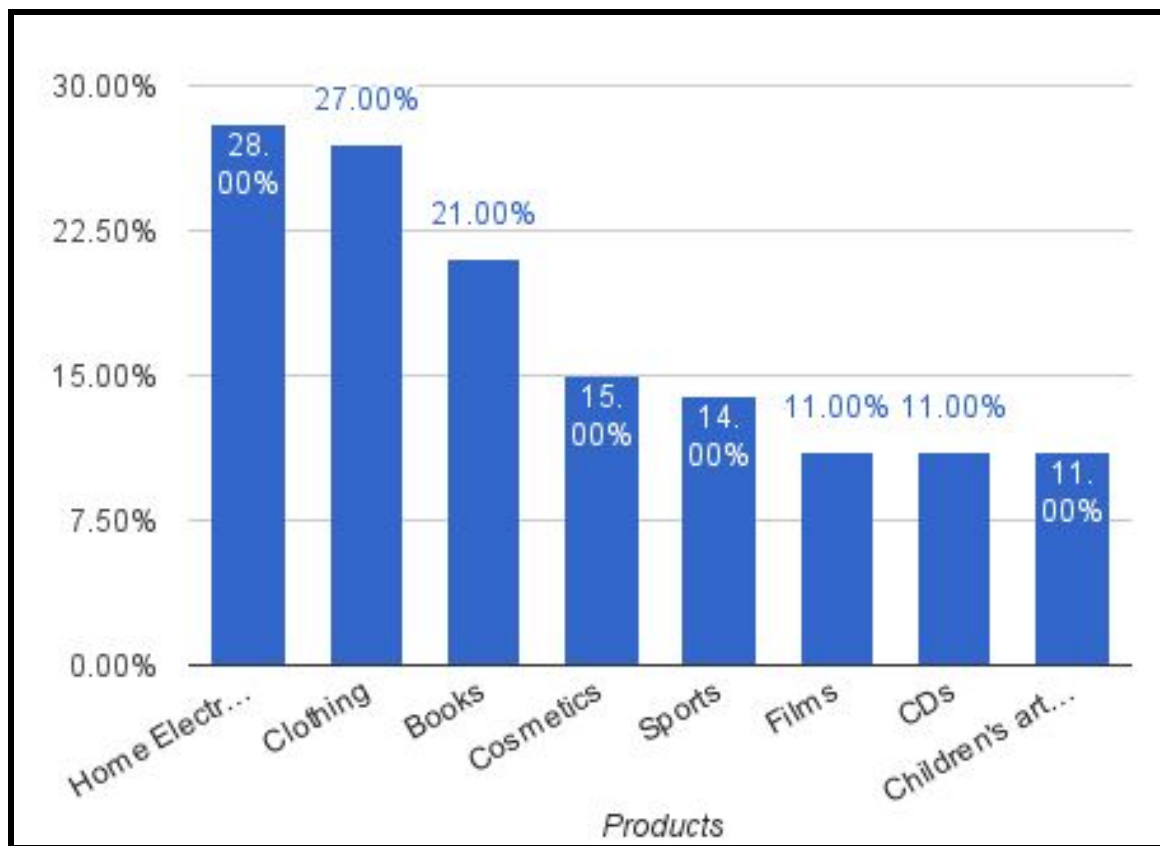
Focusing first on the online population, Spain has an internet penetration of 67%, and more than 60% of the online population (23,3M) affirms to have shopped online at least once. This statistics are the starting point to analyze the online shopping behaviours, and followed by the mobile shopping. According to a Nielsen research, 79% of the internet users access from their smartphone vs. 73% from laptops and 62% from desktops. Moreover, before making an online purchase, the consumer also gathers information from their friends and family, as well as blogs and online reviews. (Cetelem,2014)

The online purchase volume has been increasing at a constant rate since 2007, where the total was 5,911 Million Euros to reach later in 2013 a total of 14,610 Million Euros, being almost three times larger, and the forecast made by Cetelem affirms that this figures will keep growing.

It is relevant to understand what are the favorite products among Spanish online shoppers. As seen in the figure 8 below, the most popular items fell into the home electronics category (28%), followed by clothing and footwear (27%) and books (21%). This graph excludes services, which are the most popular items online, like travel (57%) or tickets (54%). The characteristics that are more important for Spanish people are a free delivery and low prices, both being the top two priorities. This emphasizes the high

price sensitiveness of Spanish online shoppers. The research also shows that online shoppers buy both from national and foreign sites. Foreign sites counted 43% of the sales, where home furnishing products are the top category. Also, the favorite location to buy online is from home (98%) followed by the work place (11%) and most of them buy from the computer, with or without assistance of their smartphones. These figures shows the great importance of buying online from home compared to any other locations. (PostNord, 2014)

**Figure 8: Top Online Products in Spain**



**Source: PostNord, 2014**

According to another research made by Nielsen and Cetelem in 2014, the average online expenditure averages 1,330Eur per year. This figure is different from the PostNord research to European countries, where Spanish users spent 308Eur on average. The Nielsen research has a larger sample and is focused mainly in the Spanish territory, while PostNord is an European analysis; therefore the Nielsen and Cetelem research is more valid. It also states that 34% of the users have a unique payment method for online purchases, either a Paypal account or a specific credit card only used for this

expenses. The online consumers that affirmed to buy over 10 times per year represent 27% of the total users, while the majority bought between 3-5 times, representing 32% of the total sample. (Cetelem, 2014)

While the online purchases (25%) are still far away from the offline ones (75%), there is a clear trend towards the increase in online purchases, benefiting both the users and businesses. Finally, when asking about their intention to buy in the future, 85% agreed that they would prefer to buy via computer rather than smartphones. (Cetelem, 2014).

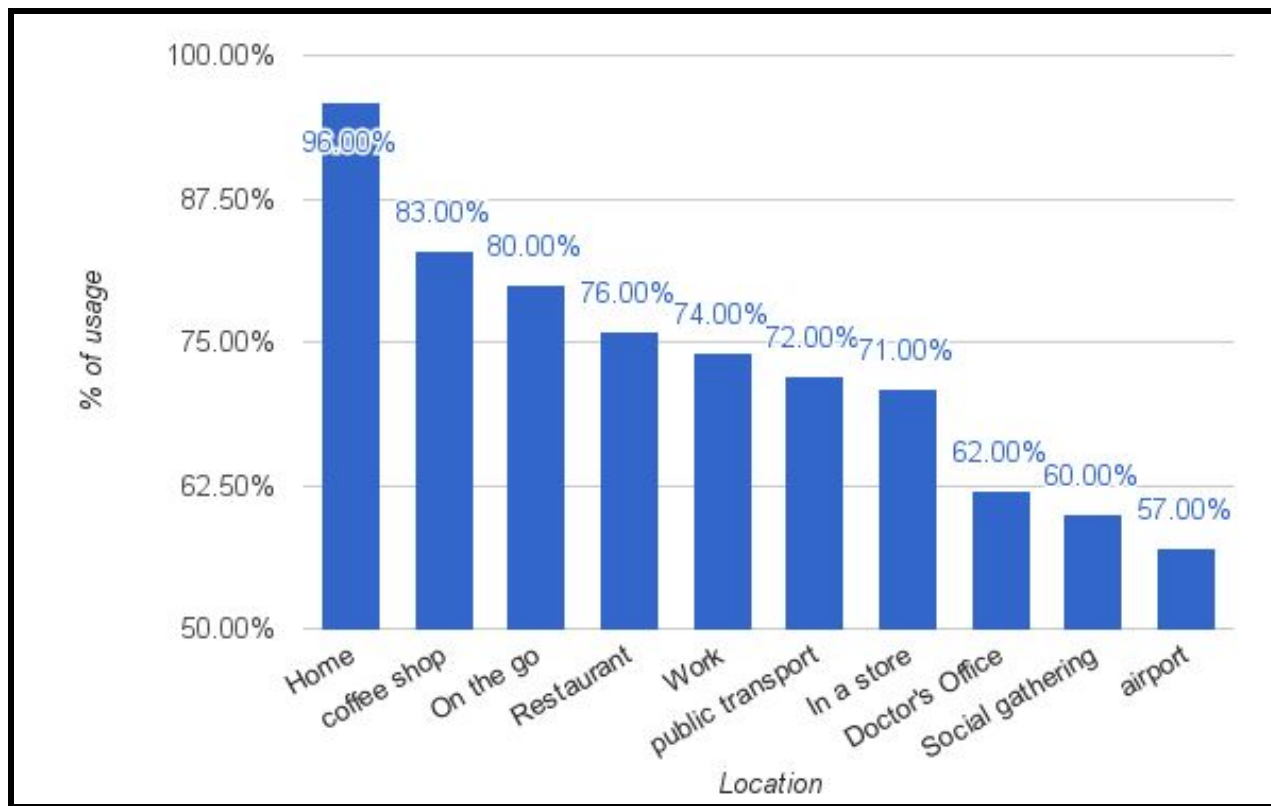
The shopping process is a very important one to understand by the marketers, as different strategies can be used to persuade the user to buy the product, like remarketing, where the advertisers persuade the users with a customized ad in order to convince them to make the final purchase, sometimes even offering discounts.

After an overview of the online consumer behavior in Spain, the study is focusing on the smartphone consumer behaviour. The Spanish consumers are becoming more and more dependent on their smartphones, becoming an indispensable part of their daily routine.

