ISCTE ◈ Business School
Instituto Universitário de Lisboa

THE TREND OF (NO)WNERSHIP: NON-MILLENNIALS VS. MILLENNIALS

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Abstract in Portuguese

Este trabalho visa aferir a existência de uma tendência de *Nownership* entre os *Millennials* e os *Non-Millennials* Portugueses. O estudo desta temática é pertinente e atual dado que cada vez mais existe no mercado português uma aposta por parte das empresas na criação de soluções de aluguer, inovando nos setores do imobiliário, mobilidade e tecnologia. Assim, procedeu-se à elaboração de um questionário com o objetivo de compreender as opções atuais dos Portugueses relativamente ao modo de aquisição de casa, carro e *smartphone*. Adicionalmente, e considerando os mesmos bens, indagou-se sobre o modo de aquisição preferencial a curto prazo (3 a 5 anos), assim como os motivos que determinam esta preferência. Em seguida, criou-se um modelo de pontuação a fim de identificar e hierarquizar as motivações de tais escolhas.

Abstract in English

The present study intends to assess the trend of *Nownership* among Portuguese Millennials and Non-Millennials. This study is relevant and up-to-date since there are more and more companies in the Portuguese market which are investing in the creation of innovative rental solutions in the real estate, mobility and technology sectors. Therefore, a survey was developed in order to understand the current options of the Portuguese people regarding the means of acquisition of a house, a car and a smartphone. Additionally, considering these same goods, the respondents were asked about their preferred means of acquisition in the short-term (3 to 5 years), as well as the reasons for such preference. Afterwards, a scoring model was created to identify and hierarchize the motivations for those choices.

To those who encouraged me to develop this project, for their patience and understanding throughout this intensive journey;

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Index

Index of Figures

Index of Tables

1. Introduction and Motivations

This study aims to discuss the existence of a trend of *NOwnership* among the Millennial and the Non-Millennial generations. Hence, two models of consumption will be debated: the buying model and the renting model, respectively "Ownership" and *"NOwnership"*.

Another reason for this study is the intention to contribute to literature regarding medium to long term renting, in particular the one targeting physical persons, which is yet a poorly studied subject in Portugal. However, many solutions in this area have recently appeared in the Portuguese market, increasing the need to fulfil the insufficient research on the demand side. Additionally, another curious feature emerged that caught my attention, which has to do with the fact that nowadays many offers of renting aim at individuals while in the past it was a reality only for businesses.

Having professional experience on this topic, I have witnessed the lack of available information existing on renting. Moreover, when sharing my experience with family and friends, it was possible to sense a certain unfamiliarity and scepticism with this regard. Consequently, I have decided to start searching about the subject in order to have a glance at the available renting solutions and its perspectives in the Portuguese market.

During the preliminary research period, while digging into the world of renting solutions, one interesting idea kept my attention: "(…) for millennials, real value is derived from experiencing not possessing"[1]. This idea of not owning something but enjoying it enabled me to make a connection to the alternative consumption models mentioned above.

According to Goldman Sachs' Global Investment Research[2], being a "NOwner" looks attractive to the Millennial generation, who turn to a new set of services that provide access to products without the burdens of ownership. These burdens of ownership include risks, responsibilities and costs inducing Millennials to choose alternative ways of consumption that almost totally replace the acquisition process and possession of goods (Berry & Maricle, 1973).

The choice for studying the renting model instead of other *NOwnership* models (such as leasing) happened naturally, due to my professional experience in this particular field, the interesting features of renting (that must not turn into Ownership) and also the necessity

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[1] Millennials: Fueling the experience economy (Harris 2014 sponsored by Eventbrite)
[2] Millennials Coming of Age infographic (Goldman Sachs' Investment Research 2016)

of limiting the length of this study. This choice has gained strength following the progressive acquisition of theoretical knowledge if this subject.

Although, knowing that renting is a barely studied topic in Portugal and that people show some resistance and even unawareness of it, a questionnaire was created in order to enquire about the acceptance of the renting idea and, at the same time, to understand the reasons that push the respondents away from renting or that draw them into it.

On the other hand, there was the desire to test whether the theories supporting that the Millennial generation is being seduced by the new trend of *NOwnership* was reaching Portuguese Millennials. In fact, this generation is globally perceived as being *"...not as interested in owning a home or buying a car as previous generations were at their age"*[3].

Taking this into account, three products were chosen in order to access the Portuguese consumers' relationship with them. The choice of the goods takes into account three major pillars, namely the fact that (i) there are already offers of these products in Portugal; (ii) these products are known and used by everyone and on which people have typically a formed opinion; and (iii) the fact that people use them very often or even on a daily basis. In essence, commonly used and empathetic products were chosen.

The questionnaire aimed at testing the main reasons that led people make their choices, as well as the motivations that led people either to buy or to rent, and then to compare them. Based on the questionnaire, an analysis will be performed focusing on the differences among products and on the relationship of the respondents with them. This subject will be explored based on the design of a specific framework.

In essence, this study aims to provide significant insights from the demand side of renting. In addition, it is the intention of this study to come up with some relevant evidences on how current and future businesses should endeavour to continue to captivate more renters and to attract old buyers.

Lastly, this study will hopefully contribute to narrow the existing literature gap on these subjects, by conveying some interesting insights on the demand side of renting. Adapting the study to a framework that could be used in the future is also a concern, due to the need of following-up with this matter henceforth.

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[3] Millennials: Fueling the experience economy (Harris 2014 sponsored by Eventbrite)

2. Literature Review

2.1. The Generations

Generations are part of demographic segmentation. According to Kotler & Keller (2012), each generation is influenced by the times in which it grows up. The members of this *cohorts,* as demographers named them, are deeply shaped by music, movies or politics, as well as events that occurred during their childhood and adolescence. Additionally, cultural, political and economic experiences influence them, leading to similar outlooks and values.

By linking generations, we witness the "rejuvenile mindset" phenomenon caused by the influence of one generation on another and the relationship with each other. On the one hand, the example of the "boom-boom effect", as Kotler & Keller (2012) named it, occurs due to the cohabitation of Generation Y with the Boomer Generation, children living with parents. On the other hand, digital technology is as natural as breathing for Millennials. For the first time ever, when Millennials were growing up, they knew much more than their parents about something rudimental, assuming "the authority" role (Zemke *et al.*, 2013).

2.2. The Millennials

The time span of Millennials' beginning and end birth date is subjective and divergent among authors. Kotler & Keller (2012) state that this generation was born between 1979 and 1994, while for Tapscott (2009) they were born between 1977 and 1997. For Alsop (2008), on the other hand, the beginning and ending dates are 1980 and 2001 respectively and, according to a study conducted by the Pew Research Center (2018), these dates are 1981-1996. In this particular study, like in Millennials Coming of Age infographic published by Goldman Sachs (2016), we will assume the birth dates of 1980 to 2000. The concept of Non-Millennials in this study refers to those who were born before 1980.

The name "Millennial" acknowledges a new force of history encompassing a technological superiority. The Millennial Generation, also called Millennials, Nexters, The Echo Boomers, the Net Generation or Generation Y, is characterized as being raised with relative affluence, technologically plugged in and concerned with environmental and social issues. Recognized by a strong sense of independence and a perceived immunity from marketing, according to Howe & Strauss (2000) this generation is made of optimists,

cooperative, team players, trusting, accepting of authority, rule-followers, smart, civic-minded, special, sheltered, confident, achieving, pressured and convention individuals.

Unlike any other youth generation, the Millennials as a group are more numerous, more affluent, better educated and more ethnically diverse. The focus on teamwork, achievement, modesty and a good conduct are starting a new era of positive social habits when compared to previous generations (Howe & Strauss, 2000). The "can-do youth", as the authors named them, is likely to become the power generation and to dominate the twenty-first century, emerging as a threat to the future by "quit talking and start doing". The question presented by the authors focuses on the possibility that the previous generations are unable to handle this new one, who will impose changes on community and civic renewal, and will certainly build the new Millennial History, the beginning of a new era.

The authors present eight assumptions about the Millennial generation which the authors answer negatively. Regarding the supposition of Millennials being a lost generation, pessimistic, self-absorbed, distrustful, rule breakers, neglected, stupid and quitters, they answer by contradicting each and every one of these myths, by stating that this generation (the Millennial generation) is "found"; optimistic due to its positivism, confidence and happiness; cooperative team players; accept authority and usually are very close to their parents, follow rules, are supervised by the "helicopter parents". Moreover, they are smarter than most people think, they really believe in the future and see themselves as the turning point.

Zemke *et al.*, (2013) state that sociologists describe Generation Y as the most "civic-minded" cohort since the Second World War generation. The fact that (i) community service is nowadays a college admission requirement, (ii) that the percentage of high-school students doing volunteering work is high, (iii) that there are plenty of youth-driven activist organizations, and (iv) that there is an unparalleled presence of youngsters in electoral acts, may be seen as demonstrations of concern about the future, locally and globally, by Millennials. In particular, this suggests a demand for political, environmental and governmental improvements.

According to the study "Millennials Coming of Age" conducted by Goldman Sachs (2016: 2), "…millennials have grown up in a time of rapid change, giving them a set of priorities and expectations sharply different from previous generations".

Together with digital technology, social networks are the stage to the digital generation who loves attention and cyber fame. Private life aspects are shared on Facebook and personal video creations are posted on Youtube, transforming their life into online open books, and becoming but one manifestation of the huge influence of technology on Millennials (Alsop, 2008).

2.3.Millennials' characteristics

Kotler & Keller (2012) declare that these Echo Boomers, as they named them, have a sense of entitlement and abundance, factors which are justified by the economic boom and by being spoiled by their parents while growing up. Additionally, this generation is social and environmentally conscious, as well as selective, confident and impatient.

On the other hand, Baker (2003: 250) has a less promising opinion on the theme, finding this generation to be composed of people who are "materialists, brand orientated, risk takers, keen on business, hedonism, illegal drugs and have a disrespect for politics". In 2000, further research was conducted by The Future Foundation, which concluded that they are more accepting of multinationals and less interested in protesting.

Miller (2012) provides some research on Millennials' daily habits, such as: spending almost 15 hours a day interacting with various media and communications technologies, perform multitasking by talking on the phone regularly while watching television and, according to the study, almost sixty percent of Millennials spend at least an hour a day talking on their cell phones.

Generation Y is no doubt involved in a multiplicity of opinions and prejudices within literature. Alsop (2008) presents a rich portrait of this cohort when providing a quick understanding of this complex generation. By using real Millennials' experiences as an example, the author affirms that they are optimistic, confident and self-assured but anxious and pessimistic about the future of society. Nevertheless, this generation is enthusiastic about their capacity to reverse this tendency, by believing in their altruistic streak that leads many to perform community service. The Trophy Kids, as named by Alsop (2008), are perceived as explorers, namely regarding jobs and career path. Inevitably, several milestones of adulthood, such as marriage, children and owning a home, are being delayed. Despite these characteristics, Millennials have their preferences for culturally diverse companies and workforce where they can join their valuable worldlier experiences and perspectives.

Generally, around the world, this generation shares the same characteristics in regards to their experiences and knowledge about technology, their drive to succeed, hope on career and job matters and their close relationship and connection to their parents.

2.4. How Millennials think

Generation Y is called "Social Generation". Millennials are the founders of a social media movement which causes constant connection to the outside online world. Moreover, social interaction must be close enough the dense urban villages where they prefer to live and buy local goods produced and made by members of the community they are part of. This generation cares about diversity, creativity and authenticity, as well as about their friends and family. The support of their relatives, community and social circle becomes as crucial as banding together through the sensible economic climate we are passing through. According to Nielsen's study (2014), which reveals the myths addressed to the millennial generation, characterized by being:

- "Diverse, Expressive and Optimistic": due to ethnical and racial diversity, millennials' beliefs encompass self-expression and artistic pursuits. Their education standards and intrinsic optimist will be key to overcome the turbulence within economy.
- "Driving a Social Movement Back to the Cities": this generation values metropolitan areas as they are looking for closeness between housing, shopping and offices, since they are less focused on the car culture as Boomers used to be. They request vibrant, energised and creative cities to fulfil their needs.
- "Struggling, But They Have an Entrepreneurial Spirit": with unemployment, low income and student loans reaching their maximum values in the last few years, millennials are trying to address the problem by promoting an entrepreneurial spirit. Some, for instance, are investing in startups.
- "Deal Shoppers and Desire Authenticity": for this generation, constituted by "savvy shoppers", to access a good deal is core. Millennials value authentic, handmade and locally produced goods. Although the priority is getting a good deal, Millennials do not jeopardize on quality.
- "Connected and Want the Personal Touch": this social generation demands authenticity on everything. Even companies and brands are covered. Millennials want to feel a unique connection and an exclusive direct treatment and, as a consequence, they will support, praise and promote those entities.

2.5. Consumption: What it is?

Consumption has been studied in many different fields and approaches. Therefore, it is possible to find many distinctive approaches according to a sociological, marketing, or economics background, and so on and so forth. In sociological terms, typically there are two different axis of analysis. On the one hand, the consumer is the starting point and the focus is the process of exchange and the role of individuals therein. Commonly, these individuals are interviewed or observed in order to allow sociologists to understand their personal values, objectives and experiences and then compare those accounts in an institutional context, for instance: "one of individuals negotiating their way in institutional contexts over which they have limited control" (Warde, 2015: 118).

On the other hand, as presented by Warde (2015: 118), if the process of consumption is the starting point, the analysis will focus on perceiving consumption as the appropriation and use of goods and services. Consequently, less attention is paid to exchange, and afterwards attention will be paid to the social organization of activities through which items are incorporated, deployed, and disposed of.

Regarding the Economics point of view, namely on macroeconomics, consumption is: "That branch of the output flow that is consumed (destroyed) for the purpose of augmenting current material living standards." (Andolfatto, 2008: 4). By "current", the author wants to specify a given time period.

The same author makes a clear distinction between consumption and investment due to the fact that both make part of the output flow. Whilst on Consumption the purpose is to augment current material living standards, in the Investment case, the purpose is to augment future production of output (existing stock of capital) or, at least, future material living standards.

