

# Millennial Spending Habits:

A Consumer Study on Luxury  
Goods and Experiences



THE PEARL SOURCE



LAGUNA PEARL



## INTRODUCTION


There's a lot that we already know about Millennials.

The group, defined by the [Pew Research Center](#) as people born between 1981 and 1996, is often blamed for “killing” various industries and products – from casual dining chain restaurants and brick-and-mortar stores to consumer staples such as beer, cereal, soda, and bar soap. Not even the NFL has been spared.

Research often cites this generation's well-documented financial troubles as a probable cause. Findings from an [April 2018 survey](#) by NBC News and the GenForward project at the University of Chicago found 62 percent of Millennials owe more in debt than they possess in their savings account.

Credit card debt is also very common among Millennials due to higher costs of living and shrinking disposable incomes; the same study found that nearly half of Millennials (46 percent) had “significant” credit card debt. Student loan debt, too, is often cited – the [average student loan](#) debt for a college graduate today is \$34,000.

Despite this, Millennials still spend a lot of money, and they're quite unapologetic about how they choose to do so. From [Uber](#) to [farm-to-table foods](#) and [premium coffee](#), the generation certainly has preferences for what are traditionally more expensive products and services. This is particularly true for luxury items, including but not limited to designer clothing, handbags, shoes, and jewelry.



Per recent research highlighted within, a majority of Millennials are **willing to spend** on these luxury items even if it means accruing more debt.

# Methodology

To gather more insights and a greater understanding of how Millennials spend on luxury goods and services, [The Pearl Source](#) and [Laguna Pearl](#), Los-Angeles based jewelry importers and leading online jewelry retailers with 20 years in the pearl industry, conducted a research study involving 1,000 randomly selected Millennials across the United States. A 16-question poll designed by market researchers aimed to dissect Millennial attitudes, spending habits, and preferences for luxury goods and services.

To ensure validity, questions were randomly ordered and delivered over a one-week period via email and phone. The sample group comprised of men and women from across the United States ranging in age from 22 to 37.