According to a research made by Ipsos MediaCT, one of the leader research companies, in 2014 the smartphone penetration in Spain was 55% at the beginning of 2014 and is increasing at a fast pace. Among these users, 72% access internet every single day and never leave home without their phones. This represents an opportunity to many companies intending to reach and attract more customers. According to the research, 77% of the Spanish respondents used their phones while doing other activities; with a 43% while watching TV, this being the top activity. The app helps users to navigate the world, where 89% of users look for local information on their phone, while 77% take an action, which can be making a purchase or contacting a business, depending on what is the preference of the business. The smartphones make it easier to shop. 80% of the users have researched a product or service on their device, meaning that Smartphone research influences buying decisions. A total of 25% of users have made a purchase on their phone. Finally, Smartphones help advertisers connect with customers, where mobile ads were noticed by 83% of the smartphone users. Moreover, 56% of respondents recognize that they have made a search on their smartphones after seeing an offline ad. (Ipsos Media CT, 2014)

Knowing the location from where the users are connected to internet via their smartphones most of the time and where is not used that much reveals the user's behavior. The graph below shows this information, which is analyzed below.

**Graph 9: Percentage of Smartphone Usage by location in Spain.**



**Source: Ipsos Media, Spanish Research 2013-2014**

After analyzing the graph 9 above, most of the Spanish users use the Smartphone at home, at a coffee place or on the go. We can conclude from this study that the consumers use it more often when they are free, rather than when they are at work, university or school. An relevant fact to highlight is the 71% usage of smartphones in a store, which represents a great opportunity for stores to connect with their customers, or at least to avoid them to make a purchase elsewhere. (Ipsos Media, Spanish Research 2013-2014.)

Once the preferred places to use the phone by users has been analyzed, what are the users actually doing while using their smartphone is the next step in the consumer behavior. This behavior can reveal crucial information on where to place their advertisements to the advertisers. The research shows that 91% of respondents use it for entertainment, including surfing the net, listening music, playing games or watching videos. 85% use it to communicate, other than calling or SMS. This means a communication through emails or social media. 58% visit social media at least once per

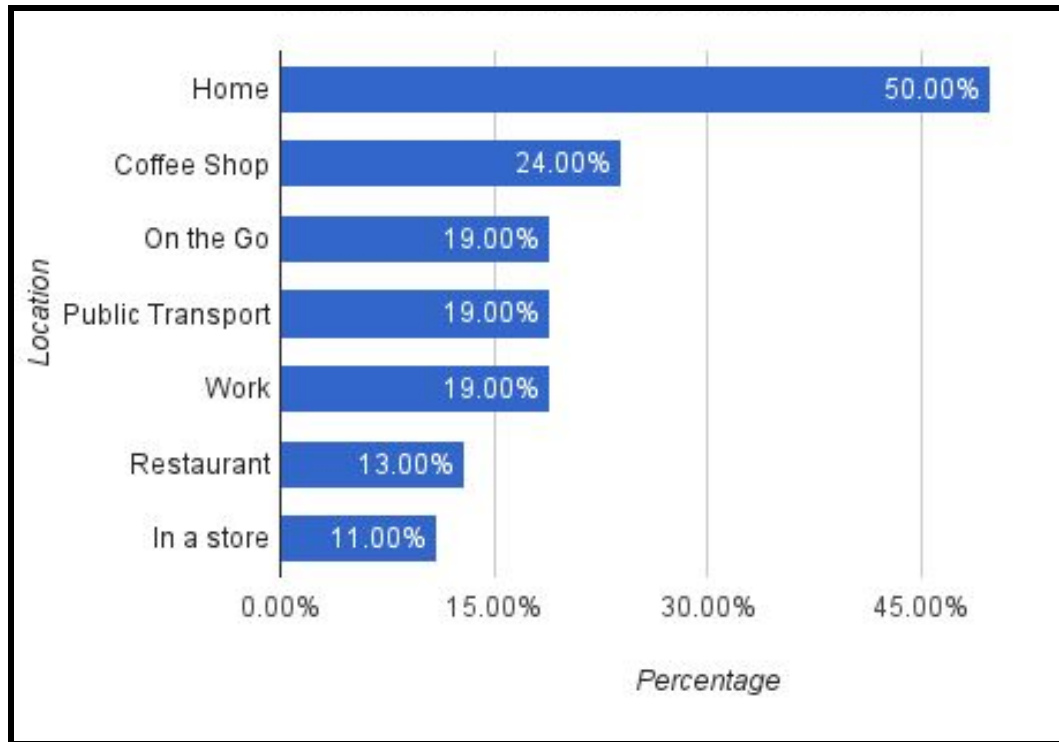
day. Finally, over 70% use it to stay informed, reading news or blogs. ( Ipsos Media CT- Spanish research, 2014)

This research also shows that the users have 20 apps installed on average, where only 8 have been used in the last 30 days. This is a relative low figure given the large quantity of developed apps. It also gives an insight about the users, which are not very willing to download apps for all their favorite products or brands, they rather prefer to have a limited number. Another insight would be the interaction with the local environment around them. The results of the study show that 60% of the users look for local information at least once a week, while 29% do it in a daily basis. As already seen above, this is an increasing trend and an important factor to take into consideration by local owners. ( Ipsos Media CT- Spanish research, 2014)

Taking a deeper look at this part of the research, 51% of the respondents either found directions to a business or called a business thanks to their smartphones searches. Only 25% made an online purchase using their mobile, which is a relatively low figure, taking into account all the usage that the consumers give to their smartphones. As seen in global trends, users are still not willing to buy online via their smartphones, but their devices are very influential for them to make a decision, either checking prices and quality or helping them out to find the local store. (Think with Google,2014)

One more interesting piece of information out of this report is to identify where the users research products. The following graph, which is analyzed below, shows some of the trends.

#### **Figure 10: Online product search location**



**Source: Ipsos - Spanish research, 2014**

The findings from the graph above reveal that most of the people prefer to search before leaving the place they currently are, where the top places for search are their homes or cafe places. Only 19% look for their final destination on the go and around 14% in store, according to this research. Moreover, the research reveals that 80% of the users have searched for a product or service on their phone at least once in the past month, being indisputable the importance for advertisers to be present in this device to reach the users. (Ipsos - Spanish research, 2014)

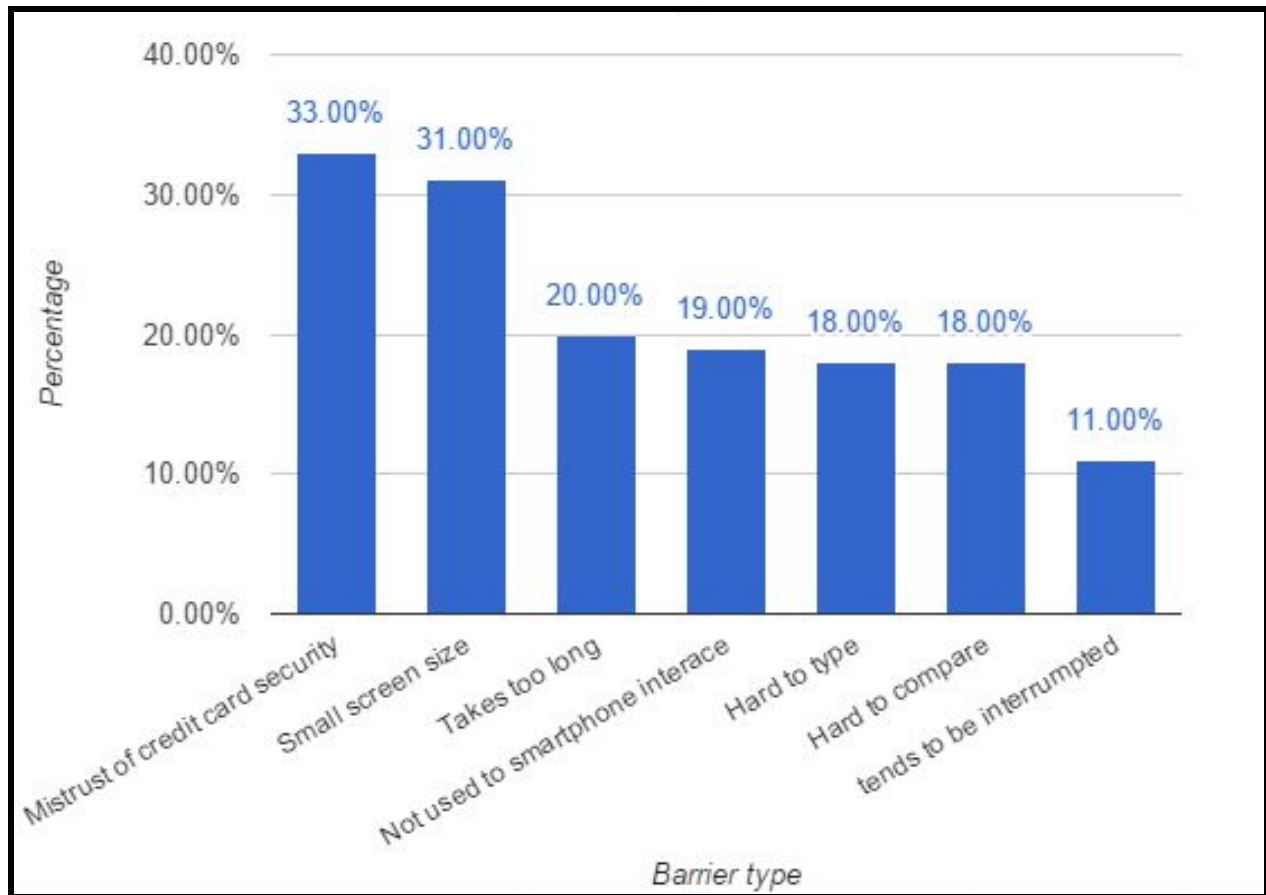
Only 25% of the users actually made a online purchase via their smartphones, which is a small figure taking into account that they use the smartphone every day and usually carry it with them. But, that doesn't mean that there is only a small opportunity for the companies. The study reveals that users search products via smartphone, to later buy them via computer (41%) or purchase them offline (31%). This is an interesting data to take into account, focusing on mobile for advertising and promotions, although the income does not come from this device.

