

Navigating towards the Future:

Combining Electric Vehicles with Millennial Values

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Executive Summary

Millennials, the largest generation segment within the United States, represent one of the most influential market segments due to their core values of sustainability, innovation, and cost efficiency. Molded by economic instability and rapid technological advancements during the years of their youth, Millennials are enticed by products that emphasize or accentuate self-fulfillment, have meaningful impact, and authenticity. One such industry that highly appeals to Millennials and their needs and values is the Electric Vehicle market, which markets itself for its cost-saving benefits, advanced features both in technology and in design, and the environmental benefits and impact gained from using an electric vehicle. Based on the marketing research that was examined and discussed in this report, the relationship between Millennials' eccentric core values and the strategies needed for EV companies to correctly market their products and foster a positive relationship with Millennials becomes evident. For EV companies to not only capture the interest but also the transactions of Millennials, they will have to create campaigns and strategies that highlight the thrilling technological features with a message of authenticity, cost efficiency, and social responsibility encoded alongside that message. Aligning themselves alongside Millennials' needs and values, the EV industry can further capture this

influential generation by fostering a positive and collaborative relationship that speaks deeply with both their lifestyle goals and aspirations.

Introduction

Born between the years of 1981 through 1996, Millennials have become the largest generation we have seen throughout history. With an estimated total population of 73 million (Korhonen, 2024, p. 1) in the U.S. alone, Millennials have a large influence in many of today's markets. Growing up during a time of economic turmoil and rapid technological advancement, Millennials have developed a preference for becoming **innovators**, focusing their values on aspects of sustainability and affordability, while also seeking cutting-edge technology and remaining future-focused. By becoming more purpose-driven by seeking out products that align with their core personal values and also their self-fulfillment and **sensation-seeking** needs, Millennials have established themselves as more than just simple-minded consumers that businesses could easily target. Being such a large and influential demographic, targeting such a market would require a business to cater to Millennials' desire for quality, and innovation, while also remaining as a cost-conscious decision.

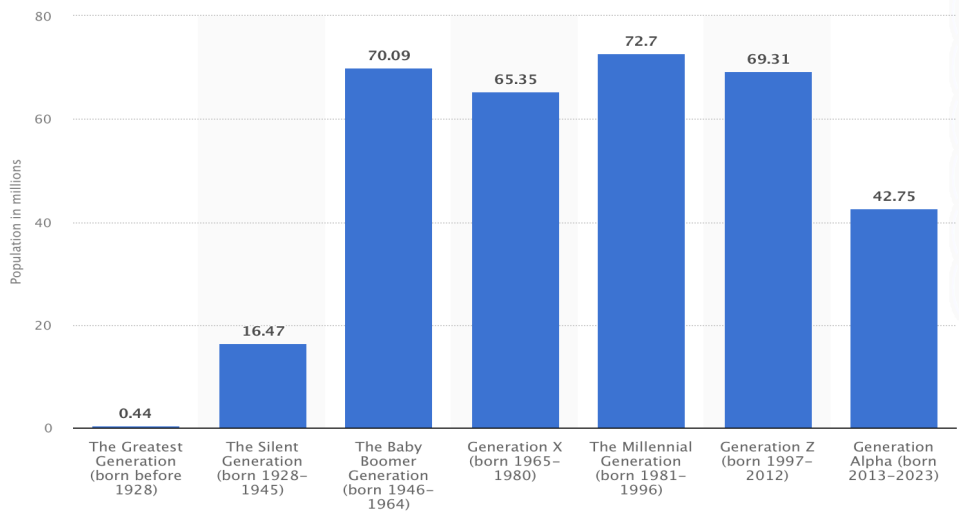
One such market that could effectively target the Millennial market segment is that of the Electric Vehicle Industry, whose main values of sustainability, technology, and cost-saving align almost perfectly with those of Millennials. Millennials are already becoming a rapidly growing market segment for EVs as 72% of "[Millennial] consumers have the highest level of consideration" for purchasing an electric vehicle as their next vehicle (Effler, 2023). As stated previously, Millennials grew up during a time of economic instability, environmental awareness, and technological advancements, shaping their values and preferences toward products that

reflect and highlight their environmental and innovative impact, while also remaining cost-conscious. This helps support the idea of why Millennials are already keen and considering purchasing an EV, as the EV industry strongly positions itself for the benefits it offers to the environment, the advanced features the cars have that no other does, and the long-term cost-saving benefits one would receive from switching to an electrically powered vehicle from a gas-powered one. Despite the clear alignment with their **psychogenic needs**, EV companies must continue to tailor their marketing strategies to address just how seamless integration of an EV would be into millennials' lives, and give justifiable reasoning as to why one should make such a costly purchase as this.