Consumption is seen by many as a central aspect of society. However, several criticisms have been made to economists for only looking at utility and production process sides. In contrast, it is argued that consumption activities dominate society and that by emphasizing the economic aspects of it, a "productionist" bias is arising. Braudel (1967), cited by Gottdiener (2000), assures that "superfluity and bare necessity" have been always abreast. Although the perception of what is considered a luxury changes over time and within societies, for the author, luxury means exclusivity, therefore the most privileged

ones are expected to possess luxury goods that the common people do not and cannot have.

The importance of consumption as a way of social positioning was not created all at once, but it has emerged over time. The battle for status has emphasised the habits of distinction over the areas of everyday life as society matures.

In Tapscott (2009), there is an approach between the consumer and the producer which have been transforming nowadays' consumption. Consumers have been converted into prosumers giving rise to what is called "Prosumerism". Prosumerism is an extension of mass customization, where companies make basic products and let the customer adjust the details of it. This customer centricity phenomenon takes place when producers and consumers conjointly participate in a continuous process of creating goods and services.

Technological advances have been enabling the merge of consumers and producers, even though the author believes it is not easy to have the skills necessary to "prosume". However, producers and consumers are part of the same group since collectively some produce the value that collectively some consume. The difference remains in the blurring of the line that separates both parts. In the past, ignoring and resisting customer innovations which do not fit the internal processes or business models was safe to companies. Nowadays, new generations treat the world as a place where it is possible to create instead of consume. According to the author, "The Net Gen will turn its collective back on static, "read-only," non-editable products in favour of products that allow them to become directly engaged in the production of the goods and services that they consume" (Tapscott, 2009).

Today's flexibility on mass-collaboration and mass-communications technologies, the importance of interest-based communities working together to solve a problem, fix a disruptive solution or improve some good or service will allow producers and consumers to function and flourish. Regarding the tools which allow the process to go forward, there are many available which are similar to professional tools that will enable consumers to leverage the creation of a new service, idea or thing. Luckily, not only do these tools exist, but everyone has access to them.

Consumption has definitely been changing overtime and throughout generations. Moreover, various companies are already working hard in order to create new sorts of economic offerings by betting on customer experience. The old approach to product

definition and marketing is now obsolete and has been substituted by the creation of memorable value and events that appeal to each customer in a unique personal way.

2.6. Consumption among Millennials

Although some Millennials are still economically dependent on their parents, others have already reached the peak of spending years. However, this generation is already forming preferences, showing tendencies and influencing behaviours and opinions. According to BCG's research study on The Millennial Consumer (2012), they are engaging with brands, channels and services in new ways, which will only be limited by the rate of technological advancement and innovation.

According to Warde (2015), from 1980 onwards different lifestyles have been created mainly due to the fact that there has been a focus on activities which involve goods and services, as well as on supplying them through markets, which tremendously enhance this new trend.

Spending habits and consumption have been changing drastically. Several years ago, in the earlier stages of the economic development, the production of goods was mainly related to needs. Consumers wanted commodities, goods and services to satisfy their needs for survival and only afterwards for materialism, knowledge and solving problems. Nowadays, consumers crave an interesting life, or want to experience new aspects of life or new places, be entertained and learn in an enjoyable way. Sundbo & Darmer (2008) highlight that customers are looking for more than the mere product or service and that only experiences can fulfil this need. Moreover, Millennials as consumers are revolutionizing markets and marketing not only because they have purchasing power and influence, but also due to the fact that they value distinctive products and services, as well as companies which can meet their requirements and create valuable and unique experiences (Tapscott, 2009).

In fact, "Millennials want to learn as much as they can and have as many different experiences as possible" (Alsop, 2008: 25).

2.7. Experiences - what are they?

Experiences include activities, and can consist of a product, a supplement to the product or the whole package, converting the experience not just into a product, but a mental process or a state of mind. The point is that experiences are always more than just the product. Even if the core of the product is an experience such as a theatre play, it is always

more than that, including where it takes place, the decoration, whether the seats are good or not and so on (Sundbo & Darmer, 2008). According to the author, experiences are going to substitute services and become the next value-creating element in firms.

In regards to entertainment, and considering its importance to Generation Y, companies who want to sell things to them, have to take it into account. In accordance to Tapscott (2009), this generation values the experience of using the product beyond its primary function. Millennials feel amused in accessory options and by playing with tactile features, therefore, since they get bored easily, playing with tech devices keeps them interested.

Sundbo & Darmer (2008) state that "experiences are manifold", thus their attractiveness relates to the fact that experiences challenge all senses, and can challenge them in many ways. There are experiences which have a physical core or those that are physically very passive. Some are more or less mentally demanding, others involve technology or do not involve technology at all, and some relate to passive entertainment or active learning. In fact, there is a wide variety of experiences available to consumers to suit all tastes and abilities.

According to a study conducted by Harris (2014: 1) and sponsored by Eventbrite, named "Millennials: Fueling the Experience Economy", "(...) this generation not only highly values experiences, but they are increasingly spending time and money on them: from concerts and social events to athletic pursuits, to cultural experiences and events of all kinds. For this group, happiness isn't as focused on possessions or career status. Living a meaningful, happy life is about creating, sharing and capturing memories earned through experiences that span the spectrum of life's opportunities."

Thus, experiences are different from services as services are different from goods. Millennials are now searching for a meaningful life through experiences. Effectively, experiences have always been around, however, consumers, businesses and economists aggregate them into the service sector, which, according to Pine II & Gilmore (2011), is not the same, since when a person buys a service, he or she is purchasing "a set of intangible activities carried out on his behalf", whilst when buying an experience, the customer pays for spending time "enjoying a series of memorable events that a company stages (…) to engage him in an inherently personal way".

2.8. The Experience Economy

The Experience Economy is perceived as the main driver of modern economic dynamics composed by an emphasis on experience production which is rooted in the ideas of this emergent tendency that is calling for innovation of new experience products among firms competitiveness (Sundbo & Darmer, 2008).

Companies are adapting to the new Experience Economy by creating their own events and experiences, becoming part of a personally relevant moment in consumer's lives, creating consumer and media interest and involvement, as well as deepening the company or brand's relationship with their target market, such as Millennials (Kotler & Keller, 2016).

The value that is placed on experiences changed consumer spending habits and has motivated the development of several new realities, such as the decreasing desire of owning things which has been observed among Generation Y.

2.9. The emergence of *NOwshership*

Today's market can definitely afford choices between ownership and more conditional, impermanent access to digital and physical goods. These preferences have undeniable consequences for both individuals and society as a whole. Knowing the trade-offs is key to take an informed and meaningful decision about which products to buy, as well as the policies and laws that regulate the marketplace (Perzanowski & Schultz, 2016).

Nowadays, membership over ownership is perceived as a tendency among Millennials who prefer smaller purchases such as music and movies. This generation is choosing to rent or to subscribe a service that ensure the access they desire without the "burdens of ownership".

As described by Berry & Maricle (1973), there are "burdens of ownership" that have to be taken into consideration, such as the risks related to product alteration and/or obsolescence; the risks related to making an incorrect product selection; the risks inherent to the maintenance and repair of the product; and the whole cost of goods for which a consumer has only infrequent use. As time goes by, consumers do not need to take on all these responsibilities to assure themselves the supply of goods.

Moeller & Wittkowski (2010: 176), found a "recent rapid increase in demand for the provision of services offering non-ownership modes of consumption (rental/access)" or an ascending demand for consumption without ownership.

According to Schwab (2007), as cited in the above mentioned article Moeller & Wittkowski, (2010:178), "the ownership or possession of a good entitles the owner to use, control, manage, and enjoy property, including the right to convey it to others". Well, in the case of products, non-ownership may be a preferred way of consumption, which will substitute the acquisition process and the possession of goods. Furthermore, according to Goldman Sachs' Global Investment Research (2016), being a "NOwner" looks very attractive to Millennials, since this generation has been averse to purchasing products such as cars, music or luxury goods. Rather, they prefer a new set of services that can provide them access to products without the burdens of ownership.

The availability and the easiness to access products and services facilitates the process of Non-Ownership. According to Fast Company's article "Why Millennials Don't Want To Buy Stuff?" (Dykstra, 2012), "Even in this strange new world, the economic laws of scarcity apply, and they are precisely what's shifting. To "own something" in the traditional sense is becoming less important, because what's scarce has changed. Ownership just isn't hard anymore. We can now find and own practically anything we want, at any time, through the unending flea market of the Internet. Because of this, the balance between supply and demand has been altered, and the value has moved elsewhere."

Portuguese consumers demonstrate some particularities regarding their attraction for owning. According to the study "I Observatório do Mercado da Habitação em Portugal" directed by Century 21 Portugal (2018), the culture of home ownership continues to be deeply ingrained in Portugal and it is predicted to continue, as it represents a form of saving, as well as of patrimony. Moreover, the supply side is profoundly incompatible with the income and necessities of Portuguese citizens, in particular the younger generations who, according to the study, have a new profile and demand for owning a house as a life goal.

Traditionally, consumers link ownership to consumption. Berry & Maricle (1973) explain the difference, highlighting that even if ownership can be performed somewhere in the distribution channel, it may not be by the end user. After diving into the burdens of

ownership, the authors justify the acceleration of consumption without ownership, or No-Ownership, on the new tendencies of renting and leasing. Focusing on a larger scale market, such a shift in ownership is pointed out as engaging due to the relief of the burdens of ownership and an improved balance between economic and ecologic systems.

2.10. Alternatives to Ownership

Nowadays, ownership no longer holds the value it once did in society. Young people who have grown up in relative affluence do not need to save, as they can assure they have access to a constant supply of goods unlike previous generations. Now, personal ownership of private property is no longer associated with the social status it once had (Berry & Maricle, 1973; O'Donnell, 1984). Millennials receive no thrill or status from owning. Therefore, this generation values the use of fancy toys and of building life experiences. After all, what counts is the consumption life-style which may not be obtained through ownership (Durgee & O'Connor 1995).

Concerning the supply side, it is possible to find many cases where other options are given to the consumer besides purchasing the item and own it. From houses to cars, to musical instruments or sport equipment. The allure of no-ownership is in fact moving beyond housing and transportation. As Eventbrite's study on Millennials – *Fueling the Experience Economy* (2014) asserts, "Millennials aren't as interested in owning a home or buying a car as previous generations were at their age. True now more than in past generations, for millennials, real value is derived from experiencing, not possessing".

However, according to Goldman Sachs' Global Investment Research (2016) about trends that will shape the new millennial economy, this generation tends not to agree on certain "must-haves" for previous generations. Such a shift is exemplified by using the automotive industry in what concerns renting as a financing arrangement. Taking into consideration Chrysler Corporation' channel of distribution, the author states that a consumer who rented a car to a dealer, who in his turn had leased his inventory from a subsidiary of the brand, is not considered the end user once he or she does not detain ownership over the good (Berry & Maricle, 1973).

Renting goods, as described by Lovelock & Gummesson (2004), usually involves an agreement between two parties, and the payment of a rental fee for a specific period of time. During that period, the renter obtains the rights to use the good and to retain the benefit yielded from the use of the product for the rented period.

For Durgee & O'Connor (1995: 90), a rental transaction is "a transaction in which one party offers an item to another party for a fixed period of time in exchange for money and in which there is no change of ownership."

2.11. Research Questions

(1) Do Portuguese millennials place more importance on owning or renting a house?

(2) Do Portuguese millennials place more importance on owning or renting a car?

(3) Do Portuguese millennials place more importance on owning or renting an appliance?

3. Methodology

The study that follows intents to demonstrate the trend of *NOwnership* among Portuguese Millennials and explore the relationship of this generation with certain goods, as well as to compare with the Non-Millennial generation. With this in mind, a survey was conducted, which will be explained subsequently.

3.1.The questionnaire

In order to gather data on people's preferences and motivations, an online survey was conducted using Google Forms. The questionnaire was intentionally short and objective. First, there were 3 multiple-choice questions on personal information, asking about gender, educational level, and, more importantly, the birth date, thus permitting a classification on Millennials and Non-Millennials. Insights over the respondents' personal information are addressed in the beginning of chapter 4: "Analysis of Results".

These questions made it possible to categorise the respondents and also to infer whether the sample was balanced or not. Afterwards, the survey guided the respondents to the sections about the products subject to the study: House, Car and Smartphone. For each product, an introductory question was made asking the respondents about the current situation concerning the type of ownership for each product (Buyer or Renter). Following each introductory question, another question was made, targeting their personal preferences for Buying or Renting (or none of these options) in a near future. Specifically, the question analysed the preference for buying or for renting on a hypothetical scenario where there was a sudden need to choose within a short period of time (3 to 5 years). The survey's sections on each of the aforementioned products finished with an open-ended question where 3 arguments were requested in order to sustain each of the respondents' preferences. The research limitations will be addressed on the chapter "Conclusions".

3.2.Clustering

In order to get insights on the data collected by the survey, and to perform a deeper statistical analysis on the motivations which were presented by the respondents through the open-ended questions, a clustering aggregation of the qualitative answers was carried out. The questions on the "why" an individual opted to be a buyer or a renter in the near future explicitly asked for three arguments, however, frequently they were not all provided and at other times were misinterpreted or intentionally not given. To deal with

the first case, a scoring model was created (further explanations on this in point 3.3). of the current chapter) and, as for the second one, a cluster named "**Null**" was assigned.

Below, each of the clusters for this study and their concept are presented:

1) **Purchase preconception**: Aggregates all the preconceptions and assumptions made by the respondents in what refers to the price or the cost of the operation without any exemplary value being given in the question;

2) **Property:** The abstract feelings of ownership or the sense of belonging claimed by the respondents in relation to a certain good;

3) **Budgetary Issues:** Considers all the arguments related to one's disposable income, financial constraints or financial availability that underlie the option for a specific choice;

4) **Procedural or Business Issues:** Encompasses the arguments related to the process of buying, owning or renting a certain good. It is based on how easy/hard, simple/complicated the process seems, and also comprises the specifications of the trade mentioned to be (un)attractive in that person's opinion;

5) **Opportunities to sell/replace:** Involves the arguments that reveal the expectation of attaining profits in case of owning the product, and the opportunities on the substitution (or replacement) of the underlying (devaluated) asset in case of renters. It embraces the arguments that reveal a "time transportation" for the moment of the end-of-cycle of the product and its consequences.