Taking a deeper look at the 25% users that have purchased a product on their smartphones. 57% of those made a purchase online in the past 30 days. This data



highlights that the users that shop online are very likely to do it again. Below, the figure 11 shows the main barriers for m-shopping.

**Figure 11:Current barriers to Mobile Shopping in Spain,2014**



**Source: Ipsos - Spanish research, 2014**

According to the respondents, the main reason for not buying online is the mistrust on paying online with a credit card, where the users do not trust most of the transactions and are afraid of being hacked and get their bank account information stolen. The second main reason is the small size of the screens. This is an interesting fact, especially if we take into consideration the new generation of smartphones with a bigger screen, making the images and user interaction much easier. Therefore, the mobile producers are aware of this issue and are improving the user's experience with larger screens.

## 2.4 Spanish Millennials

In Spain, there are 7,156,991 Millennials (1985-2000) representing 15% of the population, with a very similar distribution of 51% males and 49% female. This group of the population is the main focus of this thesis; as it is considered one of the groups with the highest potential for online and mobile shopping and growth in this area. This segment is different in many ways from the rest of the population, and that's why companies should understand their motivations and behaviours first, and then build relevant marketing strategies to attract them. (Statistics, Injuve, 2011 )

As seen in the Global Millennials part above, Millennials worldwide are seen as the future of their countries. However, in Spain, the situation is different due to the economic situation and due to the high number (49%) of unemployed Millennials ( Only taking into account Millennials under 25years old). This generation has a nickname in Spain that can be translated as the “lost generation”. This pessimistic nickname comes from the impossibility from most of them to re-integrate into the labor market with a quality job on their field of studies once the economic situation improves and jobs are created. Employers would prefer to hire fresh and younger graduates, which will be better prepared and avoid hiring these individuals that graduated years ago and have been doing very diverse jobs, with no relevant experience in their field of study. (Leanstar,2015)

In order to better understand the mentality of this generation in Spain, most of them assume that will live in worse conditions than their parents, and 6 out of 10 are planning to go abroad to find a job in the near future, as of 2015. (Vodafone Research, 2015) This lack of quality jobs, created a massive exodus of well the well prepared and educated young Spanish Millennials to other countries, who are desperate to find a job and finally become independent, after years of living with their parents. Most of the young Spanish that go abroad with a degree do not work in a job related to their field, they instead work in very basic jobs, in part due to the general low level of English and other languages. This is another reason for being called “lost generation”, because most of them are lost in their professional careers.

In order to understand the Spanish Millennials better, there has been several surveys about their behavior, thoughts and worries. This Survey performed by the Cambridge University to Spanish Millennials aged 16-25 will give the reader a brief insight into the

young Millennial lifestyle. This study excludes Millennials aged 25-30 in the survey. The statistics show that 83% of them live with their parents and 84% of them believe that will have to exit Spain after their degrees to find a quality job abroad. Half of the Millennials surveyed affirm to have a relationship, while the other half are single. Out of these statistics, a takeaway is that most of the Millennials do not have many expenses, as they live with their parents, housing and food are covered, meaning that they are able to spend their money in other activities and online shopping. (Cambridge University, 2015)

According to English Professors, 73% of the Millennials surveyed had a low level of English. Two out of three are full time students and 95% of them affirm to have a smartphone. Also, 65% of them use Facebook on a daily basis, 38% of them Twitter and 36% Instagram. Whatsapp is the social media and messaging leader with a 95% of Millennials using this app on a daily basis. Millennials prefer to spend their leisure time with friends (73%) rather than with their families. The Millennials are breaking many rules that were followed by previous generations, and they are also changing the perception of religion in a country with a strong catholic heritage, where 60% of Millennials believe that there is no god or religion. (Cambridge University, 2015)

The Spanish Millennials prefer to access information and news through internet and social media than via traditional media channels, where only 20% of them read printed magazines or newspapers. However this generation likes to be up to date with news and events. (Fundación Telefonica, 2015)

In conclusion, The Spanish Millennials have a lot in common with the other Millennials worldwide in terms of lifestyle, career goals and ethics, but in Spain there are a few factors that make them different. The first one is the general bad image that most of the rest of the society have about them, which can be concluded from the nickname given: “lost generation”. Millennials in Spain are living with their parents until their 30s and an approximate 20% of them neither studying nor working. This facts are important to take into account for the following primary research, as we can expect them to have a low purchasing power and be very high price sensitive. Another important fact for the primary research is the highly extended use of smartphones and online websites among this generation. After analyzing all these statistics, let’s proceed with the consumer behavior among Millennials for both online purchases and mobile shopping, giving the reader a clear insight on how the Millennials behave and buy through their devices.

### **3. Primary Research of the Spanish Market**

The secondary research from diverse sources has been concluded, the reader has gone through the most important factors influencing the consumer behavior, including insights from the worldwide online data trends and figures, as well as mobile shopping statistics, which revealed the constant and potential growth year after year. The secondary research was followed by the Millennials analysis and trends worldwide, including insights about their online and smartphone behavior, which based on the studies is slightly different from most of the previous generations, as Millennials are more engaged with the technology.

After this general insights, the study focused only on the Spanish market, with an emphasis on the online and smartphone shopping situation and then a deep understanding about the Millennials in Spain, which are not seen as a positive workforce, but rather as a “lost generation” due to the lack of job opportunities and the different lifestyle, which is considered less hard worker.

The secondary analysis provides valuable information about the worldwide statistics and, especially, about the Spanish society. However, relevant data about Spanish Millennials and their online and smartphone use is not available to researchers. This segment of the population is key to understand and obtain more relevant information in order to grow the online and smartphone markets, as they behave in a different way. This new insights will help companies and marketing experts to understand the consumer behavior and, therefore, target them in an appropriate way with effective marketing strategies.

First of all, the main outcome of this primary research is to prove if there is a difference between Millennials and the general population in Spain, based on the secondary researches. Secondly, To obtain a better perspective of how Millennials use their devices and shop online, where do they buy or research for products, what kind of products are more willing to buy and what are their main concerns, among other insights. As there are only a limited amount of sources with relevant information about Spanish Millennials, the aim is to develop the knowledge about this target group and provide valuable information looking for a better way to approach this segment of the Spanish population.

### **3.1 Sample Methodology and Survey Composition**

The survey has been conducted in Spanish language to facilitate it to the target group (Spanish residents/nationals aged 16-31) during the month of February, 2016 and with the goal of obtaining a representative sample of this population. The settled goal was to obtain 150 replies and it has been surpassed with a total of 213 total replies. After analyzing the sample, the group of respondents is composed by Spanish residents or nationals, although some of them do not currently live in Spain. Although a small percentage are currently not living in Spain, the study has included them, because, as seen in the Millennials part above, this a very typical and current trend among Spanish millennials going abroad in search of better opportunities, but with the aim of coming back in the future. The sample collects replies from most of the areas of the nation and with an equally distributed sample. The majority of the replies come from the Madrid, Catalonia and the Valencian community areas; corresponding to the three most populated areas in the nation. This was made in purpose to have a realistic representative group.

The sample is represented in a sexually equal approach, including 42% males and 58% females , very similar to the official statistics (49% and 51%). From all the respondents, 51% study on a full time basis, 28% work full time, 19% study and work at the same time and 2% were not working neither studying at the time of the survey. Also, with the intention of having a good representation of the real population in terms of education, the survey determines what is the highest level of education the respondents reached. 6% of the sample obtained a high school diploma as their highest academic achievement, 4% obtained the Superior technician title as the highest academic recognition, 56% a university degree and 33% a Master's level, while lower than 1% of them doctorate level. This results determine that the sample for this survey has a slightly higher educational level than the regular population, but it still is a good representation of the millennial population, where the level of education of most of the respondents is higher compared to previous generations.

The age composition of the respondents has been differentiated in two different age ranges. This differentiation is relevant for further analysis and in order to conduct comparison between the two different age groups. 66% of the respondents were aged between 16-24, while 34% were aged 25-31 years old in February 2016, when the survey was conducted.

After a general analysis of the primary research, a comparison analysis between ages and sex in terms of consumer behavior will be done to determine which specific groups tend to behave in a determined way more often and find out relevant patterns among the different groups.

The structure of the survey has being developed in an entertaining way for the respondents to reply honest answers , starting with very general questions like “How many hours do you spend per hour using internet?” and ending up with detailed and specific questions to obtain valuable information about their behavior and preferences like “what are your three most used apps in your mobile?”or “ how much did you spend shopping online in the last 12 months”. The survey collects relevant and unrevealed information about this target group. All the questions and different statistics will be covered in the following pages.