## PARTICIPANT STATS

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16

QUESTIONS

22-37

AGE GROUP

7

DAYS

1,000

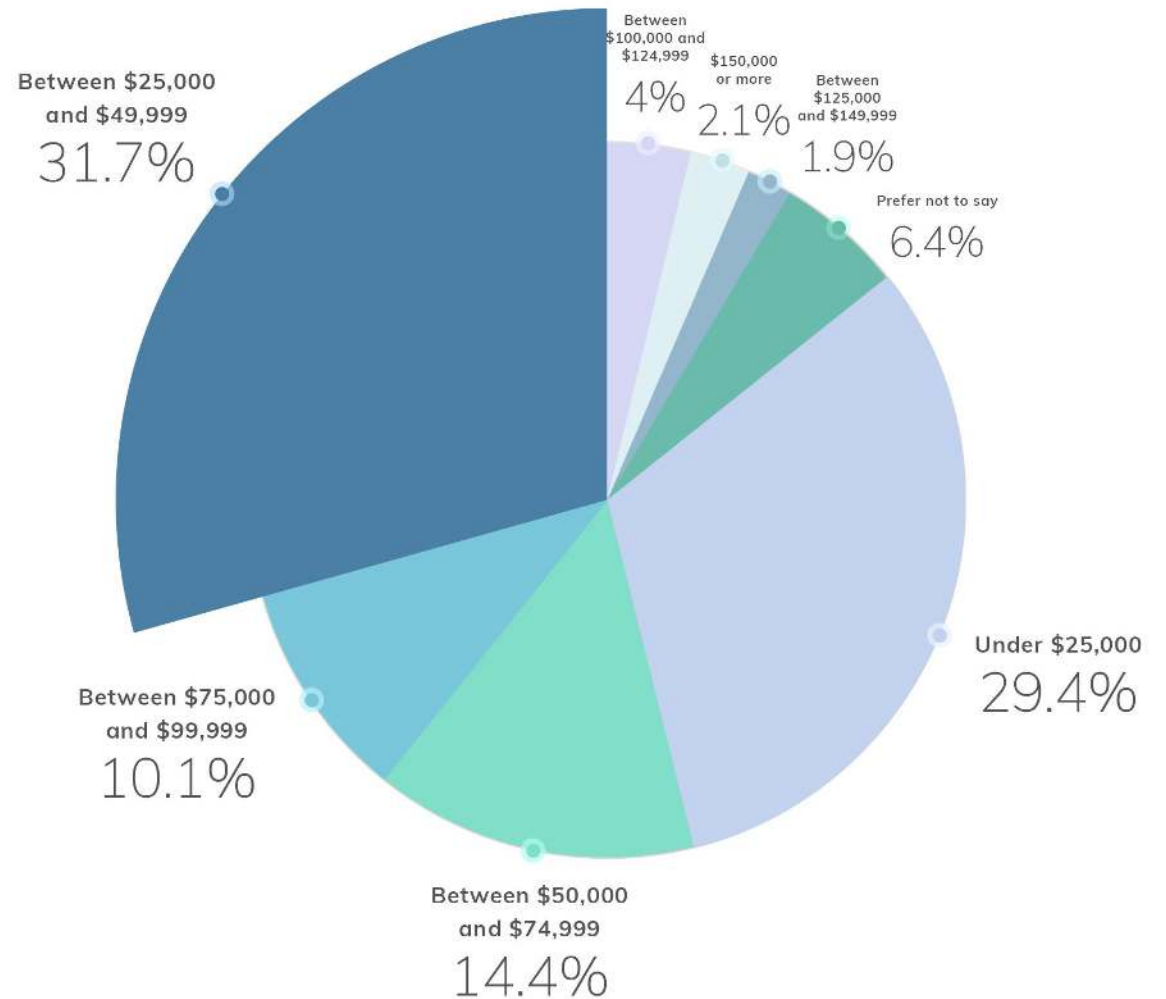
RESPONSES

United States

COUNTRY SURVEYED

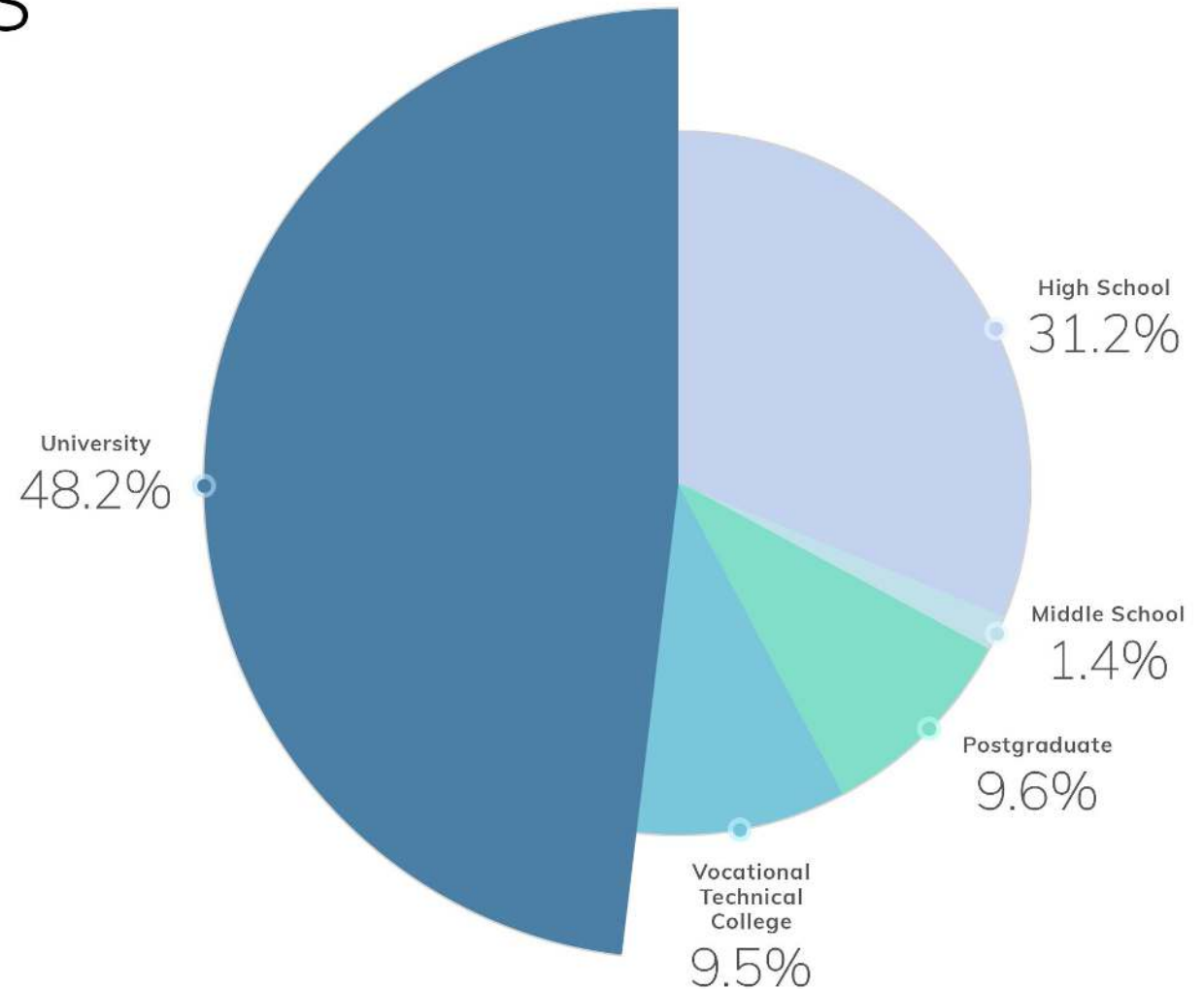
# Income Demographics

The chart on the right segments study participants by income bracket. 31.7 percent of Millennials respondent earn between \$25,000 and \$49,999.