6) **Unfamiliarity with renting:** Includes the answers where respondents explicitly confirm not knowing renting as an option, and other times when the reasons given denote a lack of knowledge and undeniable misconceptions regarding this option.

7) **Independence/Dealings with third parties:** Relates to the requirement of freedom and independence in the decision-making process regarding the product, as well as hurdles in the relationship with third parties involved in the renting operations. On the other hand, it encompasses arguments on how having a third-party is helpful or can reduce liabilities for the renter.

8) **Cutting Edge/Aversion towards change:** Assembles the reasons that reveal the reaction to novelty, sometimes claiming a vanguardist sentiment and other times how old habits inhibit change.

9) **Market Situation and Perspectives:** Aggregates the reasons regarding expectations about market trends and the current conditions that allegedly influence respondents to choose a specific option.

10) **Personal/Family situation uncertainty:** Includes the reasons that reveal a lack of stability on a person's life either on the personal/family side and/or professional matters that are taken into account when having to choose the option proposed.

3.3. The Scoring Model

The open-ended question meant to ask the respondents explicitly to consider three reasons that justified their preferred option for buying, for renting, or, in the case of the car, for none of these proposed options). As expected, some individuals did not fulfil the requirements, sometimes even audaciously, even though no imposition was made. Knowing that it is common to assume that this kind of qualitative answers do have an intrinsic importance ranking in terms of the disposition of the answers given, this was also evident in the present questionnaire. As a consequence, in order to capture the most of the "hidden value" present in the collected arguments, a scoring model was developed. Firstly, in this model there is a concern to attribute the same score for each of the respondents neglecting the number of reasons they should have given. Secondly, the model intends to reflect the decreasing value of the reasons considering the order, i.e., if it was the first, the second or the third argument given. The score was arbitrarily attributed, taking into account the two principles stated above.

The table below is a demonstration of the score given for each of the possible scenarios:

Scoring simulation	Reason 1	Points	Reason 2	Points	Reason 3	Points	Total Value
Respondent 1 (3 reasons given)	Cluster	10	Cluster	5	Cluster	2	17
Respondent 2 (2 reasons given)	Cluster	10	Cluster	7		0	17
Respondent 3 (1 reasons given)	Cluster	17		0		0	17

Table 1 - Scoring Model Simulation

Therefore, 17 points are given to each open-ended answer per respondent. Consequently, each answer with only 1 reason given has 17 points. An answer that is constituted by 2 reasons is scored with 10 points for the first reason and 7 points for the second one. Lastly, the responses with 3 reasons are rated with 10 points for the first reason, 5 points for the second and 2 points for the third.

The total score for each open-ended question, which is 17 points, was chosen because it is a number that can be broken into values which are scatter enough from each other. Although the figures themselves are arbitrary, the values attributed to each reason (1st – 10, 2nd – 5 and 3rd – 2) allow the final reckoning to evidence significant results, making the strongest reasons to stand out from the others.

To conclude this section, it is important to mention that a small introduction on the study and an informal definition of the main concepts used on the questionnaire was given at the beginning of the survey.

The analysis and conclusions presented in the study are a result of the methodology described.

4. Analysis of Results

This section includes a detailed analysis of the survey and its main results. This chapter addresses the preferences of the respondents regarding the three selected products (Housing, Car and Smartphone) concerning ownership or *NOwnership* and its presumable evolution over time. This section analyses and supports the Discussion of the results.

For this purpose, this section was structured in the following way: an introductory sub-chapter with insights over the respondents' personal information and a separate analysis of each product. For each product a presentation of the answer's distributions is made, together with a comparison of the respondents' justifications for present and future choices and, lastly, a cluster analysis based on the scoring that results from the scoring model developed, which is described in the Methodology section.

4.1. Introductory Questions

The questionnaire reached a total of 204 respondents that are divided between 121 female and 83 male, representing 59.3% and 40.7% of the sample respectively.
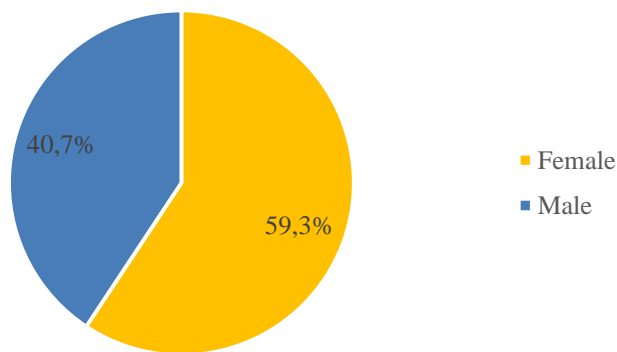

Figure 1 - Gender distribution

The respondents were then led to choose their decade of birth. The distribution is displayed below.
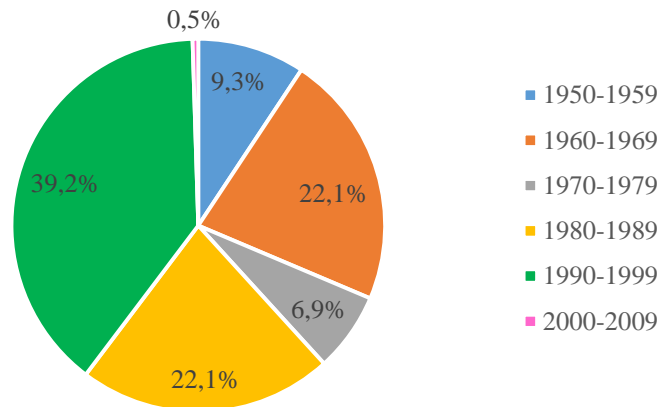
Figure 2 - Birth dates distribution

Regarding the educational background, there were six hypotheses: Elementary School (0%), Middle School (0.5%), High School (8.3%), Bachelor's (52.5%), Master's (36.8%), PhD (2.0%).
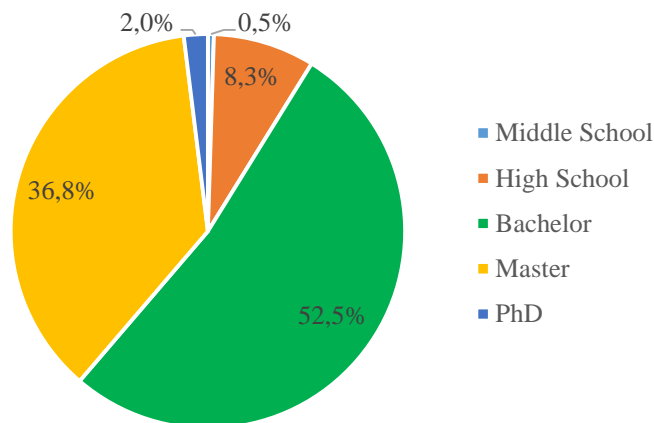

Figure 3 - Educational background distribution

The Millennial generation, as it is conceptualized in this study, was born between the years of 1980 and 2000. They represent 61.8% of the sample (cf. Figure 2).

Regarding the educational profile when comparing Millennials to Non-Millennials, those who were born before 1980, it becomes notorious that the former have on average a higher degree of education. A total of 5.6% of the sampled Millennials have a High School degree, 46.8% have a Bachelor's degree, 46.8% are Master's and 0.8% have a PhD. One fact that has to be taken into account is that, due to Millennials' younger ages, many may improve their education in the coming years. For instance, it is expectable that the ones born after 1992 are still in college or attending their Master's or PhD classes. Therefore, it is expected that these ranges may change in a short-time period.
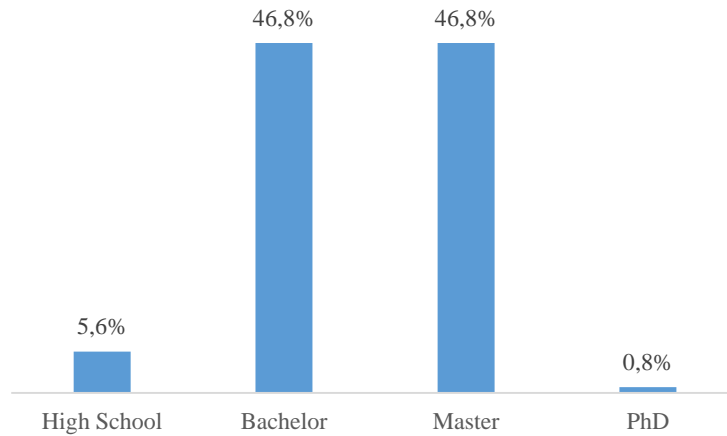
Figure 4 - Millennials' educational background

On the other hand, the Non-Millennials, who were born before 1980, represent 38.2% of the sample. A total of 1.3% of this generation has completed Middle School, 12.8% completed High School, 61.5% have a Bachelor's degree, 20.5% have a Master's and 3.8% have a PhD.
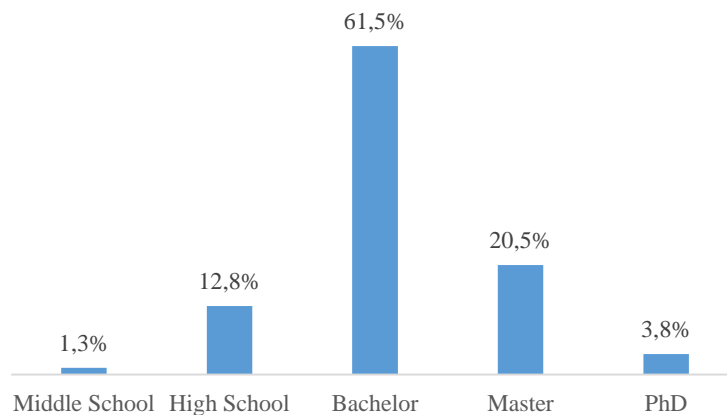

Figure 5 - Non-Millennials' educational background

A particularity of this sample with regards to Millennials is the inexistence of Middle School level degree whilst by comparison there are 1.3% of Non-Millennials with that same level. Also regarding High School, the level is clearly higher when it comes to Non-Millennials reaching almost 13%, whilst it is less than half (5.6%) among the Millennial Generation.

Nevertheless, the rate of graduates with a bachelor's degree is higher among Non-Millennials: 61.5% compared to 46.8% among Millennials. However, by looking at the ones who ensure having a master degree, it is much higher among Millennials (46.8%) than among Non-Millennials (20.5%). Another aspect of this sample that is worth

21

mention is that in both generations, more than 85% of the respondents have at least a Bachelor's degree, clearly representing a strongly educated population. Also, Millennials have a high proportion of the Master's degrees in our sample, which can be explained, among other reasons, by the Bologna Process that was responsible for the booming of the Master's diplomas in Portugal. This process started to produce effects in 2005.

Bearing in mind that Millennials remain in the typical age of attending college and university, it is expected a certain alteration in the distribution of academic education, as mentioned above. Thus, education levels for this generation are somehow transitory and may improve substantially within the next few years.

4.2. First Section – Housing preferences

This section was composed by four questions. Firstly, each respondent was asked whether he or she was living by their own or together with parents /relatives. Then, they were asked if their house was rented or purchased and, lastly, if he or she had to move in a foreseeable period of 3 to 5 years, what they would choose: to buy or to rent.

Next, an open-ended question was made where respondents were asked to write three reasons explaining the "why" of their previous answer.

i. Living Status

As a result of the first question, 31.4% of the respondents were living at their parents' or relatives' house, whilst 68.6% of the respondents answered they were currently living independently.
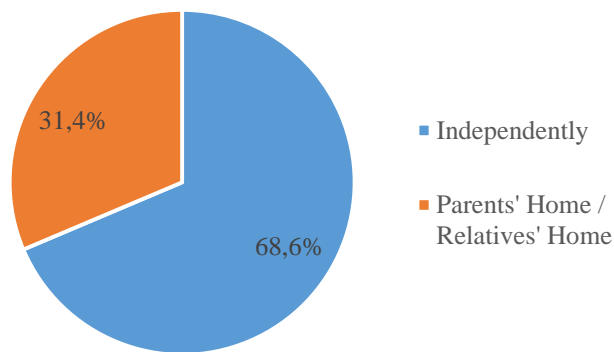

Figure 6 – Current living status distribution

A fraction of 67.2% lived in a purchased house while 32.8% lived in a rented house.
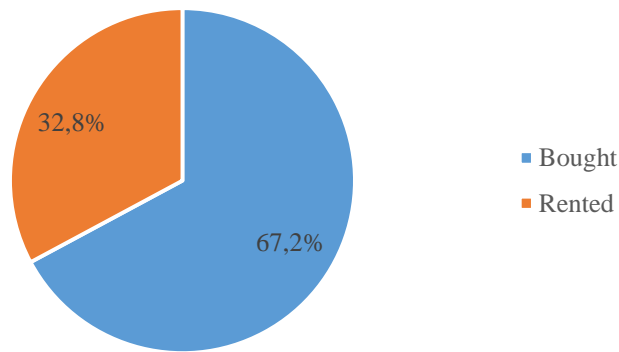
Figure 7 - Current purchase option distribution

Regarding short-term plans, a period of 3 to 5 years, and considering the scenario of a necessity to move to another house, 65.7% of the respondents would rather buy and 34.3% would prefer to rent the house.
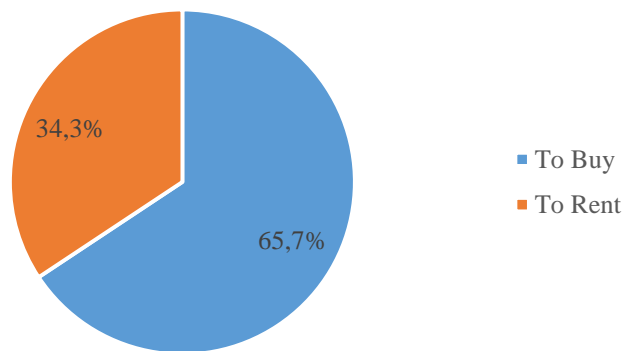

Figure 8 - Short-term purchase option distribution

ii. Actual and Future Living Status

When considering the near future, 26% of the respondents that live in a purchased house would then rent in case of moving to another house. However, it is important to take into account that almost 30% of them did not live independently and therefore did not have a definitive decision on this matter. For these ones, around 40% would – and probably will – choose the renting option. For the others, those who live independently in their own house, a single fraction of 17% would now choose to rent (cf. table 2).