Literature Review

Market Size of Millennials

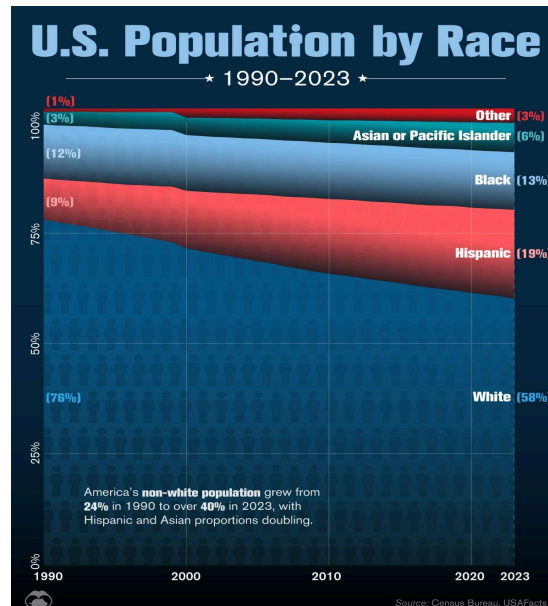
Millennials, born between 1981 and 1996, fall within the age range of 28 to 43 years old as of 2024. This generation is substantial, making up 72.7 million people in the United States, representing about 21.7% of the total population (Lupis, JC "Marketing Charts"). Globally, Millennials are also significant in terms of size, **positioning**, and economic impact, even though they have been surpassed by Gen Z in population size in some countries. This demographic advantage makes Millennials a key focus for marketers, policymakers, and businesses who have the **motivation** to understand shifting trends and consumer preferences.



Millennials are a diverse generation with many positive traits, but they also face significant challenges. Many struggle with student loan debt and economic uncertainty. Despite these challenges, Millennials hold substantial purchasing power, with an estimated \$2.5 trillion. By 2030, they are projected to make up 75% of the global workforce. Millennials are also more educated than previous generations; as of 2021, 38% had attained at least a bachelor's degree, compared to 32% of Gen X and 15% of Baby Boomers at the same age. In 2023, data indicates that 66% of Millennials are married, and 68% either have children or are expecting a baby. This means that more than half of the Millennial population in the United States is either married or preparing for **parenthood** (“20+ Marvelous Millennials Statistics...”).

Demographics and Psychographics

This generation is notable for its racial and ethnic diversity: 55% are White, 21% Hispanic, 15% Black, 8% Asian or Pacific Islander, and 3% identify with two or more races or other racial categories. These **demographic segmentations** highlight a generation that is not only diverse in terms of race and ethnicity but also reflects broad shifts towards multiculturalism and inclusivity in American society (Bruno Venditti, “Visual Capitalist”).



Millennials show a strong focus on environmental and social responsibility when choosing brands. This generation values authenticity and transparency from brands, often preferring those that align with their personal values on issues like sustainability and corporate responsibility (Bruno Venditti, “Visual Capitalist”). Millennials are constrained by economic challenges such as student loans and high housing costs, often delaying major purchases like homes (Bruno Venditti, “Visual Capitalist”). Despite these financial pressures, they prioritize affordability and are highly conscious of value when making purchases. The average Millennial pays 100% more for homes compared to Baby Boomers in the 1970s, and tuition costs at public four-year colleges have increased 310% since the 1970s (“Shocking Millennial Marketing...”, Porch). This economic environment makes Millennials more likely to delay significant financial commitments and gravitate toward brands that not only meet their needs but also reflect their values.