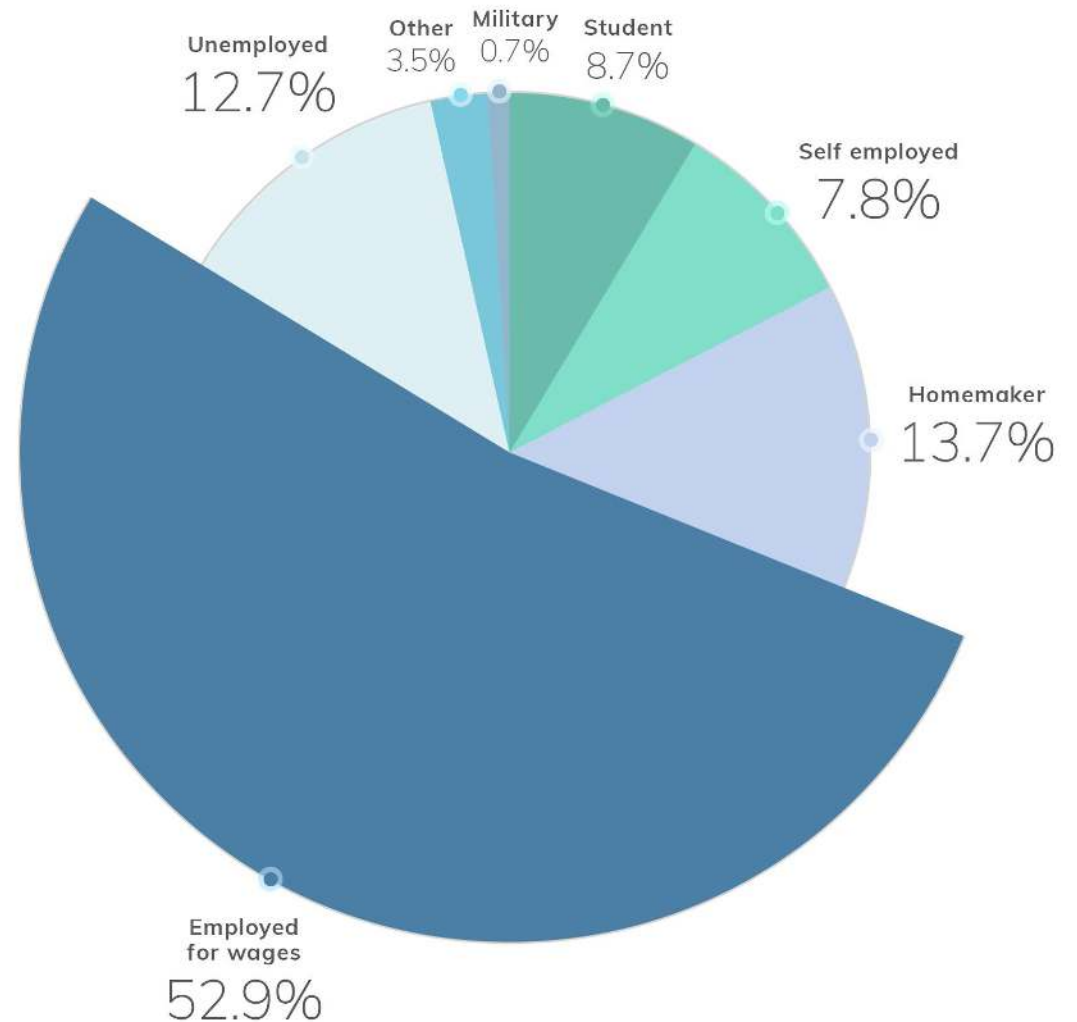
# Education Demographics

The chart on the right outlines the respondents' highest level of education; 48.2 percent of those polled have a university degree.



# Employment Demographics

The chart on the right segments study participants by employment status. 12.7 percent of Millennials who participated in the survey were unemployed.



## FINDINGS:

# Executive Summary

Findings suggest a majority of Millennials exhibit a strong preference for more disposable income – not much of a surprise for a debt-saddled generation. Research participants stated they preferred to buy luxury items over having a better healthcare plan (50.9 percent) and paying down debt (36.5 percent).

Not only were Millennials willing to forego these costs in order to maintain their lifestyle, but they also were willing to put themselves in more debt to do so. Nearly half of all respondents (49.9 percent) spend up to \$500 per month on luxury items and more than half (50.2 percent) had bought something they couldn't afford in the past six months.

The study also indicated Millennials prefer to finance their luxury purchases; 57 percent of Millennials were more willing to spend on luxury purchases, such as jewelry, when financing was available. Over 40 percent of Millennials financed their engagement rings, and it took 20 percent of respondents up to two years to pay down that debt.

The research also revealed that while Millennial tastes are changing, the “death” of some luxury industries is probably exaggerated. Diamonds were still the most preferred luxury gemstone among the Millennials polled; however, 46 percent of Millennials indicated that they prefer alternative gemstones, such as rubies, sapphires, and pearls.