On the other hand, nearly half of the respondents that are currently living independently in a rented house stated that they would choose to buy in the suggested timespan (55%). For those, renting seems to be a transitory situation. However, renting is apparently the

preferred option among the ones that do not live independently yet (73%). This result may be explained by their young age and lack of financial independency, assumptions that will be discussed below.

Actual/ Future	Current Situation	Buy	Rent	Total	Actual/ Future	Current Situation	Buy	Rent
Bought	Independently	70	14	84	Bought	Independently	83%	17%
	At parents' or relatives' house	31	22	53		At parents' or relatives' house	58%	42%
	Total	**101**	**36**	**137**		**Total**	**74%**	**26%**
Rented	Independently	31	25	56	Rented	Independently	55%	45%
	At parents' or relatives' home	3	8	11		At parents' or relatives' home	27%	73%
	Total	**34**	**33**	**67**		**Total**	**51%**	**49%**
			Respondents	204				

Table 2 - Actual vs. Future Housing preferences

iii. Justifications and Cluster Analysis

In this topic, the arguments given by the respondents to support their choice over buying or renting a house will be discussed. The arguments were grouped in classes, or clusters, and attributed a score as described in the methodology section. This topic starts with an analysis of the respondents that answered in favour of buying a house and afterwards of those who chose in the opposite way. In each sub-topic, a comparison of the answers between Millennials and Non-Millennials is made.

Buying

The option to buy in 3 to 5 years represents 65.7% of the sample. However, the reasons behind this choice differ among the population.

This option is mostly chosen based on four types of reasons that together represent 87% of the total score. In the first place it is argued that the expected return on the investment leads this choice (27% of the total score). Respondents frequently refer to their house as a long term investment, worrying about the selling moment. The second reason relates to the preference for independence over the sometimes unpleasant negotiation with landlords (22% of the total score). The third reason is Property where respondents stated that the strict feeling of ownership was a valuable driving force (19% of the total score). The forth element is Price preconception where respondents argued that, in general terms, buying ends up being cheaper at the end of the month (19% of the total score). (cf. Figure 9)

At a lower level, in the fifth place with 9% of the total score, the Market Situation and Perspectives is mentioned by the respondents as being meaningful for the decision. Arguments such as low interest rates and the accessibility of mortgage loans play an important role in nowadays' decision to buy a house instead of renting one. However, the current market conditions may change, meaning that these respondents are vulnerable to external factors, and therefore with other market conditions they could follow another path.
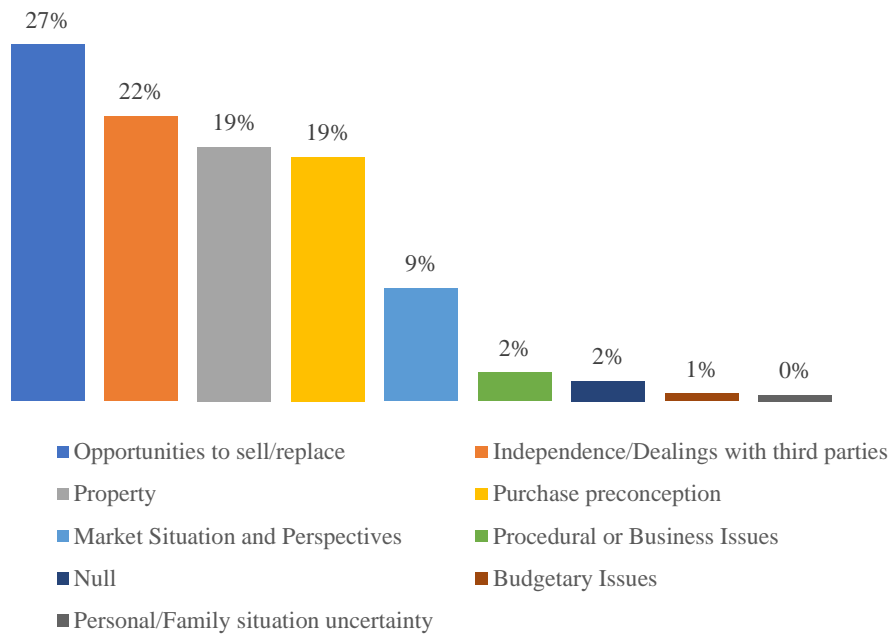
BUYING A HOUSE

Figure 9 - House: scoring buyer's reasons

When comparing the arguments of Millennials with those of Non-millenials, the reasons tend to be the same but changing the order of importance. While "Opportunities to sell/replace" scores approximately the same for both generations, Millennials value more Property (24% of the total score for Millennials against 13% for Non-Millenials) and the Price preconception (21% of the total score for Millenials against 15% for Non-Millenials). On the contrary, Non-millenials give the highest score to the Independency-type (Independence/Dealings with third parties) arguments meaning that freedom to decorate, restore or even invest on customisation, occupy the first position in their preferences (17% of the total score for Millenials to 29% for Non-millenials). (cf. Figure 10)
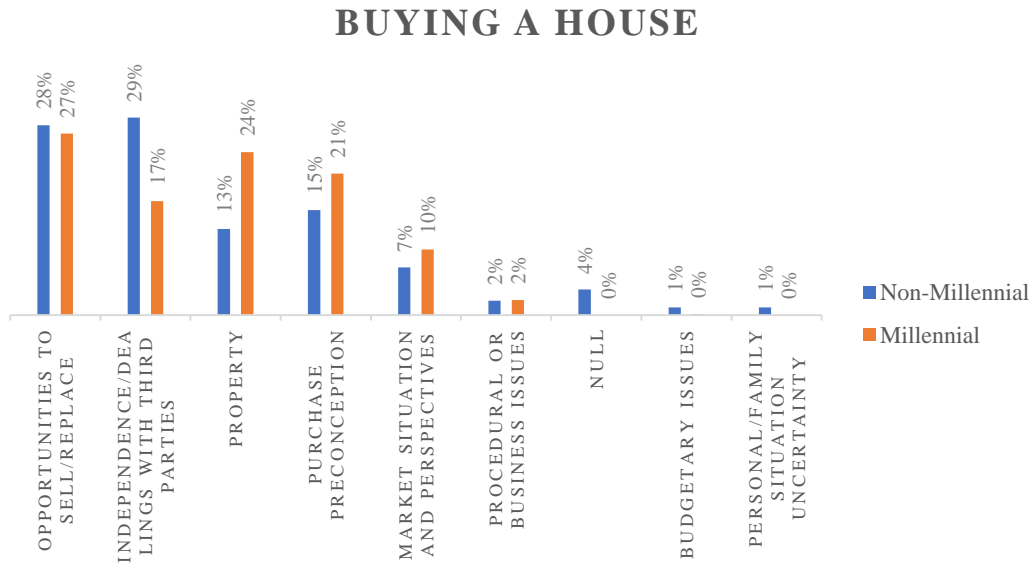
BUYING A HOUSE

Figure 10 – House: Millennial buyers' vs. Non-Millennial buyers' reasons (scored)

Renting

The least chosen option, with 34.3% of the answers is renting a house in the short-term period. The three main arguments sum up to 80% of the total score and have the Personal/Family situation uncertainty as the leading cluster, scoring 32% of the total score, which includes the instability regarding personal live, such as having to move abroad, the increase in family members or job instability. In the second place is Purchase preconception, scoring 26% of the total score. The respondents that have picked the renting option most frequently argue that renting is a cheaper option when compared to buying. Lastly, the third major cluster is Budgetary issues (22% of the total score), where respondents confess they have certain limitations and financial constraints and identify these as reasons for choosing to rent in the near future.

Interestingly, the cluster Market Situation and Perspectives shows up in the fourth place achieving the same score as for the buyers. Therefore, 9% of the total score is likewise attributed to the market conditions leading part of the respondents to choose renting. Therefore, it seems that this is not a consensual matter.
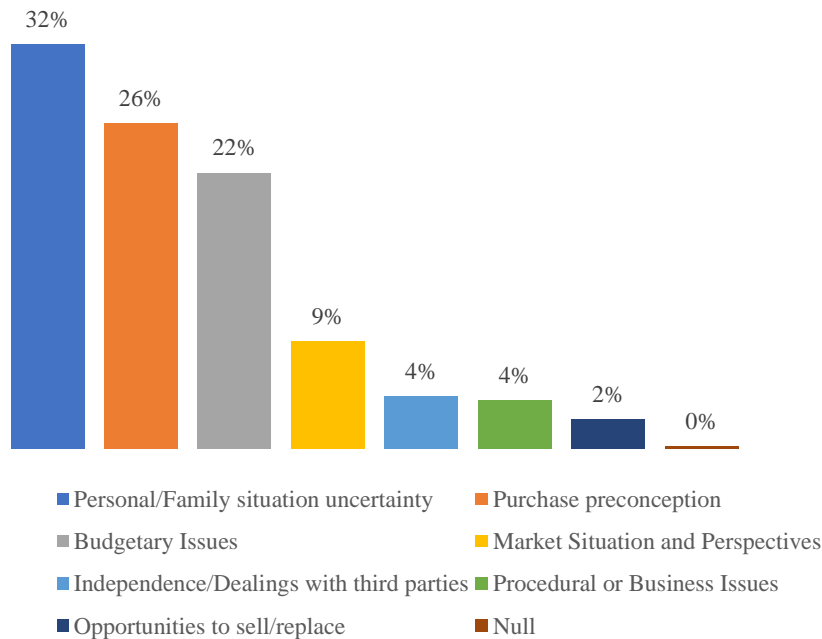
RENTING A HOUSE

Figure 11 - House: scoring renters' reasons

By comparison, Millennials and Non-Millennials who prefer renting justify their choice differently. The cluster Personal/Family situation uncertainty is the main driver when choosing to rent for both generations. However, contrary to what would be expectable, Non-Millennials place a higher score on those issues (41% of the total score against 27% for Millennials). According to the present study, Non-Millennials justify their choice essentially on two clusters neglecting the others. These two together sum to 79% of the total score for renters, meaning that flexibility to move, along with arguments that emphasise the high prices on acquisition (Price preconception), are their main concerns.

On the other hand, Millennials claim that Budgetary issues is a main concern whilst Non-Millennials do not take it into account as much (27% of total score against 13% by Non-Millennials). For them, renting seems to be the only plausible option considering their personal financial constraints. Because of that, this generation relegates the Price preconception to the third place, scoring only 19% of the total score (from 38% among Non-Millennials to 19% among Millennials). Afterall, their freedom to choose buying is limited by their own financial circumstance.
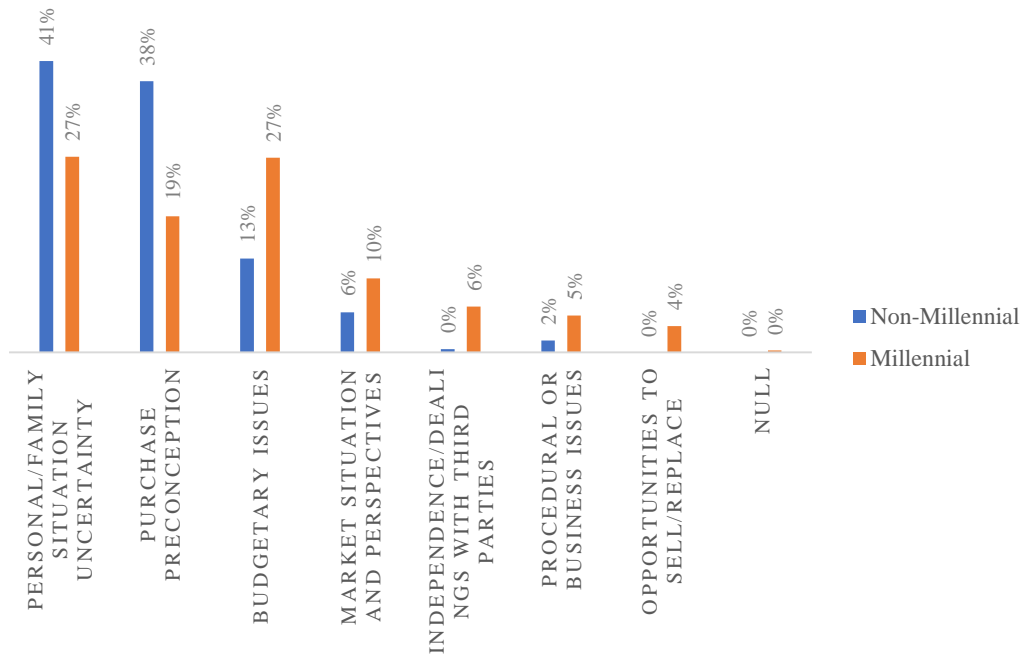
RENTING A HOUSE

Non-Millennial
Millennial

Figure 12 - House: Millennial renters' vs. Non-Millennial renters' reasons (scored)

4.3. Second Section – Car preferences

This section was composed by seven questions. The respondents were asked about three types of vehicles: the car, the motorcycle and the bicycle.

In what regards the car, firstly each of the respondents was asked whether he or she had a car and if it was bought or rented. Secondly, if he or she had to change car in a foreseeable period of 3 to 5 years, what they would choose: to buy or to rent the car. An extra option was given in this question, in order to reach those who did not consider having a car at all. Lastly, an open-ended question was made where respondents were asked to write three reasons explaining the "why" of the previous answer.

Concerning the motorcycle and the bicycle, two questions were asked about each. The first question was on whether they had or not a motorcycle/bicycle and if it was rented or bought. Then, if he or she had to change motorcycle/bicycle in a foreseeable period of 3 to 5 years, what they would choose: to buy or to rent the motorcycle/bicycle. An extra option was given in this question, in order to reach those who did not consider having a motorcycle/bicycle at all (cf. appendix II).