The duration of the survey for the respondents was approximately 10 minutes and it includes 32 questions, 80% of them being multiple choice questions, being the rest qualitative questions, including open-ended questions, range selection questions as well as dichotomous ones. This variation of questions keeps the respondent active and thinking, obtaining their own beliefs and motivations.

The structure is composed by three main areas. The first one is the online preferences and consumer behavior, both via computer or mobile. Once a deep analysis of their online preferences has been conducted, the survey focuses on the most extended and relevant part of the survey, their smartphone behaviour and activities. This part includes an examination of the respondent’s preferences, uses, locations, shopping behaviours and other actions. Finally, the third part includes the demographic information that has been exposed above to better understand and classify the behavior of the Millennials in Spain and will be used to compare the different groups inside millennials both by age and sex.

### 3.2 Key Findings and Insights

The analysis reveals many findings that agree with the researches performed before and exposed in the secondary data research, however there are new insights about this segment of the population and their behaviour and preferences that were not revealed in any of the studies available to the market.

First, The study will analyze the results of all the respondents, not including any distinction among sex, age or educational level. After this, a brief comparison by age and sex in following will be conducted to highlight important findings.

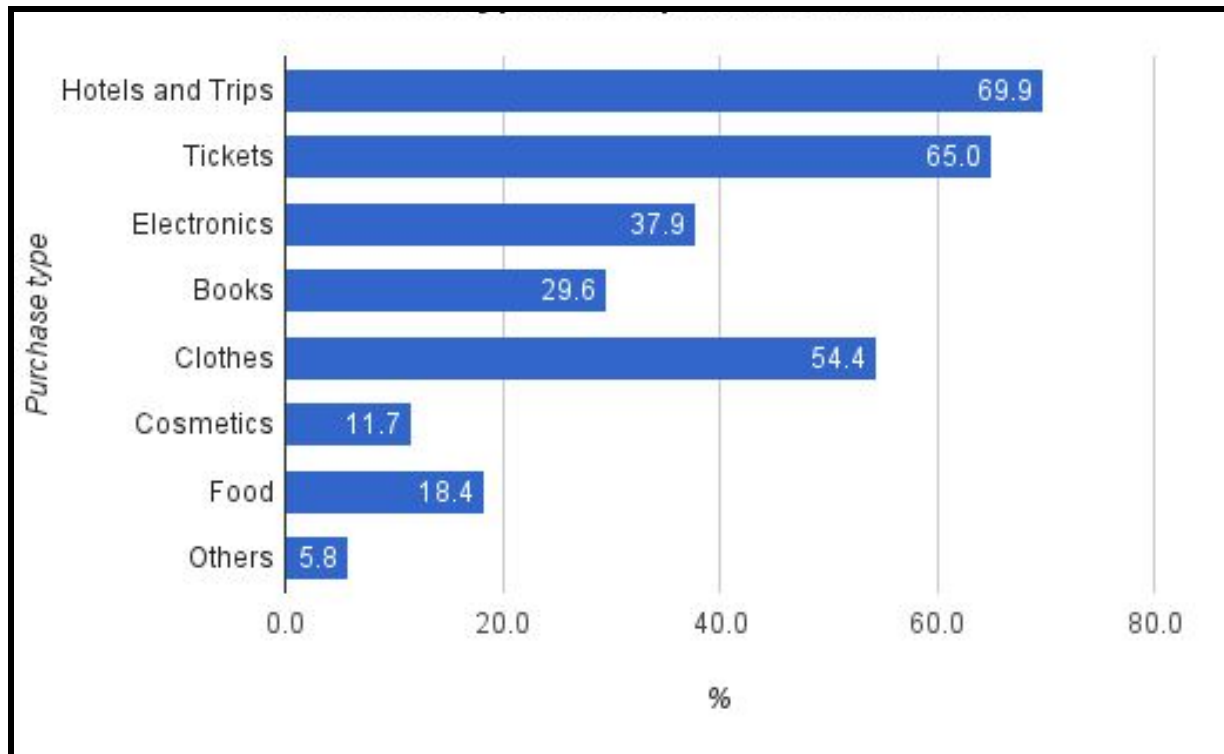
The first part of the survey intends to discover findings about the respondents internet usage, preferences and shopping behavior. The starting point is to comprehend the time spent using internet per day, including both computer and smartphones. 50% of the respondents agreed to spend over 5 hours, while 45% between 2 and 5 hours. Only 5% spent less than 2hr and not a single person out of all the sample replied “I do not use internet every day”. This insights reveals the high penetration rate of internet among millennials (100%), where all of them use it in a daily basis. This fact reflects the mentioned fact that internet has revolutionized the world, where most of the young population depends on this invention for their daily activities.

Another insight about the survey is the frequency shopping online on average both via internet or mobile, where the majority (36%) stated once or twice per month, closely followed by once or twice every three months (35%). Only 1% recognized that they never bought online, 23% that buy once or twice per year and 7% agreed to buy every single week.

The following statistics correspond to the type of purchase made by the user. A fact in this specific question compared to the secondary researches exposed above, is that the survey includes services like hotels, trips and tickets, which were excluded in the previous researches by the author's choice. Below, the figure 12 shows the most common purchases by users, where they could select all the items purchased online in the previous twelve months. As the graph shows, the two most common items where hotels/trips, followed by event tickets, 70% and 65% of the respondents bought at least once one of these products in the past year, respectively. Among the physical products, clothes and electronics are the most popular ones, with a 54% and 38% of the respondents buying them in the last period, respectively. This trend corresponds with

many of the secondary researches, where electronics and clothes were the top products, however electronics was the top preference. Books is in third position with a 30% of users purchasing it in the previous year. Food and cosmetics are the least preferred products with 18% and 12% respectively.

**Figure 12: Percentage of purchase type in the previous twelve months.**



**Source: Author, 2016**

The following two insight corresponds to the preferred purchase method when buying two of the most popular products: electronics and clothes. This insights are relevant to analyze, especially for the companies in these industries, giving a clear comprehension of the situation among Spanish Millennials. For electronic products, over 44% of the respondents preferred to combine both internet and physical stores when making a purchase, closely followed by 40% in physical stores. This manifests the low willingness of individuals to buy an electronic product online without trying it in person. Only 14% declared to buy it online without checking it offline. Companies selling electronic products obtain a relevant insight here, as it means that there is a lack of relevant



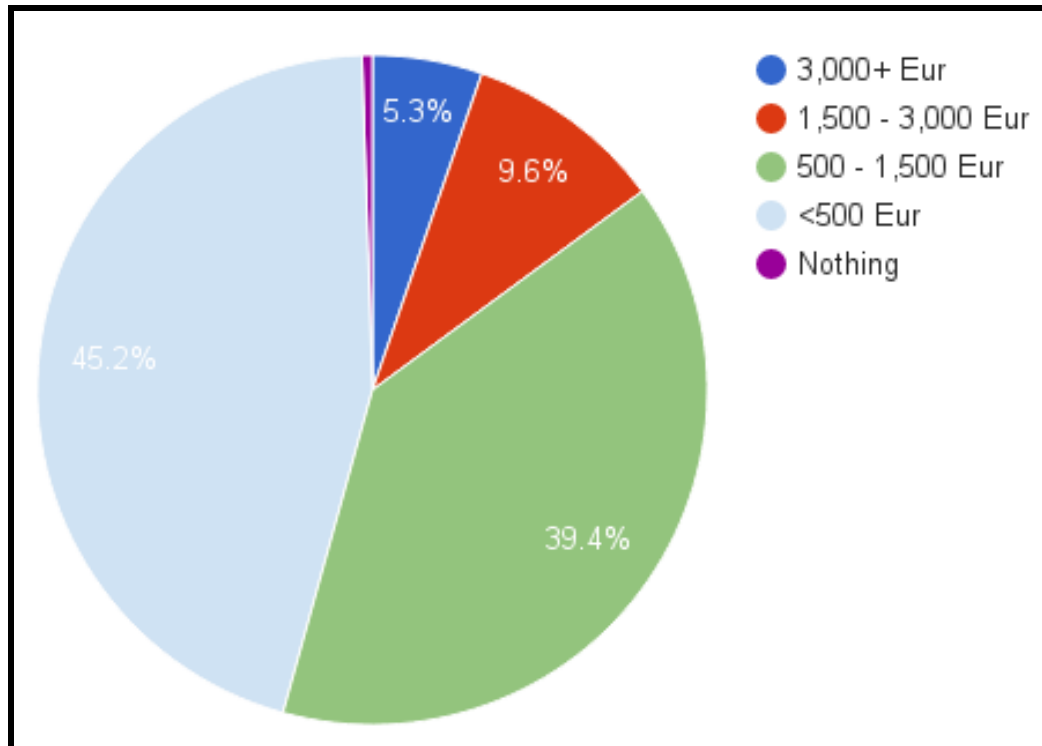
information on the websites. There is a section below that explains what the most common barriers to purchase online are.

When analyzing the online purchases of clothes, a different scenario is presented. Two out of three prefer to go and buy them in physical stores (63.6%), without checking any information online. The following preferred way is a combination of both internet and physical stores, with a 27% of the respondents preferring this purchase method. Only 8% prefer to buy from their homes. Below, there are a few obstacles to buy online and the most cited one by far is the inability to buy a piece of clothing with the right size without checking, because there are no standard sizes and the sizes standards change from brand to brand. This leaves the user without any other choice than going and trying the clothes in person.

