

How millennials drive market changes

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Purpose - The technological advances in the last decades have seen the field of business change decisively towards a virtual marketplace, with millennials being the first generation growing up in a digital world. This situation poses new challenges for companies used to selling products in physical stores, as millennials quickly begin to overtake previous generations in purchasing power. Responding to this situation, the growth of search-word marketing emerges as a key actor in shaping the market. We analyse how people, technology, organizations and information are interconnected by value propositions, and how these value propositions are articulated to appeal to millennials.

Design/Methodology/approach - Taking an ethnographic approach, we focus on two of the world's leading luxury companies, Chanel and Dior. We focus on a luxury setting as the field of luxury long relied on elaborate physical stores, making the transformation to a digital service setting an even greater challenge. Embedded in these two companies, we use observations and interviews to study how market actors begin to transform their market from mainly selling physical goods to competing for millennials' attention in online settings. For an all-encompassing view of the market, secondary data on the value-creating networks is connected from an international digital marketing agency specializing in search-word marketing.

Findings - In this on-going research project, our findings to date show how search-word marketing takes on a dual role in value-creating networks. For customers, search-word marketing provides access to a customized digital offering, suitable for millennials' consumption patterns and thus enabling their value creation. For companies such as Chanel and Dior, search-word marketing provides a highly sensitive tool to reach the exact customers most interested in their offerings, and thus most likely to interact with the company.

Managerial implications - As millennials quickly grow in purchasing power and emerge as a prime customer segment, we provide practical insights into how firms can transform from a physical to a virtual marketplace through value-creating networks building on search-word marketing.

Originality - While search-word marketing is a rapidly growing field, few studies address it and none, to the best of our knowledge, looks at the role of search-word marketers as stakeholders in the digital service systems. We contribute to the existing field by showing how search-word marketing can act as mediators in value-creating networks for both companies and customers.

Key words - technology; market-shaping; luxury; value; millennials

Paper type - Research paper