28

i. Car choices

Regarding the car, 78.9% of the population answered they had a car (75.5% had bought it and only 3.4% had rented it) and 21.1% did not own a car.
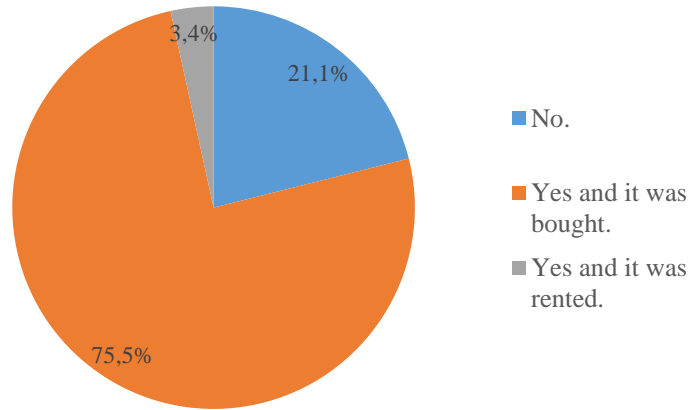

Figure 13 - Car possession distribution

Regarding the future intentions of car possession, over 28% of the total sample consider renting a car the preferred option, considering the need of changing this vehicle in the short term. Nevertheless, 57.4% would choose to buy the car and 14.2% do not see having a car as an option in the short term period.
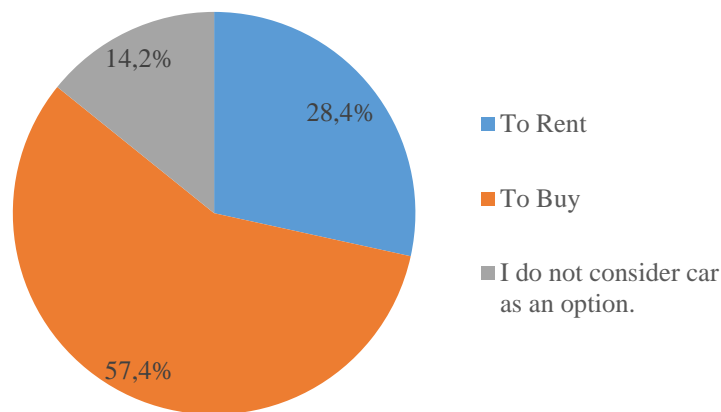

Figure 14 - Short-term car purchase option

ii. Actual and Future Car choices

The question regarding future options brought some interesting insights. Presently, there is a huge concentration of car owners, which represent 75.5% of the sample (cf. table 3). However, in the near future, in a horizon of 3 to 5 years, 26% of the respondents who currently own a car would then choose to rent one. This intention reveals that this new

way of having a car is attracting people who were used to buy it. Moreover, a slice of 10% of the owners are now inclined to the hypothesis of renouncing possession of a car.

Regarding the respondents that presently do not own a car, the same portion of 26% registered for the owners would opt for the renting option. For this slice of 21.1% of the sample, the buying option lost relevance in favour of the option of not considering having a car (33%). Concerning the small portion of the respondents who are presently renting a car (3.4%), all of them would remain as renters in the near future in the hypothetic scenario of having to choose again. Despite the small portion of renters, the responses show that those individuals do not regret their choice.

Actual/Future	Buy	Rent	Not Consider	Total	Actual/Future	Buy	Rent	Not Consider
Bought	99	40	15	154	Bought	64%	26%	10%
Rented	0	7	0	7	Rented	0%	100%	0%
No.	18	11	14	43	No.	42%	26%	33%
Total	117	58	29	**204**				

Table 3 - Actual vs. Future Car preferences

iii. Justifications and Cluster Analysis

In this segment, the arguments given by the respondents to support their choice over buying, renting or not considering a car are under discussion. The arguments were grouped into classes, or clusters, and given a score as described in the methodology section. Therefore, it starts with an analysis of the respondents that answered in favour of buying a car, then of the ones in favour of renting one and lastly the ones who did not consider a car as an option. In each sub-topic, a comparison of the answers between Millennials and Non-Millennials is made.

Buying

The option to buy a car within 3 to 5 years represents 57.4% of the sample. The distribution among the justifications for this choice is scatter, meaning that the arguments given for buying go in various directions.

In the first place, it is argued that Purchase preconception heads this choice scoring 19% of the total score. In accordance with the respondents' answers, buying a car is beneficial from a financial viewpoint when compared to renting one. In fact, it was argued that even those who would ask for a loan for this purpose, they would have lower instalments than

if renting. The second predominant argument reflects an aversion towards change, meaning that these respondents refer old habits and the lack of interest on exploring other possibilities. At the same level (15% of total score) is Independence/Dealings with third parties where buyers seem to distrust the relation with the rental company. Afterwards, but perhaps related, comes the sense of belonging in the fourth place (Property scoring 13%).

The Procedural or Business Issues ranks the fifth place when choosing buying (10% of total score), pointing at the reluctance to bureaucracy and the availability of the second-hand car market that suits their needs. It is also worth mentioning that 9% of the total score relates to the lack of knowledge towards de concept of renting.
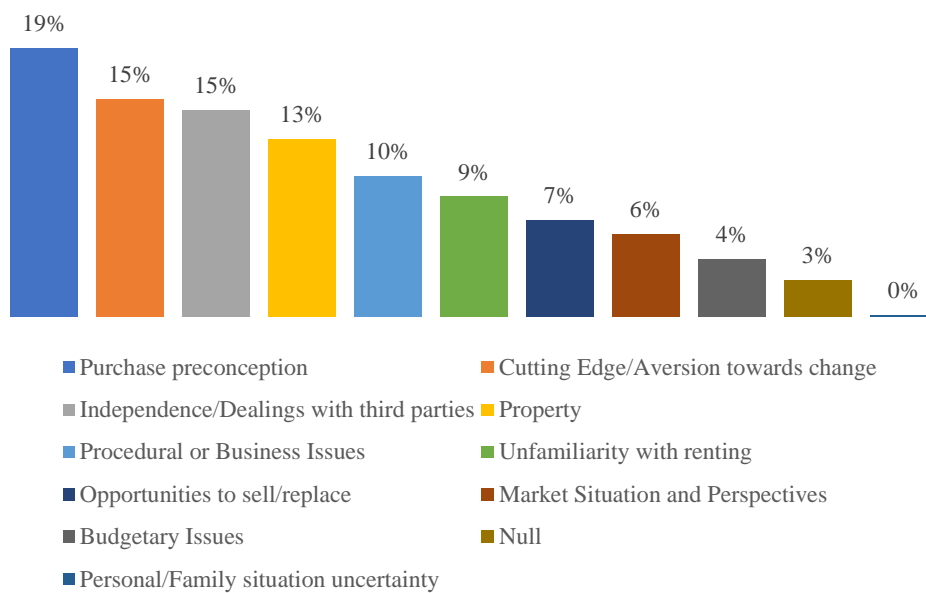
BUYING A CAR

Figure 15 - Car: scoring buyer's reasons

When comparing the preferences among generations, it is clear that Non-Millennials reveal greater aversion towards change when compared to Millennials (23% of total score compared to 10% among Millennials). Accordingly, the older generation also evidence a higher level of unfamiliarity regarding renting, 15% against 4% for Millennials.

For the buyers that belong to the Millennial generation, the feeling of Property prevail over that of the Non-Millennials, from 15% to 9% of the total score. As a result of the model, Millennials tend to give greater importance to the sense of belonging of a Car. For

the Millennial buyers, this is an important issue that apparently contradicts the trend of *NOwnership* that is being discussed in this study. A more detailed interpretation is presented in the next chapter.

At the top of the Millennial's arguments is "Price preconception", where Millennials got a score of 22% against only 15% of Non-Millennials meaning that Millennials have a stronger perception of the idea that Renting is expensive.
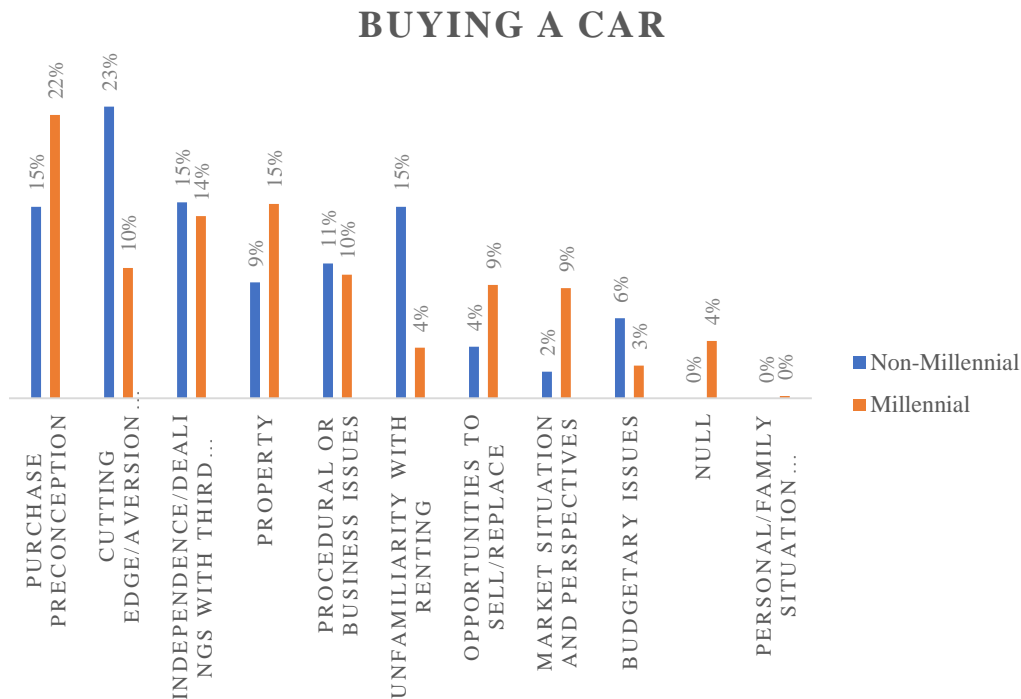
BUYING A CAR

Figure 16 - Car: Millennial buyers' vs. Non-Millennial buyers' reasons (scored)

Renting

Accounting to 28.4% of the answers regarding near future intentions, renting a car seems to be attracting new customers (cf. Figure 14).

Analysing the reasons underlying the choice for renting, almost 50% of the responses refer to two clusters: Opportunities to sell/replace and Procedural or Business issues. The first cluster weights 25% of the total score, reflecting that this group of respondents do value the possibility of changing car from time to time and mention the depreciation of the car as a reason for preferring renting over buying. Weighting a similar 24% of the total score are the reasons related to the bundled services that come along with renting, such as the car maintenance. Another frequent argument stands for the predictability of the monthly payments.

At a lower level but still of substance, are the thoughts about prices or costs (Price preconception cluster with 14% of the total score) where the respondents claim that renting ends up being cheaper than the alternative, due to the unexpected expenses that come with the ownership of a car. This line of argument is also stated in the Literature Review regarding the discussion of the Burdens of Ownership (pages 14-16). At the same level, and with 13% of the total score, respondents refer to the absence of significant initial investment and the lack of financial availability as the reasons to favour renting over buying (Budgetary Issues cluster).
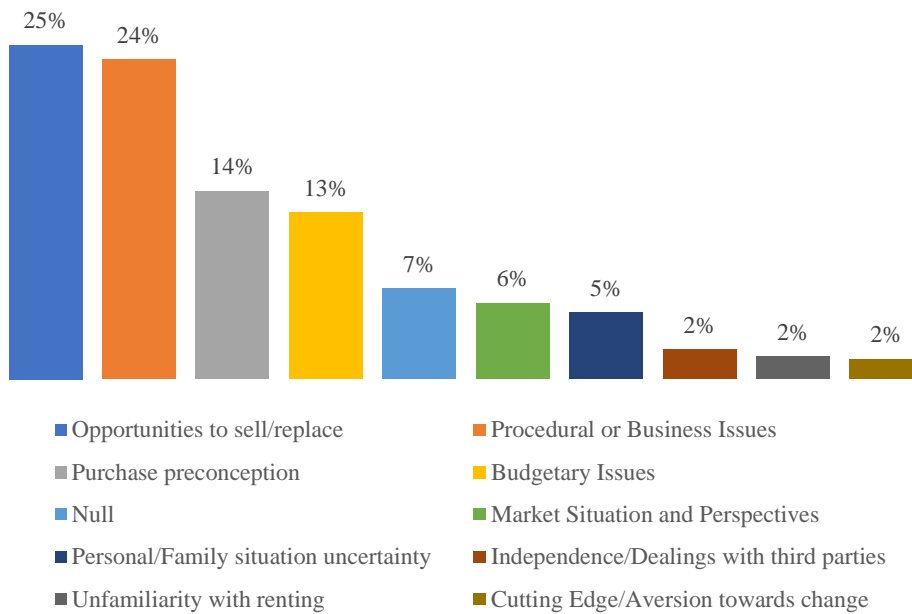
RENTING A CAR

Figure 17 - Car: scoring renters' reasons

When focusing on reasons for renting among generations, it is possible to observe that both generations point out at a similar direction and intensity. For both, Opportunities to sell/replace and Procedural or Business Issues, remain the most important figures.
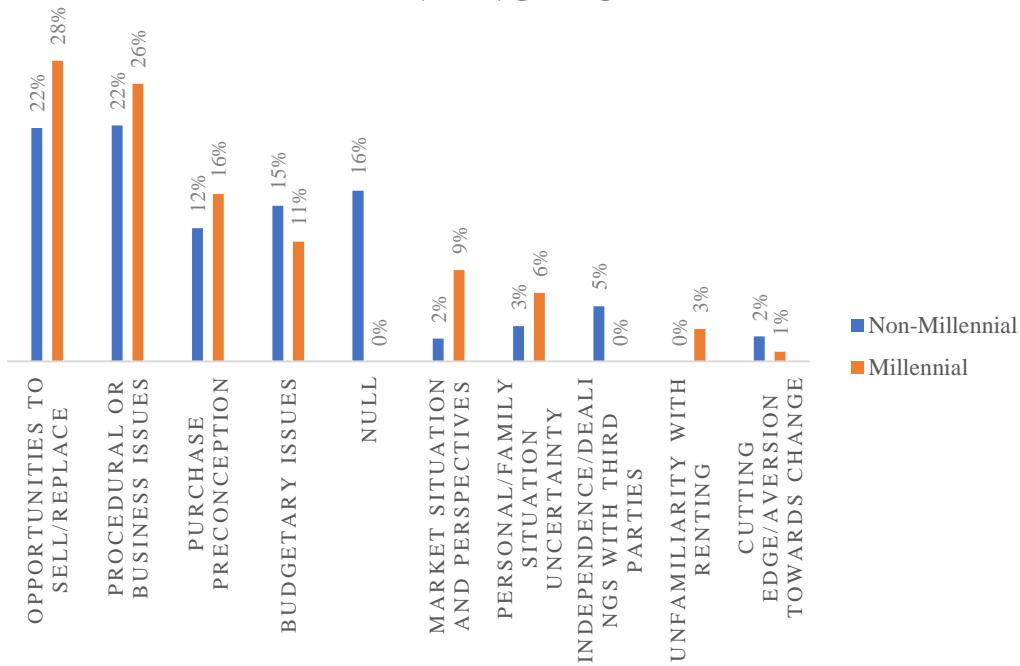
RENTING A CAR