Related to the decision making process, when asking the respondents if they use internet during their decision making process to purchase a new product, in general, 35% admitted that they always look online and 44% almost always, while only 7% recognizing that never or almost never checked their desired products or services online. This data emphasized the importance of internet for the Millennial consumers. The insight reveals that although the consumer does not buy online, internet is a key part in the decision making process.

Revealing the budget's range of the Millennials is another finding that the study aimed to respond. The survey asked the respondents how much money they spent online in the previous 12 months, giving them different ranges of amounts. As the figure 13 shows below, only 1 respondent replied "nothing". 45% of the respondents spent less than 500Eur, 40% between 500-1,500Eur, 10% between 1,500-3,000Eur and only 5% above 3,000Eur. This data highlights the relevance of internet, where practically every respondent bought something online, and although the expenses are relatively high, there is a potential to grow.

**Figure 13: Amount Spent buying online in the previous twelve months**



**Source: Author, 2016**

Following with the behaviour of consumers when buying online, asking which two ways are their most usual ones to buy among online retailers (Amazon, Ebay...), Search engines (Booking, Skyscanner) or via the same company website is another point considered by the survey. According to the replies, there is no clear preference among the three of them. The choice “buying via the brand’s website” has been slightly more voted with 38%, followed by Online retailers and then search engines like booking or skyscanner (28%). This insight reveals what are the purchasing methods of the users, although the data shows that they use all of them in a regular basis, being difficult to determine a clear preferred method among the respondents.

To conclude the internet and online behavior of the respondents, the survey asks two more questions regarding their preferences and desires. They are asked to list three of the most important advantages of buying online in the first question, and later what they miss the most while buying online. The user’s top three mentioned advantages listed are the following. First, the user’s’ favorite advantage, which has been cited by 73% of the respondents, is to be able to buy from home and get the products delivered at home. A drawback that will be mentioned below is that waiting time is one the main issues for the users. The second priority is the ability to find more offers and discounts

online rather than in store. Many companies take advantage of this and set lower prices online to incentivize the buyers to buy more and then they can also save on costs, like stock, trained personnel and a physical store rental. Finally, the third most mentioned advantage is the availability of all the models and different products of the brand, while in physical stores the customer can only find a small amount of the total production and in the case of clothing, not all the sizes and colors are always available, while for the online stores, that's not an issue.

Therefore, the second question of this qualitative research intends to find out what are the weaknesses of buying online, and have a better insight from the customer's perspective. This was an open-ended question, the outcome included many different replies, as expected. Below are the most common answers among the respondents. The most common drawback of buying online is being unable to touch, feel and try the product in person. This applies for all kind of material products, especially clothes and technological products. A solution to this, which is implemented by a few retailers is the possibility to see the product from all kinds of perspectives and even a video giving a clear picture of the quality. The second main concern, as the secondary research showed in the previous sections, is in relation with the payment and free delivery. Many users in Spain feel that an extra fee for delivery shouldn't be charged, and they also find that the payment methods could be easier and safer. This is an especially important fact for the mediterranean countries, where consumers appeared to be much more price sensitive in Spain and Italy than in other countries in Europe, according to the Postnord research made in 2014. The next most common drawback is in relation to the delivery. Most of the users are not able to specify a certain date and hour for the buyer, and these frustrates the users who cannot know when to expect it exactly. Also, many users express their desire to have real time customer support to ask questions, especially for electronic products. According to the respondents, many times they feel that there is not enough information and miss the opportunity to talk to a product expert. Finally, around 20% of the respondents felt that there is a lack of trust and security in many websites. Users prefer not to trust and buy online when buying a product with high quality.

Up to this point, the online behaviour research has been performed, illustrating figures and statistics about the Millennials in terms of their online behavior. In a nutshell, Millennials buy often online and spend a relatively good amount of money online. One of the most important facts is the high use of internet by almost all the respondents to research information about the products and services, as well as the high number of

hours spent on internet during the day, on average. the next section will analyze the respondent's mobile shopping and consumer behavior, one of the main focus points of this thesis.

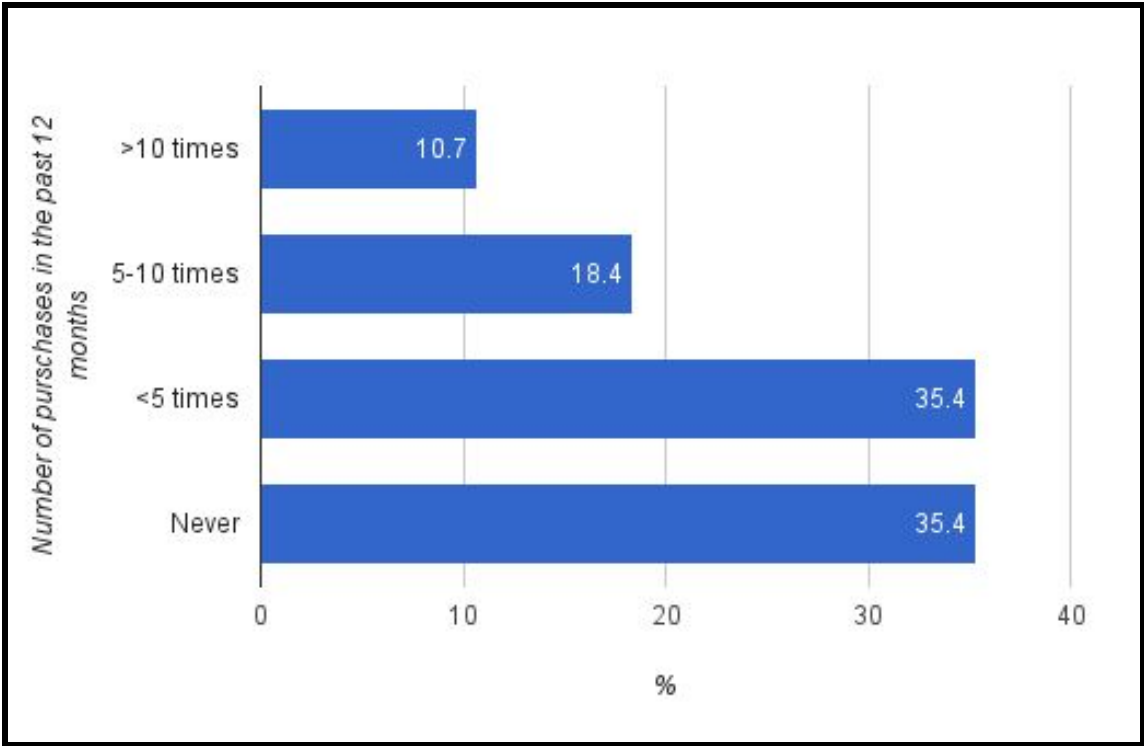
The mobile and smartphone part of the survey is a deep analysis in a field of research where was highly difficult to find available information for Millennials in Spain. The research starts asking the respondents if they own a smartphone, where 212 out of 213 declared to own a smartphone. This highlights the high penetration rate of the device among this segment of the population. A research about the kind of device and brand has been conducted, where the most common brands are Iphones, either model 5 or 6 and, Samsung, Huawei and BQ. This last brand is a Spanish producer of smartphones and tablets with a high quality for a reasonable price, being popular among the young population in Spain, as reflected in the survey. The smartphone leader by far is the Iphone, where more than 40% of the respondents have one of the different models.

Once the device owned by the respondents is solved, it is important to determine how many hours per day spends the user using their mobile. More than 42% admitted to use their smartphone over 5 hours per day, while 41% between two and five. This leaves a total of 83% of the Millennial's sample using their smartphones at least two hours per day, representing an opportunity for any advertiser or marketing campaign. Only 3% admitted to use it less than 1 hour per day, 14% between 1 and 2 hours and nobody stated "I don't use it on a daily basis". This data insight determines the importance of this device for the Millennials and their dependence for many daily tasks.

Focusing on the mobile shopping, the figure 14 below shows the behaviour of all the respondents in the past 12 months. This is one of the most relevant data insights, because it shows the mobile shopping behaviour by the Millennials' sample. According to the secondary researches, only 25% of the general population purchased via their smartphones. There was no distinction between Millennials and other generations. This primary research shows that 65% purchased something in the past twelve months, while 35% never bought anything online. Out of those 65% that admitted that had purchased an item via their smartphones, Half of them (36% of the total) purchased less than 5 times, while 19% bought between 5 and 10 times and only 10% more than ten times in the past year. This reveals the constant and increasing penetration of mobile shopping among young Spanish, where only 25% of the respondents in the 2014 survey performed to Spanish respondents (not only Millennials) agreed to have purchased

online via their smartphones, this primary research shows that the Millennials are already in the trend of increasing purchases from their personal devices.