# Results and Data



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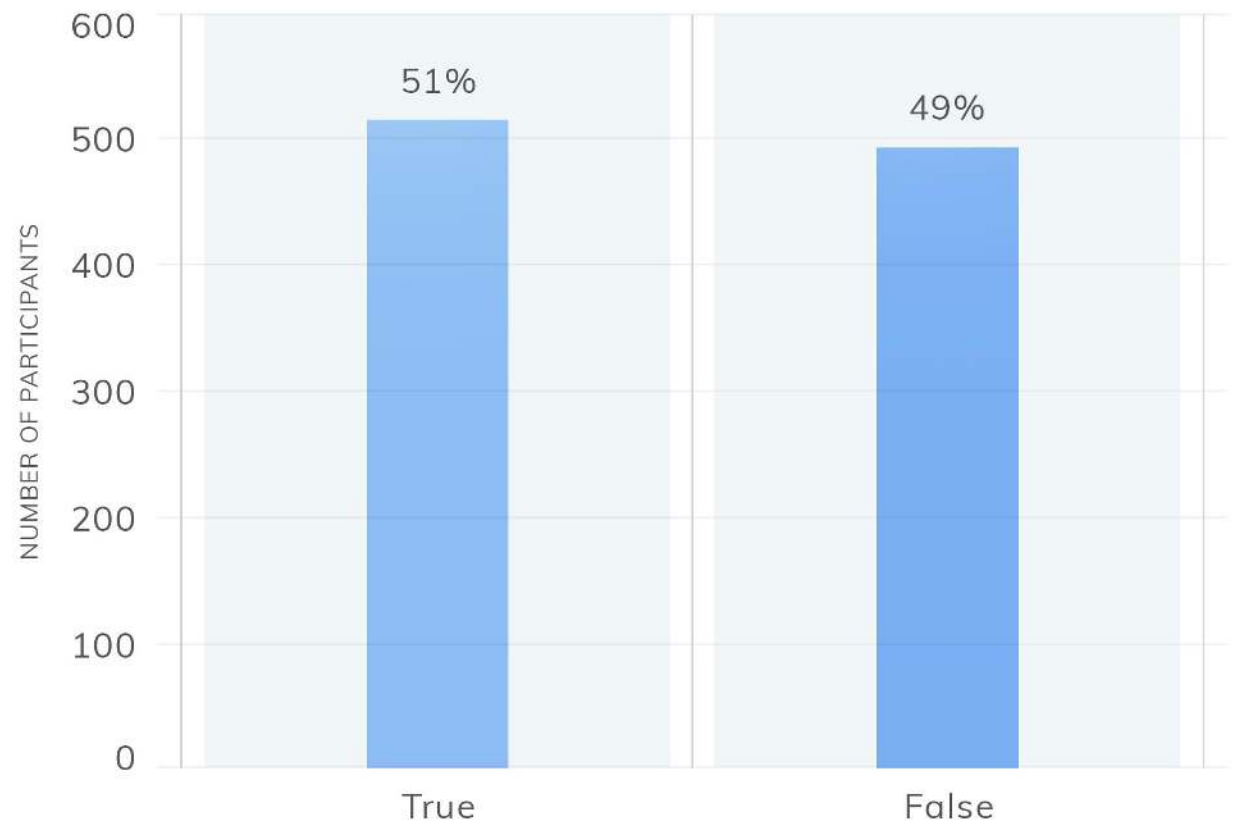
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## CONSUMER SURVEY

I'd rather have more disposable income (for entertainment and meals, luxury purchases, or high-end experiences) than a better healthcare plan.

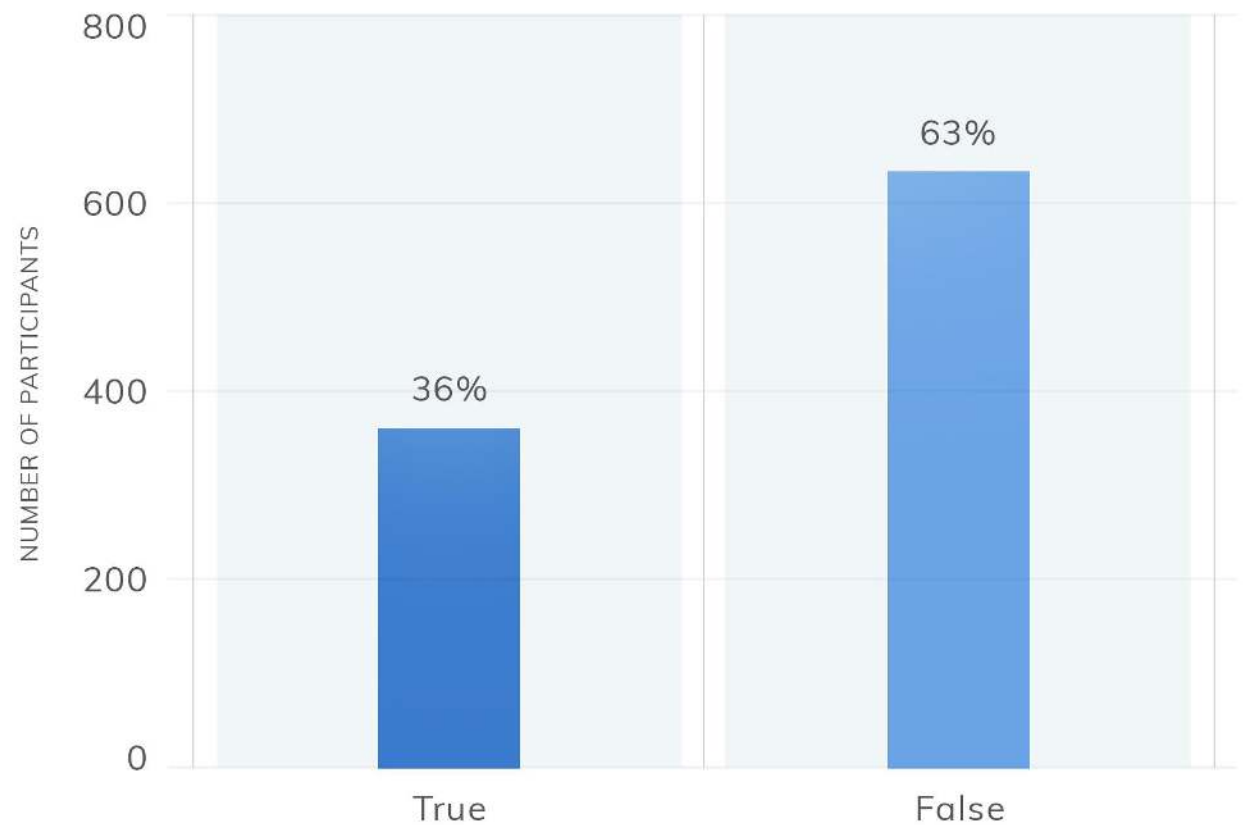
Over half of Millennials studied said they are willing to sacrifice necessities, such as healthcare, in order to have more disposable income for luxury items.