Figure 18 - Car: Millennial renters' vs. Non-Millennial renters' reasons (scored)

Not an option

Not considering a car as an option represents 14.2% of the respondents' future options. These answers gather reasons related to mobility alternatives, such as public transports or individual private transport platforms, as well as day to day constraints on road mobility. Additionally, some thoughts on sustainability were given. These arguments constitute the Market Situation and Perspectives cluster and account for 60% of the total score.
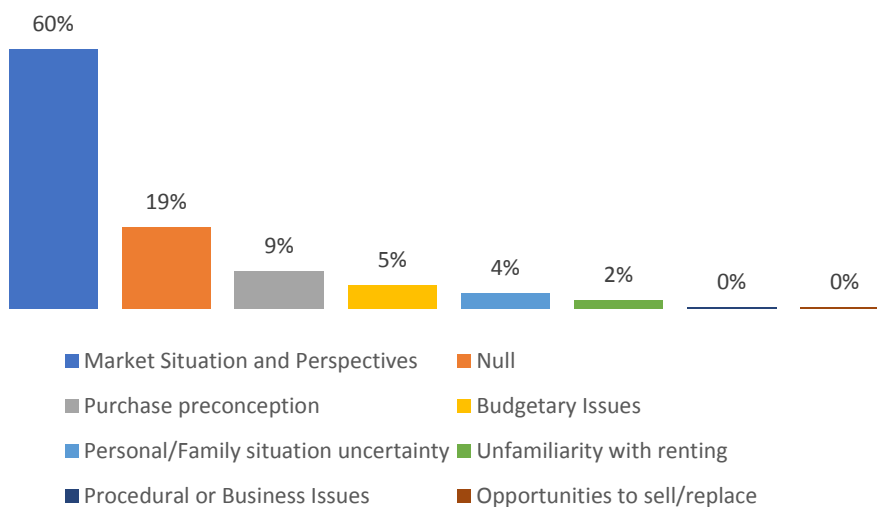
CAR IS NOT AN OPTION

Figure 19 - Car: scoring "not option" reasons

The reasons given by Millennials and Non-Millennials are basically given in the same way.
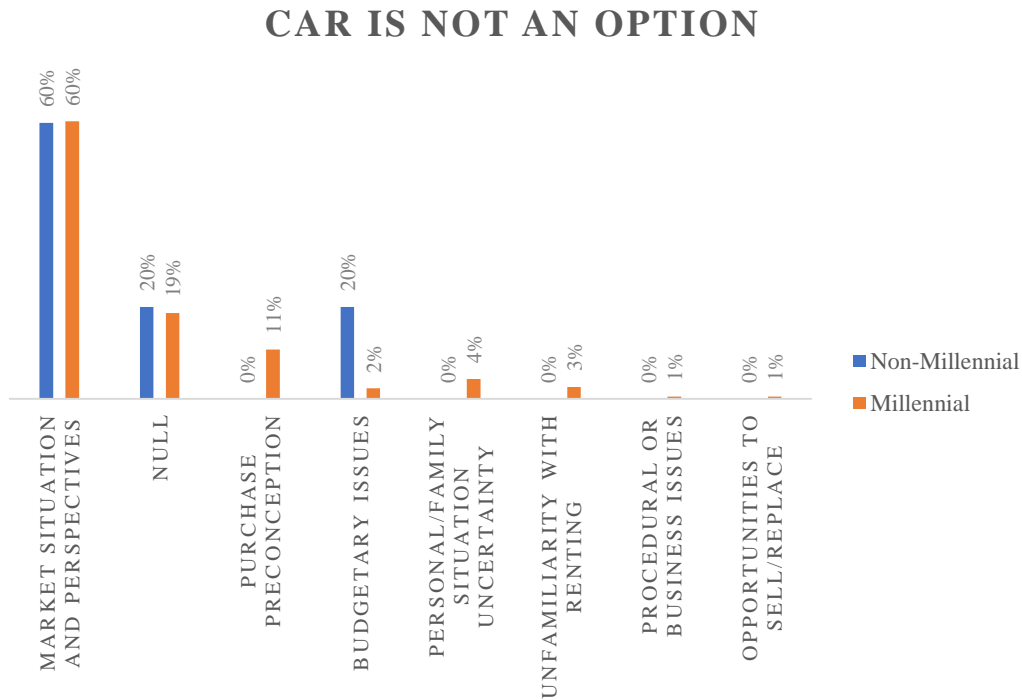
CAR IS NOT AN OPTION

Figure 20 - Car: Millennial "not option" vs. Non-Millennial "not option" reasons (scored)

4.4. Third Section – Smartphone section

This section was composed by two questions. Firstly, each of the respondents was asked whether he or she had rented appliances. If the answer was positive, an open-ended question would come up in order to clarify which equipment was being rented. Then, it was asked if he or she had to change smartphone in a foreseeable period of 3 to 5 years, what they would choose: to buy or to rent one.

Next, an open-ended question was made where respondents were asked to write three reasons explaining the "why" of the previous answer.

i.   Equipment choices

As a result of the first question, 97.1% of the respondents stated not having rented equipment and 2.9% answered they had rented equipment.
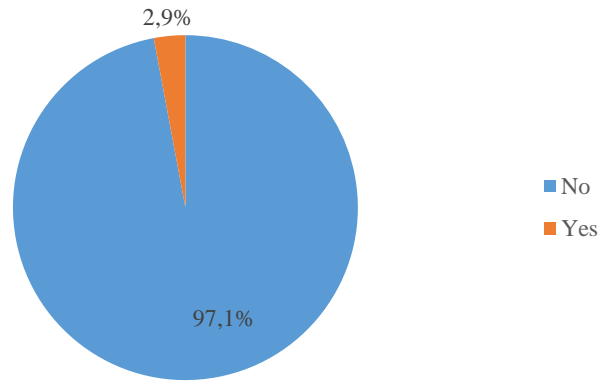
2,9%

97,1%

■ No
■ Yes

Figure 21 - Rented appliances current distribution

Furthermore, to the 2.9% of the sample that answered positively in this topic, an extra question was made in order to clarify which type of equipment they had rented. Interestingly, the majority answered they were renting a TV box and a few were renting a laptop or a smartphone.

Moreover, the respondents had to answer whether they would choose to buy or to rent a new smartphone in the short-term period considering a hypothetic sudden need to substitute theirs. Thus, 88.2% of the sample would opt to buy and 11.8% would choose to rent one.

11,8%
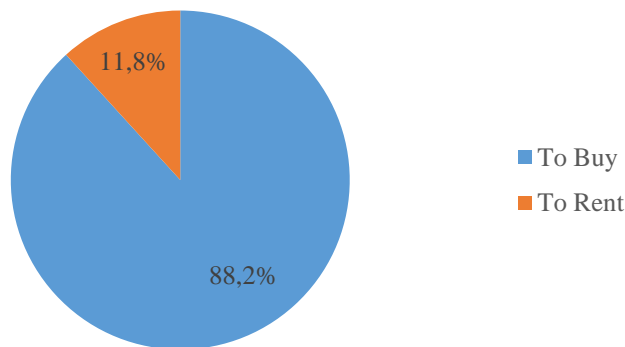
88,2%

■ To Buy
■ To Rent

Figure 22 - Short-tern smartphone purchase option

ii. Actual and Future Smartphone choices

The respondents who had rented electronic devices before represent less than 3% of the sample, resulting in a lack of critical mass to judge their future preferences. For the other

97% of the respondents who have never rented electronic equipment before, 11% assume now the preference for renting within 3 to 5 years if confronted with a need of a new smartphone.

Actual/Future	Buy	Rent	Total	Actual/Future	Buy	Rent
Yes	4	2	6	Yes	67%	33%
No	176	22	198	No	89%	11%
Total	180	24	204			

Table 4 - Actual vs. Future Smartphone preferences

iii. Justifications and Cluster Analysis

Following the same structure presented above when discussing the reasons that sustained the options for buying or for renting a House and a Car, in this segment, the arguments given by the respondents to support their choice regarding a new smartphone are discussed. The arguments were also grouped in clusters and attributed a score as described in the methodology section. Therefore, it starts with an analysis of the respondents that answered in favour of buying a smartphone and afterwards of the ones in favour of renting one. In each sub-topic, a comparison of the answers between Millennials and Non-Millennials is made.

Buying

The option for buying a smartphone represents 88.2% of the answers given. This large majority addresses a variety of arguments. In the first place, two lines of arguments have scored equally. The respondents claim that a smartphone is very much of a personal item carrying the feeling of property with it (Property cluster weighting 15% of the total score) and also the unwillingness to innovate or alter their established habits (standing for the same 15% of score).

Secondly, the Budgetary Issues are pointed out, having obtained 14% of the total score. Buyers found that the price of their desired smartphone was not expensive enough to consider renting as an interesting option. For those, there is no need of a top quality smartphone so buying would fit in their budget.

The fourth place belongs to the Procedural or Business Issues cluster (13% of the total score) where buyers claim to enjoy simple, practical and immediate processes. Those respondents do not like having many monthly charges and demonstrate concerns for privacy of their personal information.

Purchase preconception reinforces this option, with 12% of the total score. The reason for this is that people who choose to buy do it because they assume renting as a more expensive operation and are scared about the possibility of having extra charges they were not expecting.

Lack of knowledge about renting is still a relevant cluster for the smartphones weighting 11% of the total score where respondents frequently assume they were not aware of this possibility for smartphones.

Contrary to the Car buyers, smartphone buyers do not rely on the need "Independence" (15% for the Car buyers against 7% for the smartphone buyers).

BUYING A SMARTPHONE

- Property
- Cutting Edge/Aversion towards change
- Budgetary Issues
- Procedural or Business Issues
- Purchase preconception
- Unfamiliarity with renting
- Independence/Dealings with third parties
- Null
- Opportunities to sell/replace
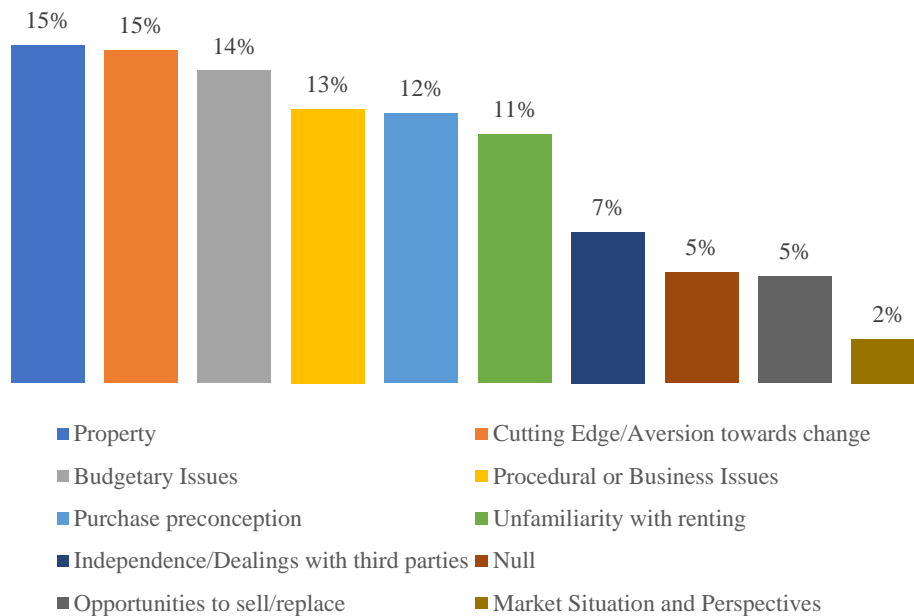- Market Situation and Perspectives

Figure 23 - Smartphone: scoring buyer's reasons

The results obtained when splitting the two generations under study, show that Non-Millennials demonstrate a higher aversion towards change (23% for Non-Millennials against 10% for the Millennials). Less significantly, Millennials showed a higher score regarding the feeling of ownership and the Budgetary Issues, as well as the Procedural or Business Issues where privacy and personal information remains an obstacle to the renting option. For those Millennials, constant exchange inherent to business demotivates this option.