Millennials face economic challenges that are vastly different from those experienced by earlier generations. They pay 57% more per gallon of gas compared to Baby Boomers in their 20s and have 86% less purchasing power today compared to Baby Boomers when they were in

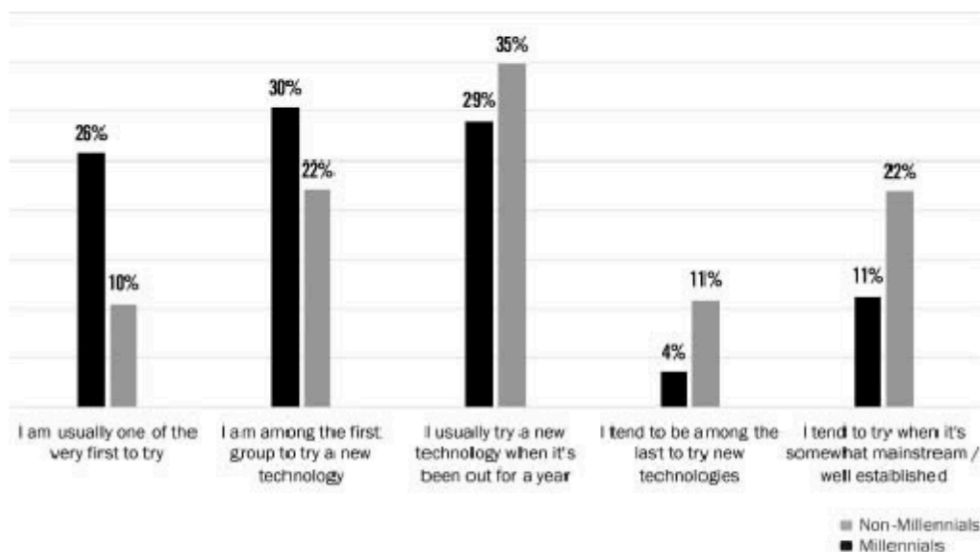
their 20s (“Shocking Millennial Marketing...”, Porch). These financial pressures influence their spending habits, with Millennials often prioritizing experiences over material possessions and delaying homeownership or major purchases like cars and luxury goods. The high cost of living, including a significant increase in the price of homes (100% more than Baby Boomer prices from the 1970s) and a sharp rise in tuition fees, has made affordability a critical factor for this generation.

Millennials and Technology

When we talk about millennials, it is important to understand that they are the first generation to grow up with modern technology. Growing up they experienced many technological advances to certain products such as the internet, cars, cell phones, television, etc. Knowing that most technology is expensive and requires **extensive problem-solving** to decide what to get, millennials are one of the most important demographics to target. They tend to have a higher **need for cognition** than other generations which allows these tech companies to target them easier. According to Carol Phillips from Brand Amplitude, “Not only are they helping their parents troubleshoot tech problems, they’re making a lot of technology decisions in households across America, directly impacting what their parents end up buying”(Fromm and Garton, 2013, p. 6). From this, we can see how important millennials are as an **external influence** for their families in purchasing decisions because of how others rely on their tech savviness.