## CONSUMER SURVEY

I'd rather have more disposable income (for entertainment and meals, luxury purchases, or high-end experiences) than pay down debt.

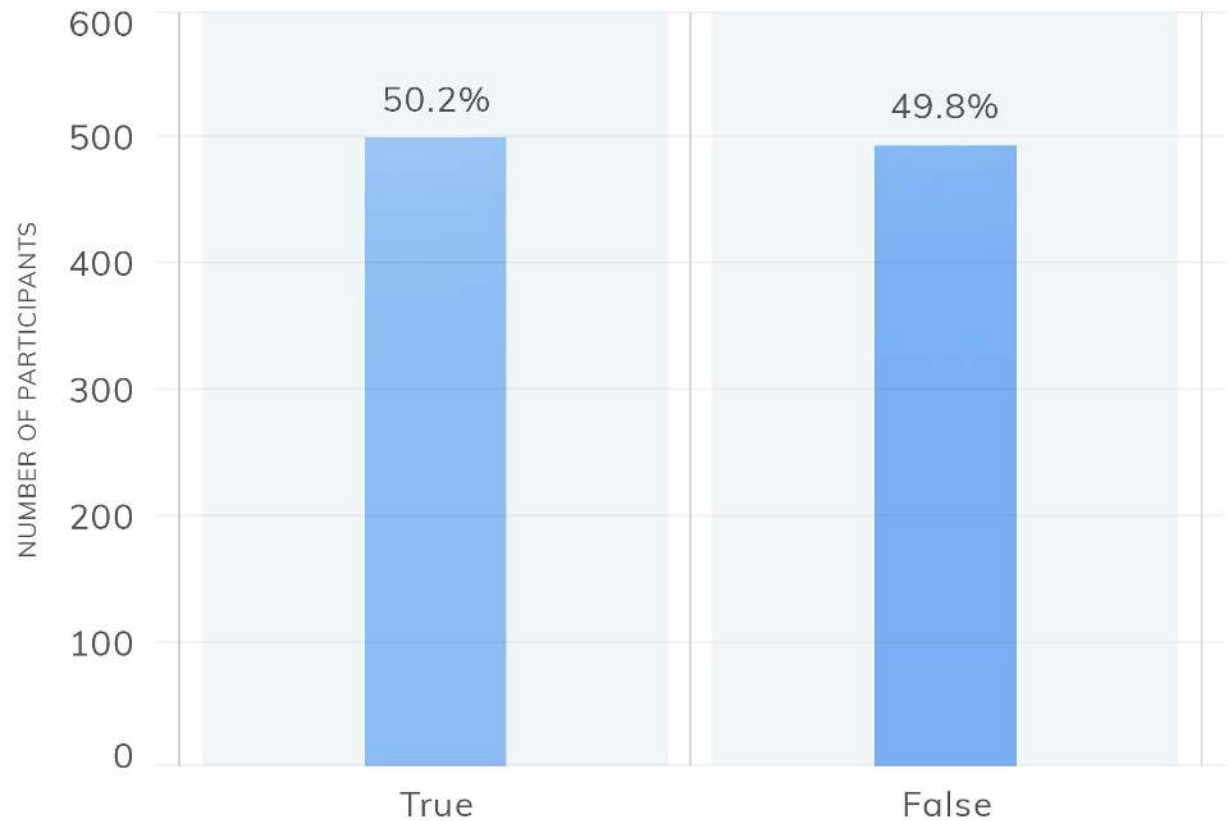
Approximately 36.5 percent of Millennials studied said they are willing to forego paying down debt in order to have more disposable income for luxury items.



## CONSUMER SURVEY

In the last six months, I've knowingly purchased something I couldn't quite afford.