On the other hand, Non-Millennials place higher importance on the "Independence/Dealings with third parties" cluster because they value this topic over younger generations, who place less emphasis on being independent from any third party (11% of total score compared to 5% of the total score for Millennials).
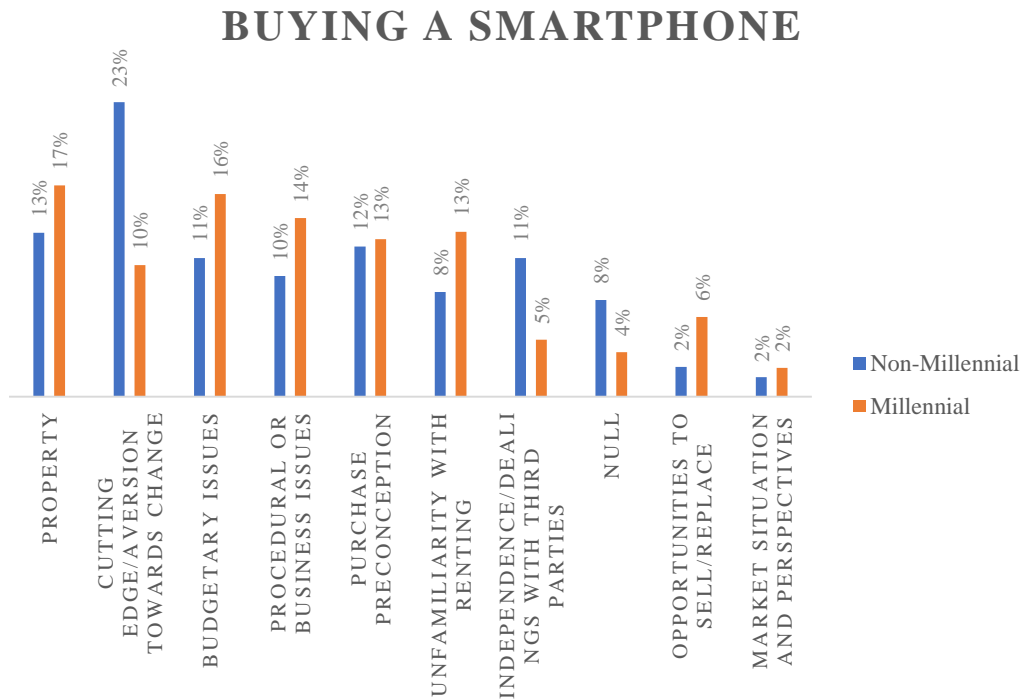
BUYING A SMARTPHONE

Figure 24 - Smartphone: Millennial buyers' vs. Non-Millennial buyers' reasons (scored)

Renting

When considering renting, 11.8% of the respondents answered that they would go for the renting of a smartphone within a period of 3 to 5 years (cf. Figure 22).

The most proeminent cluster weights 22% of the total score, revealing the desire for changing smartphone from time to time.

In the second place, respondents justify their choice for renting based on a lower initial investment and on moderate instalments that will fit their budget. This cluster, the Budgetary Issues one, accounts for 17% of the total score. With a similar weight on the total score, Purchase preconception stands for the third leading cluster (16% of the total score). Respondents argued that renting presents competitive monthly payments and also mention that, in the end, it is a less costly solution when compared to buying a smartphone.

Weighting 13% of the total score, the Cutting edge cluster ranks forth in terms of the reasons that support the choice of renting a smartphone. For those respondents, the desire of having a high standart smartphone from time to time and being at the forefront in terms of technology is a must.

At a lower level, ranking the fifth place, the Procedural or Business Issues cluster weights 10% of the total score and focuses on the benefits of having levelled payments and also refers to the bundled services that presumably come along with renting, such as the insurance and the maintenance. The Independence/Dealings with third parties cluster weights 7% of the total score and comprehends arguments on the flexibility and assistence inherent to renting.
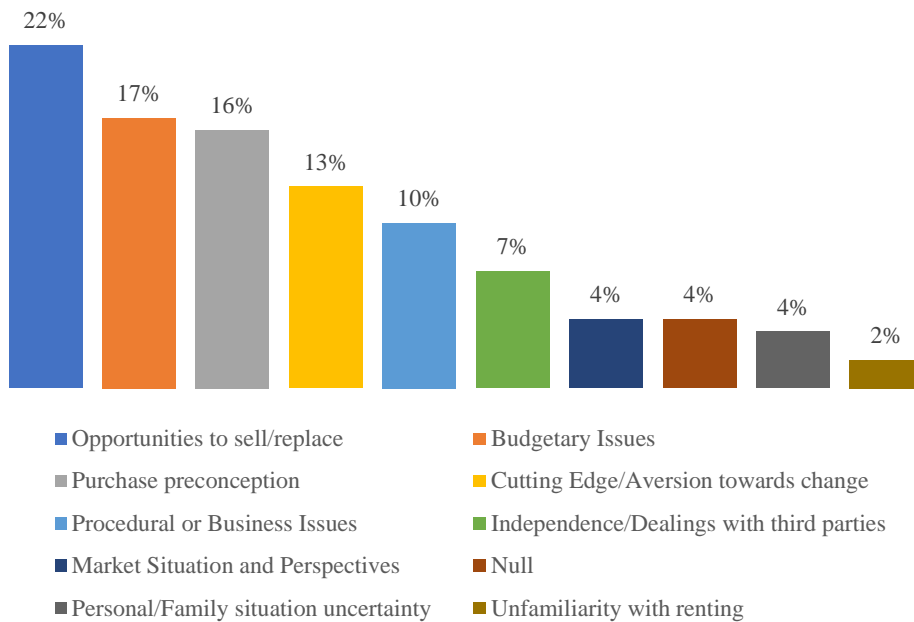
RENTING A SMARTPHONE

Figure 25 - Smartphone: scoring renters' reasons

When looking separately to Millennials' and Non-Millennials' justifications for renting, the Opportunities to sell/replace cluster ranks the first place for Millennials. This generation values constant smartphone switching, which is a less important factor for Non- Millennials (33% of total score compared to 13% among Non-Millennials).

On the other hand, with an equal score within Millennials, are the Budgetary Issues and the Purchase preconception, scoring 22% of the total score each. According to Millennials, a lack of immediate liquidity makes renting suitable for them, whilst Non-

Millennials claim renting is more affordable and requires less investment when compared to buying (22% of the total score vs 14% among Non-Millennials).In what concerns the Purchase preconception, Millennials argue that it is less costly than buying and that renting has lower monthly payments. However, for Non-Millennials, renting results in lower charges and in a less pricey alternative (22% of the total score compared to 12% of the total score for Non-Millennials).

Interestingly, Non-Millennials assign a greater score to being at the cutting-edge than Millennials do, scoring 16% comparing to 8% of the total score among Millennials.

Another interesting aspect is that Non-Millennials place greater emphasis on the Independence/Dealings with third parties (12% of total score) than Millennials do (only 1% of the total score).
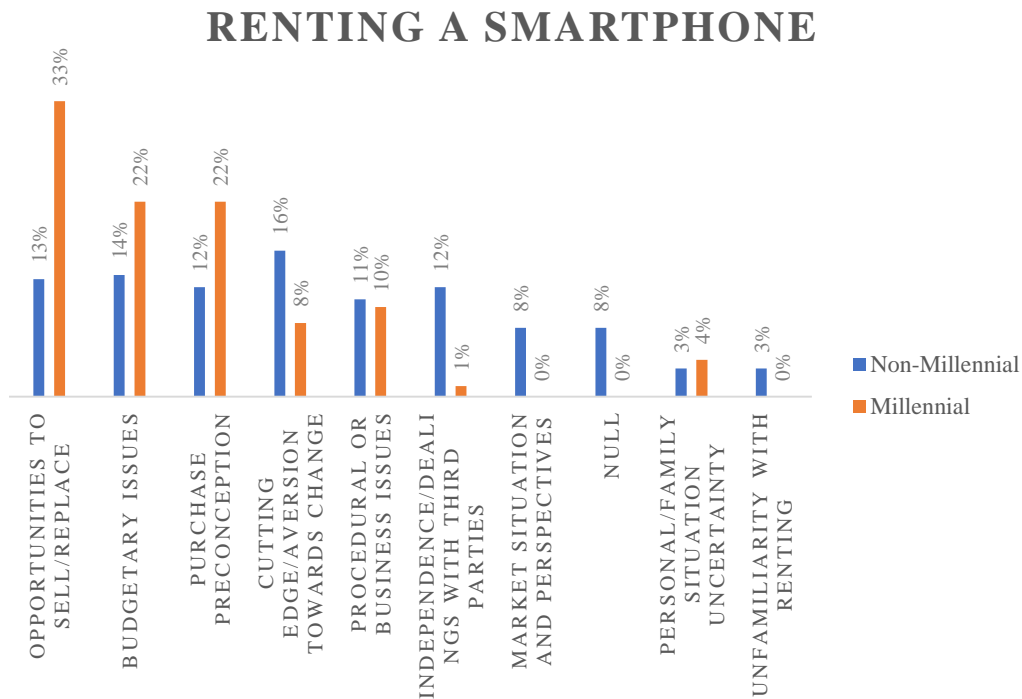

Figure 26 - Smartphone: Millennial renters' vs. Non-Millennial renters' reasons (scored)

5. Discussion of Results

The data collected throughout the survey has shed a light on the subject under discussion from different angles.

The first topic which should be addressed relates to the current "type of ownership" declared by the survey respondents. Basing the analysis on the sample, respondents revealed a clear preference for traditional owning. However, it is much more common to rent a house than to rent any of the other products (Figure 27). For Cars, only 3.4% of respondents are renters, and for the Smartphones, a minimal percentage of 0.5% chose this option mentioning specifically a smartphone.
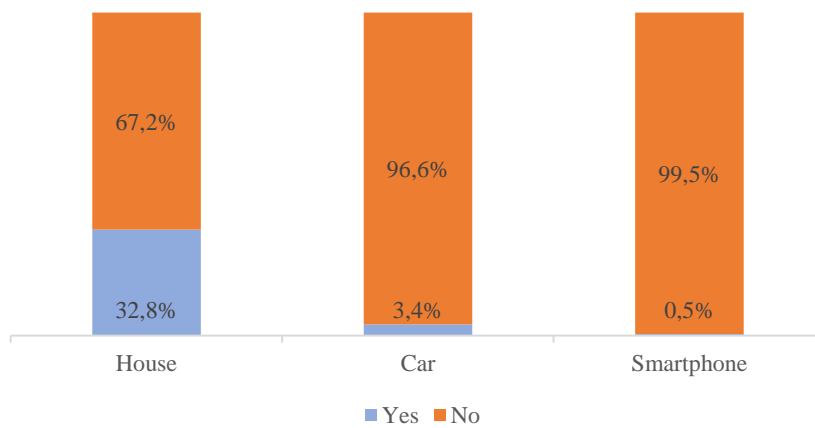
CURRENTLY RENTING

Figure 27 – Current renters' distribution (house, car and smartphone)

When confronted with the option of being "owners" or "NOwners" within a short period of time, regarding each of the products, the scenario depicted above would change considerably towards the renting model. This finding, although based on a sample with its own limitations (cf. chapter 6. Conclusion), reveals if not an actual and general tendency towards the *NOwnership* option, at least a growing inclination for accepting *NOwnership* in the specific case of the products in this study (house, car, smartphone).
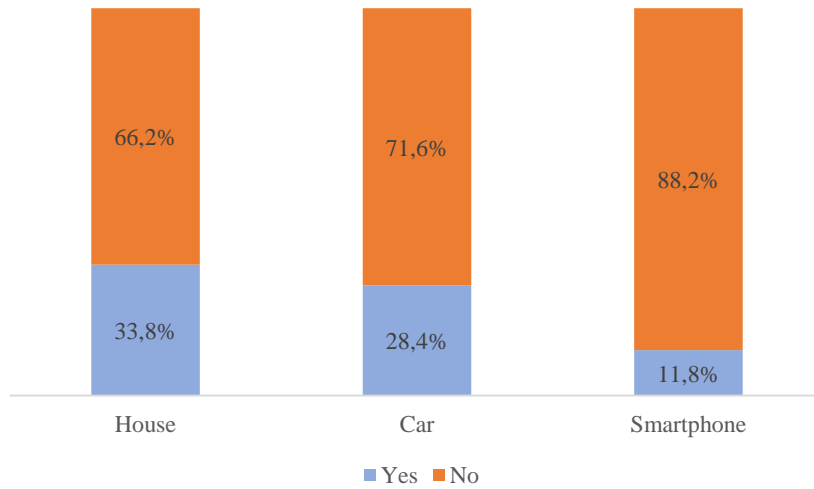
CHOOSING TO RENT IN THE FUTURE

Figure 28 - Future renters' distribution (house, car and smartphone)

An evident deduction from Figures 27 and 28 is that acceptance of the renting solution is quite different between the products under study. Therefore, a comparison among the products was made, focusing on the underlying reasons the respondents felt were relevant to mention in each case.

Figure 29 validates the different facets of the House product which contrast with the other products in this study. This chart presents a comparison of the reasons given by the future renters.

For the house renters, the main reasons for their choice are the Personal/Family situation uncertainty, the strong feeling on the high prices for buying a house (Purchase preconception), which dissuades them from that option, and also Budgetary Issues. Together, these three motives may explain, at least partially, the "success" of the renting option when compared to the other products.
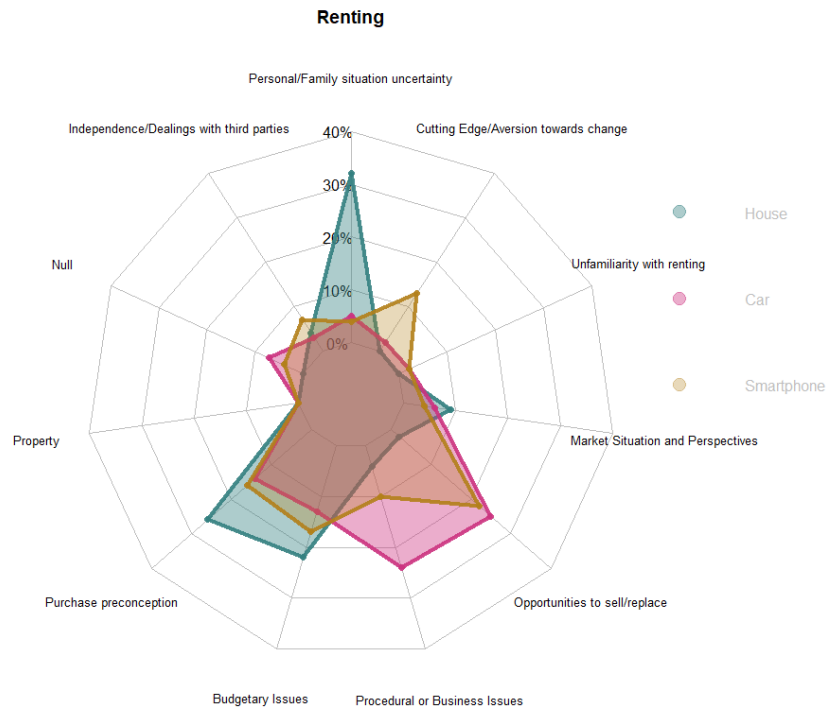
Figure 29 - Future renters' reasons (scored)

Interestingly enough, the two other products seem closer in terms of distribution of the reasons provided. However, based on the answers given, there seems to exist one main reason which might explain the lower preference for renting a smartphone than for renting a car: the Procedural or Business Issues. Car renters consider renting a car a simple and practical process, while smartphone renters do not value these aspects as much. In fact, these arguments, along with concerns on privacy and sharing of personal information, push people towards the buying option.