MILLENNIALS MORE LIKELY TO ADOPT NEW TECHNOLOGY

Millennials 2.5x more likely to be an early adopter



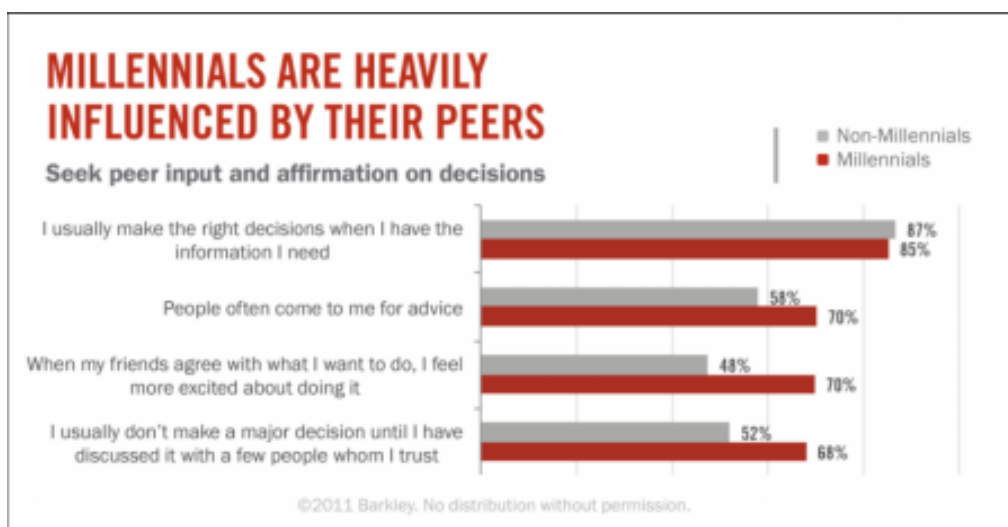
We can also see that millennials are early adopters of new technology which makes them innovators. In the figure above from the Boston consulting group, we can see how millennials compare to other age demographics when it comes to trying new items. This makes millennials a perfect age demographic to market electric vehicles towards since they are more willing to give a chance on new technology.

Electric vehicles have many features that millennials find appealing. The most important features to millennials when considering any vehicle are price, fuel efficiency, and safety. When analyzing a study from J.D. Power, Ellen R Delisio from AAA says, “Millennial consumers rank the highest (72%) when it comes to considering purchasing an EV and the largest percentage of those who say they are “very likely” to consider an EV (37%).” Electric vehicles are becoming more popular because of millennials being innovators and recommending them to other generations.

Marketing to Millennials

Some of the most important American core values to look at when it comes to

marketing EVs to millennials include achievement and success, efficiency and practicality, progress, materialism, youthfulness, and being ecologically responsible. We can apply achievement and success to their need to work towards big goals, such as purchasing a new car. Efficiency and practicality are important values to target millennials looking to buy an EV because they allow the users to save on gas. Progress can be shown by how millennials purchase new technology and EVs are the newest cars in the market. Materialism and youthfulness are values that millennials strive to achieve because they like to show off the newest luxury items. Many millennials prefer to purchase products from companies that strive to help the environment.



Some reference groups that millennials like to be influenced by are friends, previous purchasers, and advocacy groups. Social media allows millennials to connect with many friends who share the same values as them. Today, people can easily ask their friends about their opinions on certain products and if they are worth purchasing. People who have purchased these products in the past are also very important when discussing the benefits and downsides. Advocacy groups, such as the Electric Vehicle Association, provide information to people and try to educate them on the benefits. Looking at the figure above, peers of millennials have a huge

impact on their purchasing decisions. Social media also allows millennials to connect with **key informants**, or individuals with a lot of knowledge and experience with products, as well.

During the research process, **focus groups** are crucial when trying to find what the target market is looking for in a product. According to an article from Greenbook, Tesla used focus groups to find what features women find appealing in vehicles. Tesla used the information to design their Model X which is focused on safety, includes a third row, and makes it easier to get their kids in and out of car seats.

Word-of-mouth marketing plays a huge role in Tesla's marketing strategy. Tesla does not use traditional media when it comes to getting its name out there. However, Tesla has a referral program encouraging loyal customers to recommend Tesla products to family and friends. They do this by giving their customers rewards. As the number of referrals increases, the value of the rewards goes up as well. This is a smart strategy because it allows Tesla to avoid the major costs of traditional media. Millennials are also more inclined to listen to their friends and trust what they have to say about the vehicle.

Coping Strategies

Social Status

Millennials tend to buy products that represent their social status. **Personality factors** that show their dreams and values. Millennials want a car that means more than just a clunk of metal, they want a car that shows off their lifestyle and has similar beliefs. A company that shows this marketing idea is Tesla and they do a very good job. Teslas are designed to be more than just a car; they are designed to show off success, intelligence, and progress toward the

future. The Tesla vehicle lines are designed to look good and have the latest cutting-edge technology. Tesla's views come straight from its creator Elon Musk, a leader that people admire, because of this, Millennials see themselves as successful intelligent people like Elon Musk. Elon Musk is the primary advertiser of Tesla making him the **formal source** many people look up to. Customers who own a Tesla show their innovative thinking and care for the planet. Tesla's brand matches the values of Millennials with their technology, sustainability, and the difference they make towards a clean way of living. Companies that effectively market their EVs to people of success have a great opportunity to sell to Millennials.