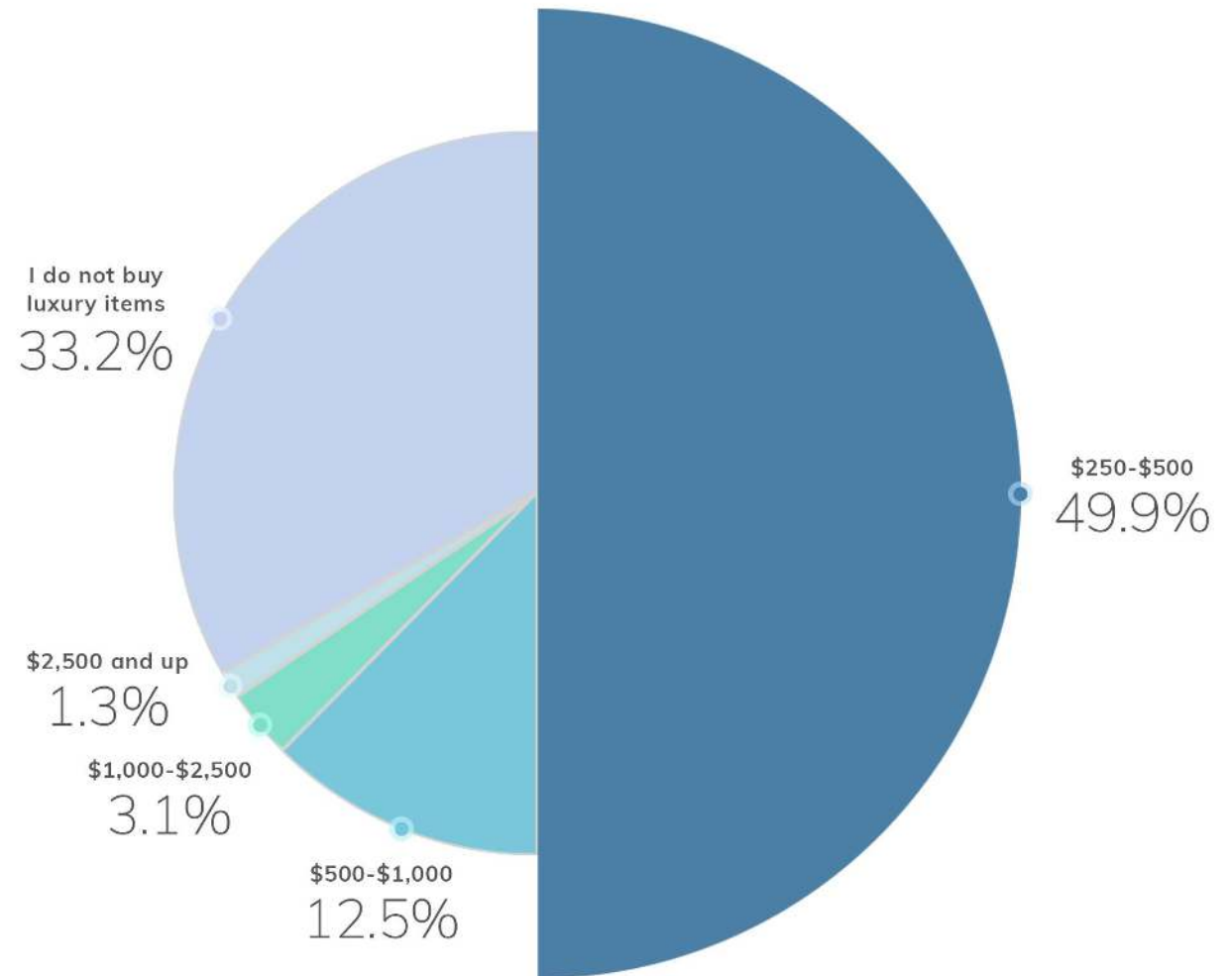
Over half of Millennials studied knowingly purchased something they couldn't quite afford in the past six months.