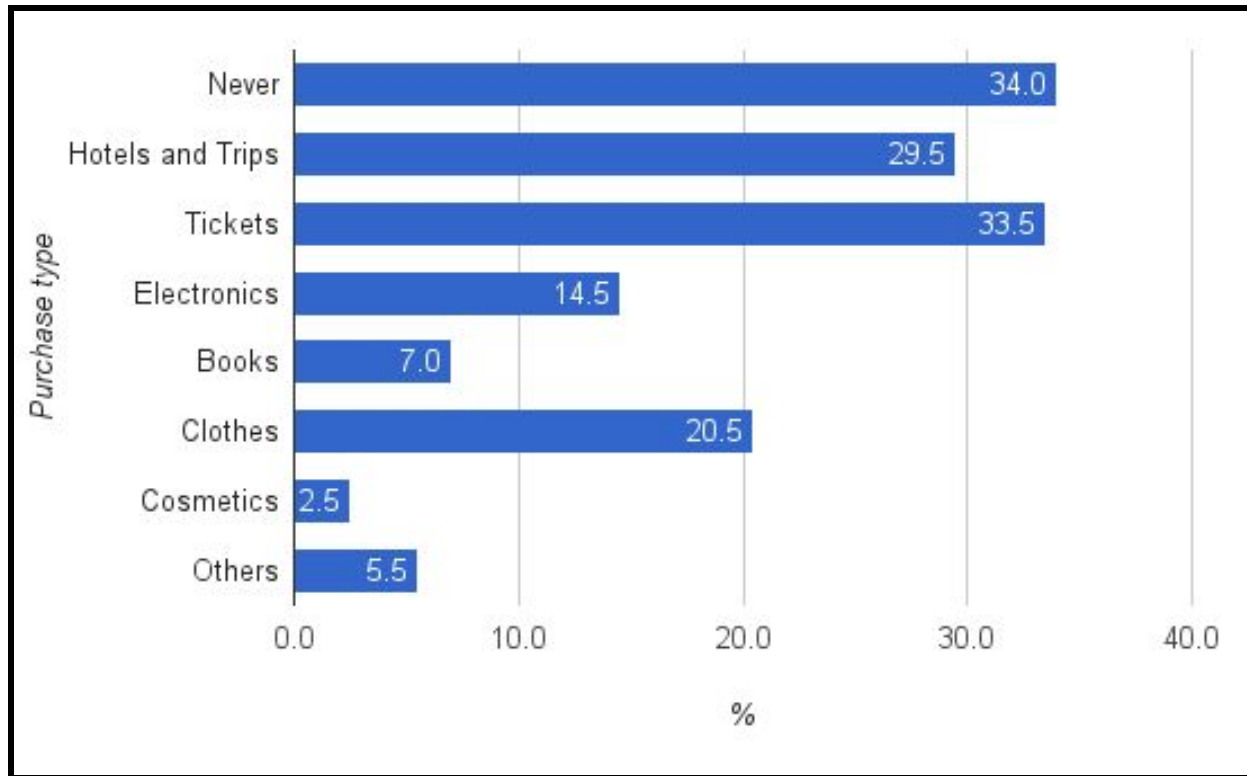
**Figure 14: Mobile Purchases in the past 12 months**



**Source: Author, 2016**

The next part of the survey aims to obtain more information about the kind of purchases realized by the respondents. As the figure 15 shows below, Out of those who responded to buy online, the most popular purchases remain being hotels and trips, tickets and the third one is clothes, followed by electronic products. 34% of the respondents affirmed that never bought a product or service online during the previous 12 months. This data insights correlates with the previous one seen above about the online purchases, meaning that the users do not have a clear preference to buy any specific product via smartphones, instead most of them prefer to use their computer to make their purchases. The only significant difference from the online insight asking the same question is the top preference to buy tickets via smartphones versus hotels in the online question above.

**Figure 15: Purchase type via Smartphone during the past 12 months**



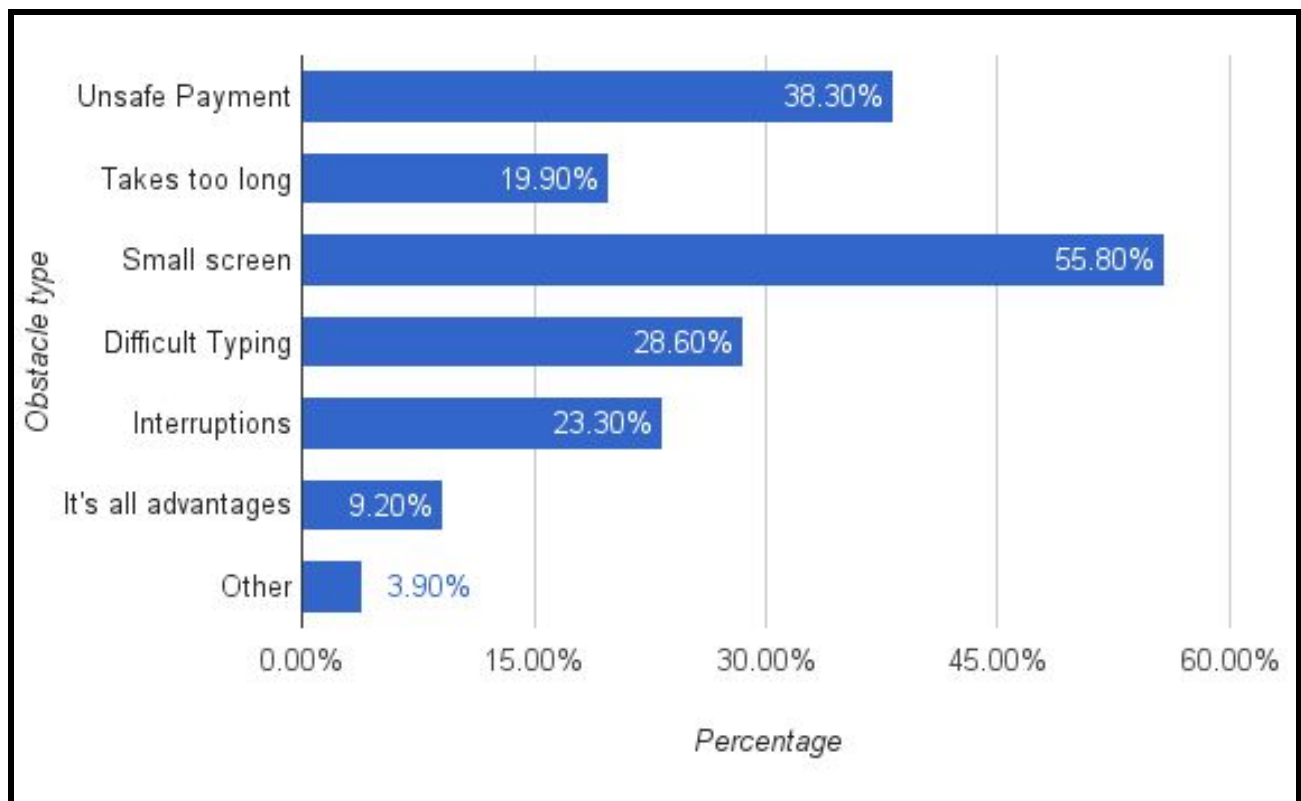
**Source: Author, 2016**

Another fact that remained unknown for Millennials was their in-store behavior. A research about the general Spanish generation had been conducted, but there is no available resource about the Millennial's online behaviours in store. A question regarding this has been asked to the respondents and only a 32% stated that do not check their smartphones while in stores, leaving a total of 68% actively using it while shopping. The research aimed to understand the different actions they performed in a store while shopping. The most common use of their smartphone was to compare prices among different products (43%) and to know more characteristics about the product (34%). Closely followed by checking opinions and reviews (28%), as well as look for offers or discount (29%). 21% of the respondents recognized that they bought at least once a product online while shopping in a store. This highlights the importance for the retailers to offer the clients a trustful and good service, in order to keep them buying the product in their stores. Also, an option would be to have an interactive way for the customers to interact with their favorite brands while shopping in store via their smartphones.

Discovering the obstacles that keep potential customers away from buying via their smartphones is also a key point to understand. The respondents could choose two

options out of all the proposed ones. The biggest identified obstacle by far is the small size of the smartphone screens with a 56% of the respondents identifying it as the biggest problem. A small screen makes it unable for the user to recognize good image quality, as well as more difficult to give commands. The second largest obstacle is the lack of trust in online payments with a 38% of the respondents concerned about this. The third most common obstacle is the difficulty to type in smartphones, with a total of 29% confirming this as a main concern. This last one obstacle and the the first one go hand by hand, and could be solved with a bigger screen. After this, too many interruptions (23%) and taking too long (20%) are the following main problems. Finally, only 9% felt that buying via their smartphones is all full of advantages. Among other obstacles, a few respondents agreed that the inadaptability of some websites to mobile makes it difficult to surf certain websites. The following figure shows the data mentioned above.

**Figure 16: M-Shopping identified obstacles**



**Source: Author, 2016**

Smartphones can be considered as substitutes of computers, and this thesis aims to demonstrate if users are using more or less their computers now compared to when

they did not have smartphones available. Therefore, the survey intended to unveil how the respondents felt about the following sentence: “I feel that my smartphone is substituting many functions I used to do with my computer”. The majority (44%) responded that they totally agree with this statement, followed by 37% agreeing. Only 2% stated that they disagree with this statement. This insight highlights the acknowledgement by the users of their smartphone usage increase by a large part of the Millennials in exchange of their computers, giving more search time and importance to this device. This finding corresponds with the previous ones from secondary researches stating that the smartphone use is taking over the computer for several functions like surfing the net, searching, reading news, social media and more.