One other thing that Millennials like when it comes to their purchases is whether it's good for the environment making this a **high-involvement purchase**. Millennials tend to be more concerned about the issues of climate change and pollution making them want to purchase items that are beneficial for the earth. Electric vehicles are a perfect choice for millennials who love to keep the environment clean and green because with the car being electric there's no gas involved so it has little to no pollution. Companies that focus on selling and promoting products that are good for the environment are called Green Marketing. Brands like Nissan and Chevrolet have symbols that show when their cars are helping reduce pollution. These symbols use **positioning** to show their consumers when and how they are helping the environment. When consumers buy EVs they like to know that they're making the world a better place. Buying an EV gives the Millennials a chance to make a difference in the world. Millennials understand the fight for climate change and the need to use clean energy to reduce pollution. Companies that understand this approach can connect and target the Millennial market.

Cost and Convenience Benefits

Millennials aim to gain benefits in cost and convenience. One of the best ways to save money is to purchase an EV. EVs can save thousands every year through their low fuel costs. Normal gas cars can be expensive even with the high gas prices. Electric Vehicles are much cheaper when it comes to refueling because they run on electricity compared to gas. The article "Office of Energy Efficiency & Renewable Energy" by The U.S. Department of Energy states "Electricity is much cheaper than gasoline or diesel fuel, costing about \$6 to drive 200 miles at a nationwide average when accounting for vehicle efficiency."

EV brands tend to advertise the low maintenance needs for these new electric vehicles. The article "Office of Energy Efficiency & Renewable Energy" by The U.S. Department of Energy states "EVs have fewer maintenance requirements because they have fewer moving parts and fluids to change, and their electrical systems require minimal maintenance". Brands advertise the money-saving opportunities per year with the EVs not needing oil changes or engine repairs. The more technology improves the easier it is to maintain. Millennials save time and money with electric vehicles.

Many companies advertise the low cost of electric vehicles with incentives and rebates. With the health of the planet in mind many governments offer financial help such as tax rebates and grants. This makes the cost of a new vehicle more affordable for Millennials. The article, "Electric vs. Gas Cars: Is It Cheaper to Drive an EV" by Courtney Lindwall states "The federal EV tax credit offers up to \$7,500 for new EVs and, for the first time, \$4,000 for used EVs, too, for eligible buyers and EVs". This financial support helps people buy more eco-friendly options which Millennials love. One of the main qualities that brands, like Tesla advertise, is home charging. Millennials love saving time and what's better than waking up to a fully charged vehicle every morning? This is very convenient for the busy Millennial lifestyle.

Technology to Reflect the Personality

Millennials are often seen as tech-savvy, eco-conscious, and independent. Since Tesla has strategically positioned itself as a brand that aligns with these values, it has become an ideal target market for electric vehicles (EVs). This report will explore how Tesla's marketing strategies appeal to Millennial consumer behavior through the lens of two key theories: the **Diffusion of Innovations Theory** and the **Self-Determination Theory**.

The Diffusion of Innovations Theory, developed by Everett Rogers, explains how new ideas and technologies spread within a society. It identifies key factors that influence how quickly innovations are adopted, including relative advantage, compatibility, complexity, trialability, and observability.

Relative Advantage: Tesla offers several benefits over traditional gasoline-powered cars, such as lower operating costs and environmental advantages. Millennials, who are often concerned with sustainability, are likely to view electric vehicles as a more eco-friendly option.

Compatibility: Tesla's values, such as creativity and social responsibility, resonate strongly with Millennial ideals. This generation seeks products that reflect their personal values, and Tesla's commitment to sustainability and cutting-edge technology speaks directly to these desires.

Observability: As more Tesla vehicles are seen on the road, their visibility increases, making them more appealing to potential buyers. The growing number of EVs in circulation serves as social proof, motivating others to consider adopting electric vehicles.