## CONSUMER SURVEY

# On average, how much do you spend on luxury items per month?

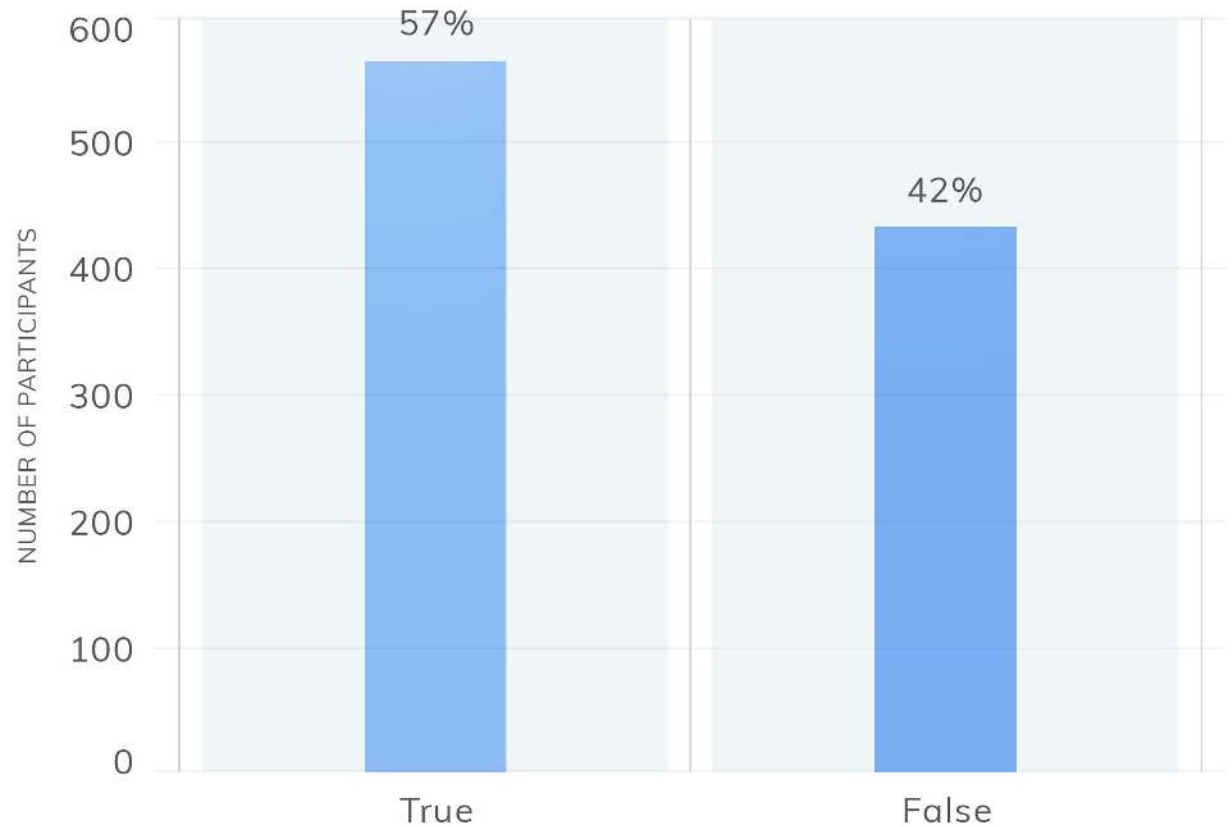
Over 60 percent of Millennials studied spend up to \$1,000 per month on luxury items, while acknowledging that they cannot afford such items.



## CONSUMER SURVEY

I would be willing to spend more on a piece of jewelry if financing is available.

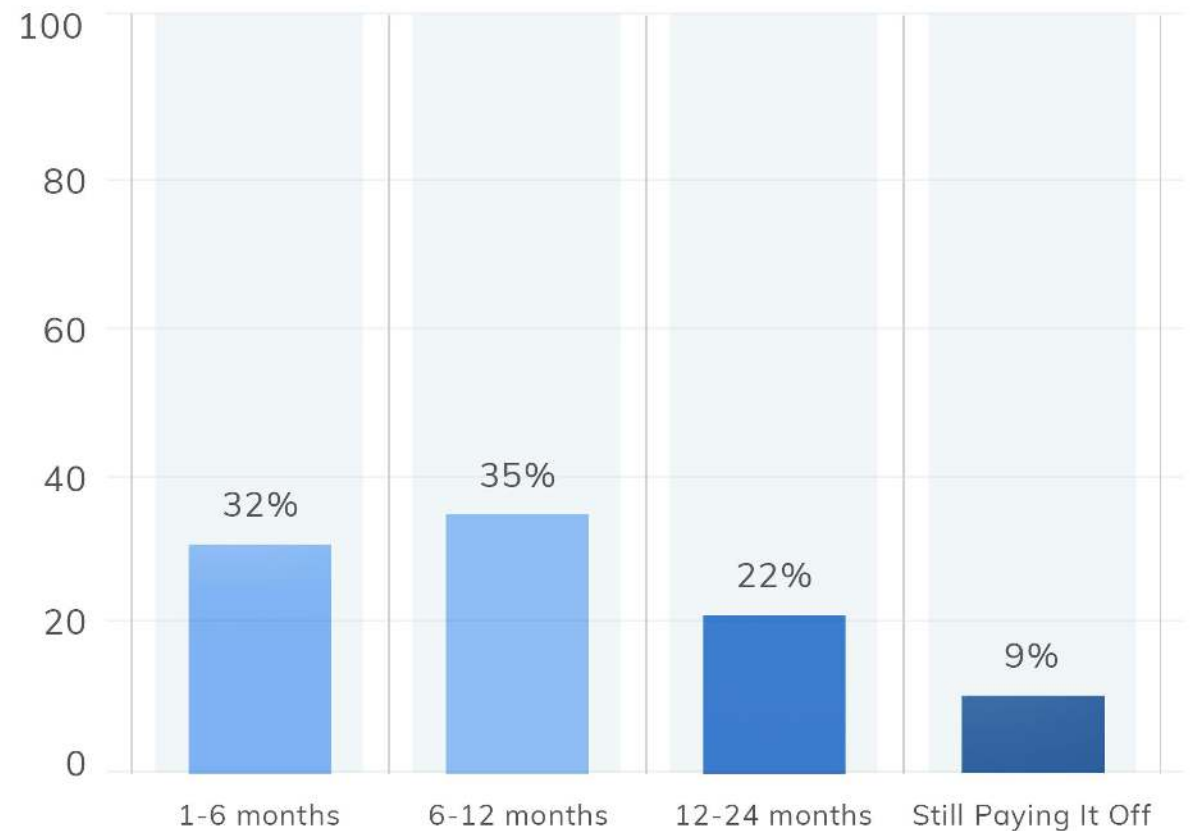
Over 57 percent of Millennials polled would spend more on fine jewelry if presented with financing options.



## CONSUMER SURVEY

Approximately how long did it take you to pay off debt associated with the purchase of your wedding/engagement ring?