The next insight is about the preference of usage by the users. Many respondents are using more and more their smartphones, that’s a fact based on the many secondary researches and the primary one, but what are their preferences while using it. When using a smartphone the user can be immersed in the interactive apps or they prefer the websites adapted to mobile use. An important point of understanding is to analyze the extent that the users prefer apps or websites. Asking the question about what is their preference to the respondents, many agreed that prefer not to download an app and use the web (44%), while 28% agree that prefer to use apps for their favorite activities, being easier and simpler, although the problem of downloading and keeping them in their mobile. As one of the secondary researches showed in the previous sections, on average, the Spanish smartphone owner has over 20 apps downloaded, but only used 8 during the previous twelve months. This insight is useful for companies operating in Spain, highlighting the fact that the users prefer to use their websites and not downloading apps. Finally, 28% of the respondents stated to be indifferent among apps or websites.

Another area of interest is the usage of smartphones while on the go searching for local businesses. This is a key point for the local businesses to attract young customers. 42% of the respondents affirmed that they usually look online for local business while on the go, which is a high figure for this segment of the population. Businesses should carefully advertise their businesses targeting the location and areas around the business, at the same time that making sure they are present in the main apps and review sites, like tripadvisor or foursquare, where users share experiences and reviews. From the survey, 34% stated that never or almost never looked on the go for local businesses, they either search for it beforehand or use traditional methods. 24% of the respondents check the local businesses sometimes.



The survey also asked about the smartphone use when shopping a product, either online or via physical store. 50% of the respondents agreed that they used their smartphones always or almost always when shopping one of their last 10 items of clothing or electronics. This does not mean that they made the purchase with their devices, but that they used it during the decision making process. This puts in relevance the growing importance of smartphones in the daily use of the Millennials, substituting other ways of research by the easiest and more convenient method: their smartphone. 25% agreed that they never or almost never use their phones when shopping clothes or electronics, while 25% stated “sometimes”.

Once the Millennials’ consumer behaviour is cleared, another fact is the location and areas. Where the users are more active is extremely relevant to analyze where is more important and precise to target this group and why. Therefore the question for this area aims at discovering the three most common places where they could use their smartphone, giving them some options and a blank option. There are 2 preferred locations by far, which are at home (93%) and while in the public transportation (70%). This two areas are both very popular among the respondents, meaning that they often use their smartphones in their free time. After this, 54% affirmed using it at their work/university, while 48% on the go. Only 11% use it in coffee places or restaurants.

Advertising is a main concern, especially for the advertising companies like Google or Facebook, and therefore a question to analyze the awareness and possible frustration of users while using their smartphones was formulated. The simple question asked if the respondents thought there are too many advertisements using internet via their smartphones. 9.2% stated that they never see ads, which means that their awareness for ads is very low, not even paying attention to them. 57% stated that they notice ads, but they are not in excessive quantities and are not annoying or frustrating. Finally, 34% agreed that there are too many ads while surfing the net. This can be interpreted as a positive insight for advertisers, because 66% of the respondents do not feel annoyed by advertisements and do not feel frustrated with an overload of them.

The influence of advertisement in the decision making process is another point to consider. Although this insights is more difficult to verify by asking the respondents, it is relevant to know if they feel that the advertisement influence their purchasing behaviour. Here, the survey asked if they believed that a smartphone advertisement usually influences their purchasing behavior. 69% affirmed that ads never or almost never influence their purchasing behavior, while 19% confirmed that sometimes the ads

influenced their purchases. Only 12% agreed that always or almost always an ad can influence their consumer behavior, which is a relatively low figure. This highlights the low importance that Millennials consumers give to advertisements. As previously said, this only measures what the respondents believed, but a more exhaustive research should be done to determine if, in matter of fact, advertisement can affect their behavior and purchasing intention.

The last part of the survey is aiming to find out what is the most common usage of the smartphone by the Spanish Millennials and what apps are the more popular among this generation. The questions allowed three top choices and an open ended question in case they used it for other purposes. Basic phone features like calling or SMS were not included, as they are obvious ones. After these basic functions, the most popular usage by far is social networks, where 93% agreed that is among their top 3 usages, followed by article and news reading (54%) and searching on the net (61%). Other options include entertainment, including music and games, with a 39% of the respondents agreeing, checking the weather (18%), finance related actions (8%). Buying online was only one among the three top picks among Millennials, with a 5%. This statistics show that Millennials give a lot of importance to social networks, as well as staying informed and up to date. This insight correspond with the previous secondary researches, showing the importance of these two activities for Millennials.

The most used apps is another field of research developed for this specific target group, where there was no previous relevant research. The respondents were asked to list their top three most used apps, without giving them any examples or options. The most named one was Whatsapp, where almost every respondent listed it, followed by social networks like Facebook, Instagram and Twitter. Also, many mentions to different search engines, being Google the most cited one, as well as Google Maps. Other than this, different sources of news and articles were cited.

All these statistics are relevant to provide a clear vision to the reader of the online and smartphone behavior of the Spanish Millennials. Three key points to highlight are the high rate of smartphones' penetration, close to 100%; the extended usage of this device, where more than one out of two uses it over two hours per day and the increasing rate of Millennials shopping via their smartphones, where 65% made a purchase in the previous twelve months.

### **3.3 Sample comparison by sex and age groups**

Once the primary general research analysis has been conducted, it is also relevant to find differences between the different groups inside Millennials. This following part is aiming to identify differences by segments, which for the sake of this thesis will be divided first by sex (male and female), and later by age groups (16-24 and 25-31). This will identify potential differences among the behaviour of the different groups of the population. The comparison will be only applied to the quantitative data research replies, excluding the qualitative data due to difficulty in the analysis. Only relevant data and insights will be mentioned below, meaning that if there is no mention to a specific part of the primary quantitative research, a conclusion that there are no differences with the general research can be made. First, an analysis of the different sex groups has been conducted. The key findings are revealed below.

The first insights are identified in the online shopping behaviour, either by desktop or smartphones, where males are buying online and more often and more quantities than females. 40% of the male respondents confirmed buying one or twice per month, while only 33% of females bought this often online. Although this insight alone does not represent a large anomaly, below, the difference between male and females buying via smartphone can be analyzed, where the differences are also constant.

The analysis of the online purchases via smartphone show a larger number of purchases by males, where 78% bought at least once in the previous 12 months, while 63% of the females did it. The other 37% of females confirmed that never bought a product via their smartphones. Also, males did buy more than 10 times (15%) in the previous twelve months, which is also slightly higher than females (12%). This insight reveals that males are more willing to buy online via their smartphones.

Another analysis that goes together with the insights above is the amount of money spent buying online. As males buy more often, it comes with no surprise that they spend more money than females, on average. The analysis of the different groups reveal that in the previous twelve months, 27.5% of males spent less than 500Eur and 50% between 500 and 1500, while 40% of females did spent less than 500Eur and 42% between 500 and 1500. This insight confirms what the survey was already showing. Spanish Millennial women buy less often and spend less online, on average, than males. This insight can conclude that online and m-shopping are more extended among males

than females and that men are spending more online. This can be due to the preference by women to go to physical stores and try and “feel” the products. This is a fact to study further, as many secondary researches clearly show that women purchase more often than men in physical stores, leaving an opportunity for growth to online and m-shopping activities in this target group.

Apart from these differences, the rest of insights are not relevant to mention and both groups have similar statistics to the general ones already mentioned.

Below, an analysis of the different age groups is conducted, to understand if there is any relevant differences between the two identified groups in their online consumer behaviour.

Millennials spend a great amount of time using internet, independent of their age, as the analysis shows. Younger Millennials tend to use it for a longer time (more than 5 hours per day), but no significant difference has been identified between the older Millennials (25-31) to be highlighted. Performing the same analysis as with the different sex groups, there is no significant difference between the different age groups when analyzing how many times they buy online per year, where the younger millennials are slightly more active than the older group, but without any relevant point to highlight in comparison to the general insights.

Finally, an analysis of the amounts spent per year confirms the trend of not showing any relevant difference between both age groups. Both age groups spent very similar amounts of money in the previous twelve months. With this last insight it is possible to assume that there is no major difference among age groups and that all the Millennials can be included in the same group without distinction by age.

In conclusion, the two comparisons by sex and age show that there is a difference between males and females, although it is not large enough to make a differentiation in split the analysis in two different ones. It can be concluded that males spend more time and money buying online over the past twelve months. This opens future research opportunities in order to understand why Millennial women are less willing to buy online. The difference is still not large enough to be confirmed by the sample, but it is an area to keep investigating in future researches.

On the other side, no relevant differences have been found for the different age segments, where both segments behave in a similar way and there is no anomalies

between both groups. This was an important area of understanding to understand if the older Millennials with more income (as many more are working) buy more online, but it is this assumption cannot be confirmed by the sample analysis.

## 4. Conclusions

The secondary analysis including over 20 different sources has revealed several insights about worldwide online and smartphones usage, being both in constant growth. From one side, worldwide online sales are estimated to grow by over 60% in the next three years, and the smartphone usage has been growing exponentially until reaching a point where many people depend on this device and recognize to spend over 10% of their daily time on their smartphones.