The Self-Determination Theory (SDT) posits that people are motivated when their three basic psychological needs—autonomy, competence, and relatedness—are satisfied. Tesla's marketing strategies effectively address these needs:

Autonomy: Tesla offers a variety of customization options, allowing Millennials to express their individuality through their vehicles. This sense of control enhances their satisfaction and aligns with their desire for personal expression.

Competence: Tesla's advanced technologies, like Autopilot and over-the-air software updates, give users a sense of mastery and control over their driving experience. This appeals to Millennials' interest in interacting with the latest technologies.

Relatedness: Through social media and events, Tesla helps its users feel like they belong by fostering a sense of community. The Millennials' need for social interaction and community involvement is satiated by this link to a broader movement towards sustainability and innovation.

Tesla's success with Millennials can be attributed to its deep understanding of their purchasing preferences. This generation is drawn to Tesla because the brand reflects their desire for innovation, individuality, and a sense of community. By emphasizing the benefits of EVs, personalization, and social involvement, Tesla's marketing strategies effectively resonate with Millennial values, encouraging the adoption of electric vehicles and solidifying Tesla's leadership in the EV market.

Sustainability

Millennials' interest in electric vehicles is largely fueled by the **family life cycle** theory. Millennials are more likely to value family-friendly cars because they are currently in the Parenthood stage of life. EV marketing campaigns place a lot of emphasis on safety, entertainment, and comfort, all of which are characteristics that define this stage (Kotler and Keller).

Another important point to think about is the **Theory of Planned Behavior**. According to

this theory, a person's intentions for participating in a behavior are impacted by their attitudes, social norms, and their sense of control over the behavior (Ajzen). Millennials' praise of electric vehicles (EVs) may be affected by their curiosity about new technologies and concern for the environment. Furthermore, a growing subjective norm' is pushing people to adopt EVs as they become more widely accepted in society, helped by improvements in charging infrastructure and government incentives. In conclusion, millennials are likely to feel more in control and confident about purchasing an EV as they become more accessible and affordable, as well as dependable charging networks grow (Berkley).

Maslow's Hierarchy of Needs offers an additional perspective for examining millennials' adoption of electric vehicles. Known for emphasizing "self-actualization" and "esteem needs," millennials are drawn to the idea of electric vehicles (EVs) as a representation of advancement, sustainability, and technological acuity. This is consistent with EV manufacturers' marketing strategies, which frequently portray their goods as inventive and progressive (Maslow).

Marketing strategies that appeal to millennials also successfully make use of **social influence** and **reference group** theories. EV manufacturers often work with celebrities and influencers, using their social media followings to connect with their target markets. The idea that EVs are a desirable and aspirational product is also influenced by their growing visibility in popular culture and social media.

In conclusion, the interaction of different theories of consumer behavior is demonstrated by the millennials' adoption of EVs. The family life cycle, the Theory of Planned Behavior, Maslow's Hierarchy of Needs, and the impact of social influence and reference groups have brought about an advantageous environment for EV manufacturers to successfully advertise their

products to this valuable group of people. Likely, EVs' appeal to millennials will only increase as they develop and become more readily available.

Conclusion and Recommendations

In conclusion, millennials represent a market segment deeply invested in sustainability, innovation, and social responsibility. To effectively target this demographic, EV companies should prioritize mobile-first marketing. Millennials are highly engaged with technology, making mobile platforms the ideal channel to reach them. Marketers should focus on creating mobile-friendly content and experiences, ensuring a seamless and engaging interaction. Furthermore, it's crucial to remember that brand values matter to millennials. They are more likely to support brands that align with their values. By promoting eco-friendliness and highlighting the environmental benefits of EVs, companies can resonate with millennials' sense of social responsibility, increasing their likelihood of purchase. Finally, EV companies should leverage personalization in their marketing strategies, meanwhile, marketers should tailor their messaging and offerings to emphasize the individual customization and benefits of EVs. By highlighting the ability to personalize features and experiences, EV companies can further appeal to millennials' desire for unique and tailored solutions.

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