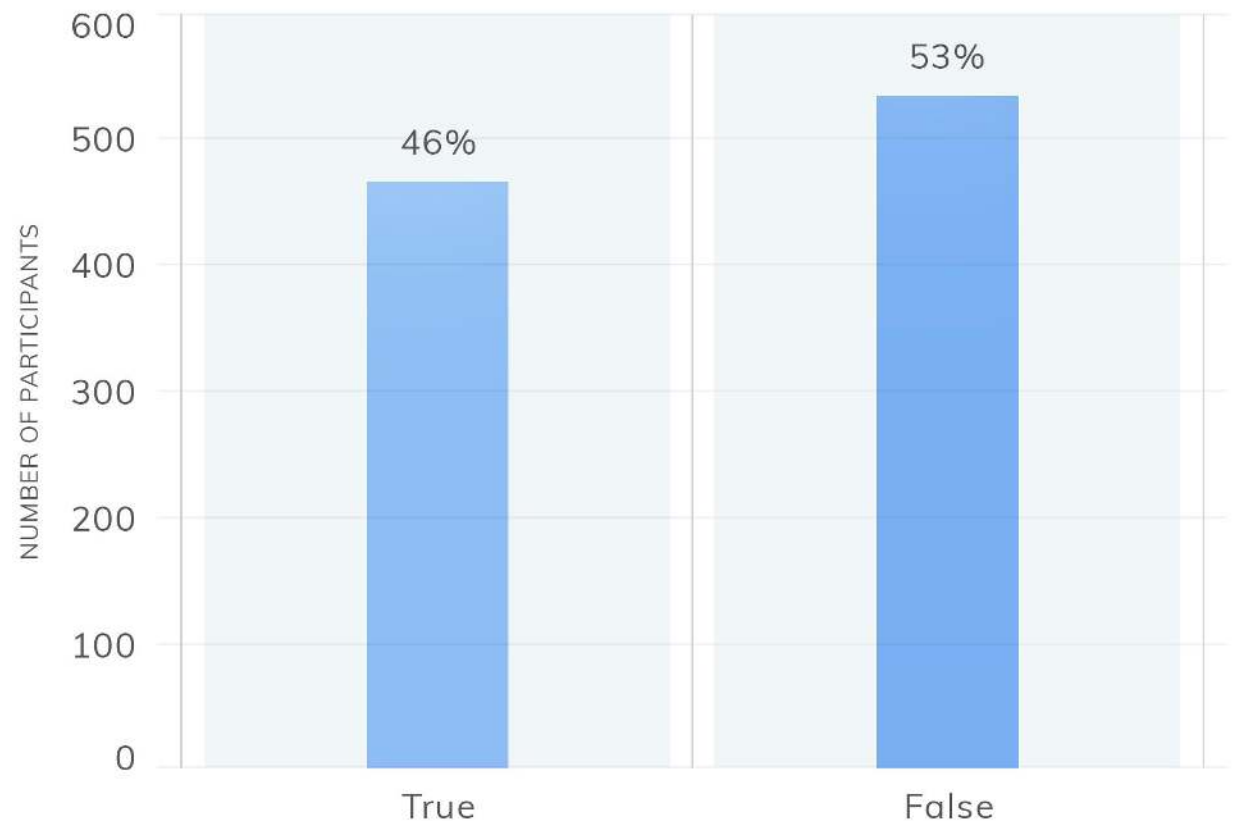
Nearly 70 percent of Millennials surveyed stated they took on debt for the purchase of a wedding and/or engagement ring; 35 percent of those respondents needed 6-12 months to pay off that debt, while 9 percent stated they were still actively working to pay off that debt.




## CONSUMER SURVEY

When it comes to jewelry, I prefer other gemstones (such as sapphires, rubies, pearls, etc.) over diamonds.

Nearly half of Millennials prefer alternative gemstones, such as sapphires, rubies, and pearls, over diamonds.





With regards to jewelry, the decline in the popularity of diamonds may be overstated; **46 percent** of millennials preferred alternative gemstones such as sapphires, rubies, and pearls over diamonds, but more than half said they'd still choose a diamond.

Contrary to popular opinion, over **90 percent** of Millennials polled overwhelmingly identified cost and quality as the two most important buying considerations with regards to jewelry, beating out only **9 percent** of the audience that took into account ethical and environmental considerations.



# Conclusion

Research results indicate that this generation still puts a high value on luxury products and services. Despite the debt they carry, there was a clear willingness to forego spending in other areas in order to obtain luxury items like jewelry, designer clothing, handbags, and travel experiences.

Perhaps this isn't much of a surprise – after all, Millennial tastes have been well documented in the past, from avocado toast to expensive coffee beverages.

However, the research suggests that a majority of Millennials are willing to go into more debt to achieve these luxury products.

This is particularly true when financing is available, as the vast majority of respondents indicated they'd be more likely to purchase luxury items if a payment plan was possible.

With Millennial spending power having officially overtaken that of Baby Boomers, these behaviors and attitudes are all the more important to understand for both traditional and online retailers. Though Millennials have certainly been a difficult group for these retailers to understand, the willingness of millennials to spend money to maintain a certain lifestyle (which includes luxury items), as indicated by this research, is very promising.