Millennials are a particularly affected segment of the population by the online activities and smartphone usage, and with a focus on the Spanish market, the primary research performed by the author shows relevant insights. As seen in the secondary research, Spanish millennials are a particular case, growing up during a five years financial crisis and an unemployment rate of over 25% on average and 50% for young people (under 25.) during most of the time of the crisis. This fact, and many others exposed above make this generation different from the rest of the society and, therefore, a study focusing on them was needed to have a better understanding of this segment of the population. This study has revealed promising insights for the online and smartphone industries, based on the sample of over 160 replies. Some of the most significant findings that are different from the secondary researches are the following. The first one is the high usage rate of internet by all of the respondents, via laptops, desktop or smartphones, where one out of two recognized to spent over 5 hours connected. Comparing both the general insights and the results from the study, it shows that Millennials are more willing to buy online with a total of 99% of the respondents confirming at least one purchase in the previous twelve months. Also, they do not spend large amounts of money buying online, where 84% spent less than 1500Eur in the last year. If compared to the average online average expenditure that the PostNord research in 2014 showed, with 1,330Eur per capita, it is possible to make the assumption that most of the Millennials are among the average of the population expenses. The preferences for buying online are based on the ability to buy from their home and have it delivered home, while the most cited drawback was the lack of “feeling” and being unable to try the product in real life, closely followed by high delivery costs and fees. This last insight has been confirmed also by the secondary

researches, where Spain was among one of the most price sensitive nations in Europe when buying online.

99% of the 160 respondents had a smartphone in February 2016. This statistics highlights the high penetration rate of this device among the Spanish population, and especially for this specific target. According to the Ipsos MediaCT secondary research, the general Spanish population smartphone's penetration rate is 55%. These two insights from different sources reveal the importance of the Millennials for the online and smartphone industry.

According to many secondary researches and the primary one, Millennials use their smartphone a lot, and they do use it in their decision making process to purchase products or services. This is a relevant insight in order to comprehend that it is highly important for Millennials to be able to check products online via their smartphones comparing pricing, competitors and characteristics. Moreover, Millennials are buying online via their smartphones more often than the rest of the population. Comparing both, secondary and primary researches, shows that 25% of the total population buy via smartphones, while over 65% of the Millennials that completed the survey did buy online via their smartphones at least once in the past year. This remarks the high penetration and usage rate of smartphones, where many of the functions that users used to do via their laptops are now carried out through their smartphones. This has been confirmed by 79% of the respondents agreeing that this smartphones are substituting their laptop activities, including online shopping. The largest obstacle when buying online is the small screen of the devices, which is being solved by new smartphone models including larger screens, which are currently being released to the market.

Finally, the primary research found significant differences between males and females in terms of the smartphone and online purchase behaviour, where males bought more often and spent more amounts of money in the past twelve months. However, no significant differences can be concluded from the different age groups.

In conclusion, The main goals of this study, which was to show a significant difference between Millennials and the general population has been achieved. As seen in the primary and secondary researches, this critical segment of the population have different needs and behaves in a different way from the other groups, meaning that special attention should be taken from the marketing experts of businesses in order to target them in an appropriate way. Based on the insights of this study, the reader has a

relevant understanding of the Spanish Millennial's online and smartphone consumer behavior, including insights such as how many hours are spent online or using their smartphones, what are their main concerns while buying online, what kind of products buy more often and how much they spend per year on average. These findings are now available to the market and can be used to improve the market and situation of a segment of the population that found little hope and opportunities, but is fighting to have a brighter future.

#### **4.1 Applications for local businesses in Spain**

Finally, I personally found practical to include a section dedicated to the application of this data to small businesses in Spain, combined with my knowledge learned as a consultant at Google. These insights are helpful to increase the revenues of local businesses and their interaction with the Spanish Millennials. This section is mainly focused on small and local businesses, which are the ones that have a need to adapt to the technology and better understand the Millennial's requirements, if they intend to stay in business and grow in the future. This is one of the key issues in the Spanish market, where many businesses struggle to connect with this target of the population and therefore miss a part of the total market, just because they are unable to communicate and be available to them. This section includes recommendations from the author of the study applying the data gathered from the study to local businesses operating in Spain.

First of all, embracing the fact that Millennials use smartphones very often and for most of their actions is crucial. Millennials either buy or search for products, services and locations via smartphones, meaning that if the local business does not have a proper mobile network and visibility for this public, it means that they are non-existent for them. An example to understand the situation is the following. An individual with the intention of buying the local's business product goes to the shopping mall, but the local store does not have any signs or advertisement in the showcase, but instead it offers an empty showcase and an open door. The probabilities of a customer entering the shop and buying are minimized. Therefore, the competitors advertising and having a good visibility will attract all the customers, independently of the quality and prices offered. The first rule for a small local business is to make sure their website and online pages are adapted to mobile and will show in search engines and maps apps, like GoogleMaps.

Second, Many small businesses limit their websites to general information and a contact method via phone or email. It is important to have a call to action and engagement activities, meaning that the web visitor should have an incentive to continue researching and making the purchase with the business. If having an online purchasing option is not feasible for technical reasons, small businesses should ensure that the user concludes the purchase of the product with them. They should include actions that will bring them to the physical stores or a confirmation or discount that will engage the users in the purchasing process.

Moreover, if the local business sells any of the top mentioned preferred products, like electronics or books, it is crucial to have an e-commerce and quality delivery service. Many researches confirmed that this top products will increase their sales online and if small businesses intend to stay alive and grow, selling online is not an option anymore, but it is a must.

As mentioned above, local business should make sure they are included in all the possible localization apps and providers like GoogleMaps, Tripadvisor, Foursquare and the likes. The researches show that Millennials are searching online, at home or on the way for local businesses more and more; therefore being present in this platform is the only way to be visible for this public.

Related to this services, having a great review in the reviews and rating sites is crucial. Millennials are becoming selective, therefore a few bad reviews and ratings can decrease the flow of people to the local business.

Using online Ads is a smart movement. Online ads are not only one of the cheapest marketing options for local business, but they allow to target the customized segment they intend to attract, measuring results and setting a budget limit. As seen in the study, Millennials do not feel especially frustrated when seeing online ads, which will be positive to increase the awareness of the business by the local Millennials at a reasonable price. The two most common Online Ads providers are Google and Facebook. Both are important to consider. Google offers a more proactive advertising, meaning that online ads will appear when a user is looking for the product or services offered, while Facebook offers a reliable marketing and branding strategy, being able to target the precise segment with age, sex, education, location and interests. Google also offers the possibility to advertise in partner's websites like newspapers and blogs, at the same time as Youtube, being these two last options branding and positioning strategies.



For a daily budget it is possible to place advertisement for the targeted population in the geographic area and measure the results. The recommendation is to try different options, measure them and make a decision of keeping advertising or investing in other channels.

Another advice for local businesses having a website is to update it often. Many owners create the website and keep it inactive for years, which is a mistake. It is important to create content, like blogs or news about the business and industry, as well as being present in other websites, having a good internet presence and bringing new customers to the site from other partners. This activity will increase the search engines ratings and improve the organic search engine results.

Social media is a must. After analyzing the study it is clear that social media is present among Millennials and they use it on a daily basis to communicate and stay in touch with friends. This is an opportunity for the local businesses to be present and start being in touch with the customers. Times have changed, and now the customers want to be present and have a voice and vote. Therefore having a social media strategy and presence is a must. Depending on the target of the population, Facebook and Instagram are two of the top social media networks to have a strong presence by local businesses, including offers and promotions to their followers, increasing the customer base, and ultimately their loyalty.

Based on the studies, when buying online, users are not very likely to end up in the small e-commerce of a local store, but they are, however, very likely going to search for products in the main e-commerce sites like Amazon and Ebay. These sites allow private sellers to sell online, being this an advantage for both sides. This can add a revenue stream to the company and increase sales through these channels. Having a trustful profile with a variety of products, including high quality images and descriptions, as well as positive reviews will boost the local business' sales.

From the primary research many of the respondents identified the lack of reality or feeling of the products when buying online. This is usually due to images with low quality or a lack of information about the product or service. Therefore, it is crucial to have realistic and high quality pictures from all the different angles and, if possible, a video showing the products. This will make the users to trust on the brand and will be more willing to buy online. The more features the site has to make it trustful, the better. Extended explanations of the features, reviews and ratings and even a part with real opinions from customers. Selling online is a better channel for the local business,

as it implies fewer costs. Moreover, offers and promotions are an incentive for the customer when it does not negatively affects the physical store sales.

Another important concern by users involves the safety and options when paying online. Having a safe website is a must, as well as having different online options like PayPal, which makes it easier for the user to buy with just one click. This might seem obvious, but it is still lacking in many businesses selling online.

Finally, based on the survey and researches, it is possible to assume that users do use only a limited amount of apps, with an average of only 8 per users. This leads to the conclusion that apps for local stores or businesses are not good, as many users will download it and stop using. An option is to include the local business services in other apps, which users can use for other activities as well.

These insights and recommendations, all based on the findings from the research, will help any Spanish local business to grow and stay connected with Millennials now and in the near future.

## **Limitations**

The study experienced some limitations in both secondary and primary researched. The availability of resources for the secondary research are limited to the available free online data and studies, both obtained from recognized institutions, EBSCO search engine facilitating academic papers, and Google large public available database and sources. This study could have been developed slightly further obtaining access to private sources of information. However, the insights and findings for this part have satisfied the demanded goal of the thesis.

Second, limitations on the primary research have been experienced. First of all, the 160 respondents, which are a relative small sample compared to the total population. Also, most of the respondents conducted the test online, meaning that the respondents use internet more often than other Millennials who couldn't access the survey. Finally, not all the nineteen different regions of Spain were reached with a significant representation, however the main three ones are represented with a larger number of respondents, which represent a large amount of the population.

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