The interpretation above may provide an interesting insight for rental companies, especially to target new clients or customize their rental products and services to fit what renters really care about.

Another way to analyse the "resistance" respondents offer towards renting is to compare the motives buyers claim to support their choice for buying instead of renting. Beginning with the housing sector, Home buyers prioritize the independence, the sentiment of belonging and also the expected return on the moment of selling.

Theoretically, some of these buyers could consider a renting-like solution if some of these requirements were met. For instance, longer-term renting contracts, or a renting contract

which would give a purchase option after a specific period of time for a pre-determined price.
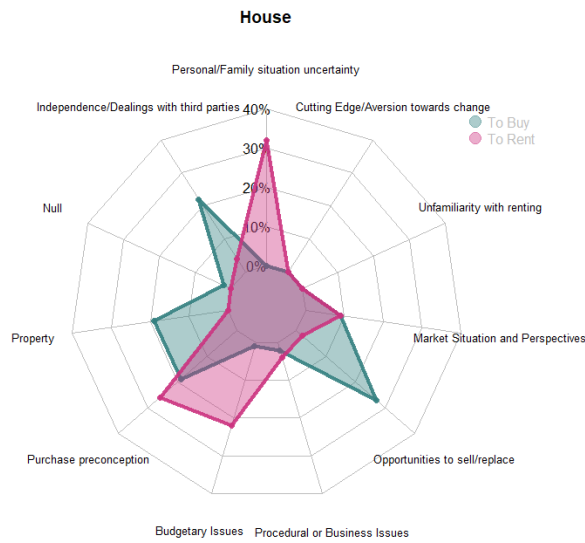

Figure 30 - House: short-term reasons (scored)

As for the car, there are also three main arguments that discourage buyers to choose the renting option. One of them is the sense of belonging. Apparently, for this group of people, owning a car is quite important. Another requirement is Independence and not having problems with rental companies. Finally, Aversion towards change, that is, looking at the renting option with indifference and scepticism.

As stated before, renting a car (as a substitute for buying) still represents a small fraction of the preference among respondents. However, the cluster "Aversion towards change", for instance, is a challenge that Rental companies should try to overcome with marketing campaigns in order to convince these buyers to consider the advantages of their model. In what regards the claimed desire for independence and the concerns of the relationship with the rental companies, renting contracts could perhaps be softened with more complacent offers, bringing more predictability to the trade.
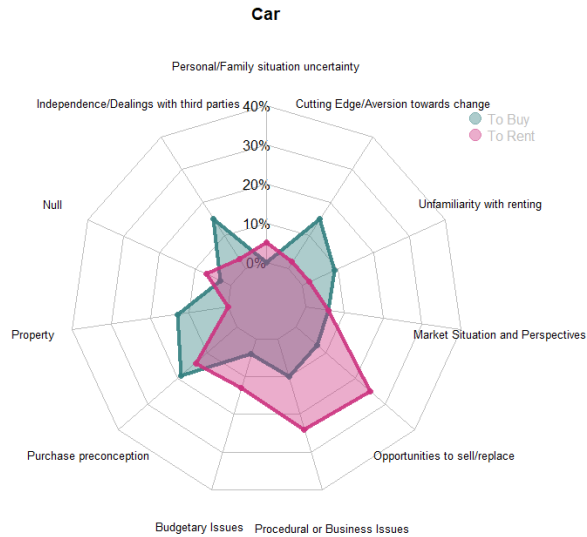
Figure 31 - Car: short-term reasons (scored)

In what concerns smartphones, the ample conjoint area of the spider chart reveals somehow a duality on the values buyers and renters seem to claim. For instance, renters argue for the cutting-edge opportunity of a renting option while, with a similar intensity, buyers argue for the lack of interest on exploring alternatives. Buyers also prefer independence where renters perceive value in sharing responsibilities with a third party; buyers believe prices of renting are high, while renters believe it is more cost-effective; and buyers reveal that the price of a smartphone is cheap enough to fit their budget, while renters see an opportunity to get a smartphone at a moderate price. Finally, where buyers reject bureaucracy, renters value the "bundled" services. That being said, it is plausible to assume that smartphone buyers and smartphone renters are two different types of consumers with distinct profiles.
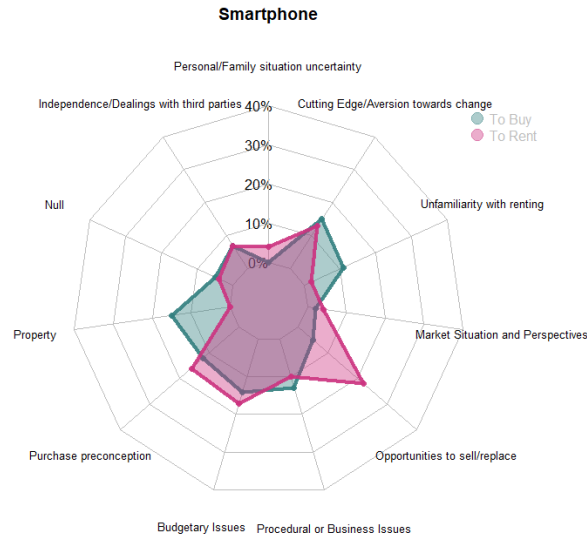
Figure 32 - Smartphone: short-term reasons (scored)

One of the aims of this study was to demonstrate the trend of *NOwnership* among the Millennial generation, which is a popular theory defended in several articles in renowned publications, as mentioned in "The emergence of *NOwnership*" in the Literature review chapter (pages 14-15). The study conducted has allowed for the assessment on how and in what terms this trend is observable in the specific products under study.

In what concerns the renting tendencies of Millennials versus Non-Millennials, a comparison of the future intentions on buying or renting is provided in Figure 33.

However, the results obtained reveal that our sample of respondents has answered in the opposite way, and that Non-Millennials tend to be more reluctant to opting for a renting option. Except for the House question, albeit very slightly, Millennials revealed higher adherence.

On a different perspective, the sentiment of Ownership/belonging that was frequently argued by the respondents and which was combined in the cluster "Property" also reflects a higher level of importance to this feeling for Millennials (Figure 34).
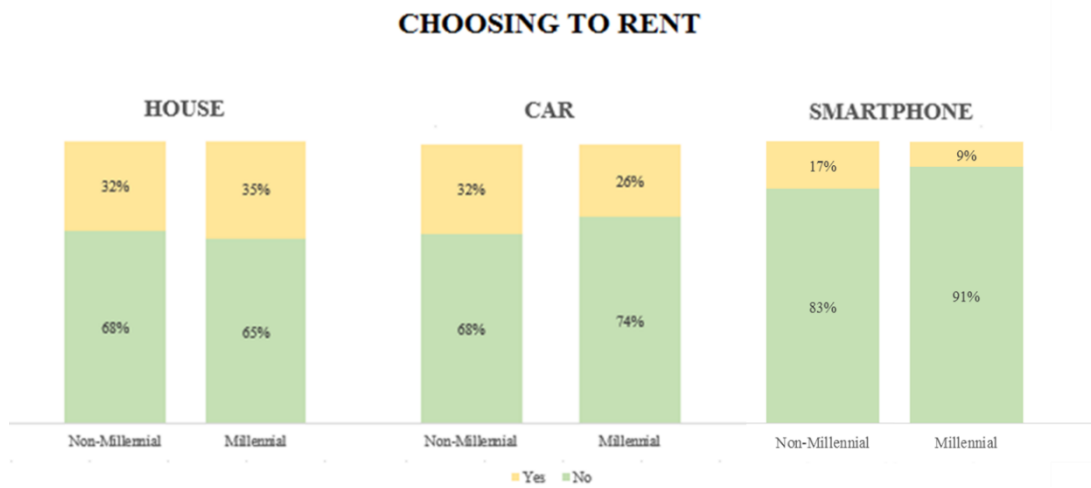
CHOOSING TO RENT

HOUSE

Non-Millennial: 32% Yes, 68% No
Millennial: 35% Yes, 65% No

CAR

Non-Millennial: 32% Yes, 68% No
Millennial: 26% Yes, 74% No

SMARTPHONE

Non-Millennial: 17% Yes, 83% No
Millennial: 9% Yes, 91% No

■ Yes ■ No

Figure 33 - Future renters by product (Millennials vs. Non-Millennials)

PROPERTY SCORING

House: Non Millennial 9%, Millennial 15%
Car: Non Millennial 6%, Millennial 8%
Smartphone: Non Millennial 11%, Millennial 15%

■ Non Millennial ■ Millennial
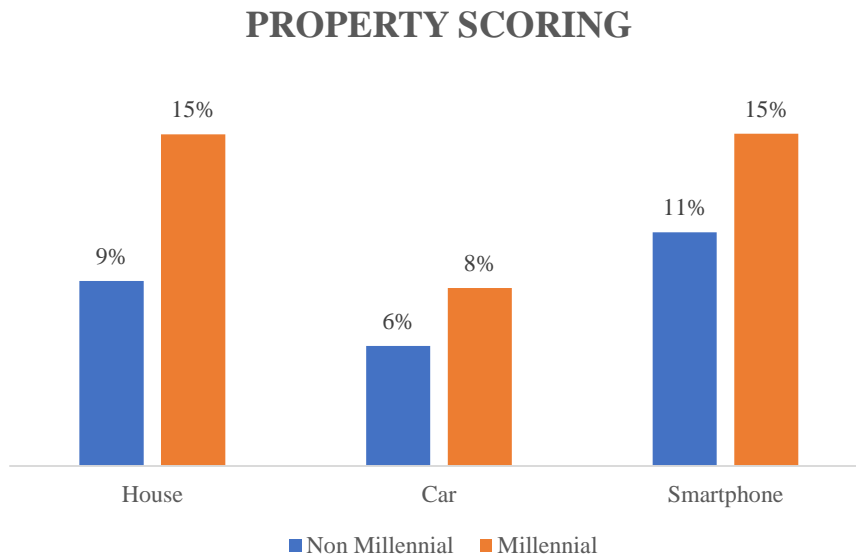
Figure 34 - Property cluster scoring (Millennials vs. Non-Millennials)

The results obtained reveal that in the sample collected and for the products chosen on this research, Millennials do not show a preference for *NOwnership* and, in this particular matter, contradict the main literature on this subject. Still, it is indispensable to reiterate that this data has the limitations addressed in the "Conclusion" section, besides being limited to what concerns specifically renting versus buying a house, a car and a smartphone.

6. Conclusions

6.1. Major Conclusions

This study materializes the views of the Millennial and the Non-Millennial generations regarding *NOwnership* and related experiences. Hence, it was possible to observe their current and future (short/medium-term) relation with the selected goods, as well as to make comparisons among generations. In fact, the three evaluated segments allowed the withdrawal of relevant perspectives and interesting insights.

In fact, the real estate sector enjoys a certain status in a country of holders. Thus, not owning a house or not dreaming about owning one someday is uncommon for the Portuguese people. However, there remains enough space for renting, especially for those whose lives are yet to stabilize or for the people with less immediate disposable income.

Renting other types of goods, such as cars or smartphones, was also considered. Both rentals are expected to grow in the short-term period, however there is the necessity to clarify the relevant processes, as well as the benefits and advantages inherent to it. On the other hand, the Portuguese people continue to have many preconceptions on the prices of things and are strongly influenced by their habits and by an aversion to change. Therefore, there is a need to clarify certain aspects related to the business model of renting and also to put the client ahead of the business.

To summarise, this study provides detailed and comprehensive information on the demand side of *NOwnership*, which shall be considered by businesses and other interested parties as an anticipation of future trends.

6.2. Management Implications

Implications for new or for already implemented businesses are evidenced in this study, in particular those regarding the demand side of renting in the Portuguese market.

For businesses, namely the rental business, this study contributes with relevant insights on the perception of the customer regarding the process of renting and the importance of customer experience in each of the sectors under analysis. Also, it contributes by developing a scoring model where a hierarchy is provided with respect to the reasons/preferences of the customers when choosing to buy or to rent the products under study.

This must be taken into account by considering two different perspectives. It should be considered not only when ensuring customer loyalty but also when trying to captivate old buyers.

By being aware of the preferences of consumers in the Portuguese market, it will be possible to evaluate what has been done until this moment, an exercise that may prove to be extremely helpful for the market agents to foresee the acceptance of a new product or service by the consumer.

In sum, companies in this sector may take the results of this study into account in order to come up with products or services which meet the – present and future – needs of the customer.

6.3. Limitations of the study

The study herein conducted has some limitations that need to be acknowledged.

The first limitation identified respects to the relatively small size of the sample. This has to do with the short period of time that the questionnaire was available online, which was approximately one week.

The second limitation regards the use of qualitative data, especially through open-ended questions, providing some responses that, due to its content, had no relevance for the research. These responses had to be considered null.

However, the cluster analysis and the performed scoring model has envisaged to mitigate these limitations, allowing to reach the clearer findings.

The last limitation is related to the scoring model. This model and its scoring was specifically created for this analysis, not having a scientific support.

6.4. Future Research

Assuming that the market of *NOwnership* in Portugal is in a take-off phase, a long journey is yet to be made, that will take longer than 3 to 5 years, as evaluated in the study. Therefore, as an incentive for future research, it would be interesting to perform the same study after this period in order to assess its evolution, which is expected to be remarkable.

The scope of this study is necessarily limited and therefore it ends here. Further research on this topic could lead to obtaining a larger, perhaps international, sample. Additionally, it would also be interesting to focus on a longer time span, probably a ten year horizon, or to increase the range of products to be analysed. The upcoming evolution of the underlying matters will dictate whether it is worth to perform a new research in the future.

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8. Appendix

I.   Questionnaire

This investigation aims to study the Portuguese market with regard to the trends in the acquisition of goods. You should therefore, consider the following concepts in order to answer in a conscious and informed way:

Lease: Contract through which one stays for a certain time with a property, upon payment of a monthly rent;

Renting or Rental: means of financing equipment (e.g. automobile or electronics) embodied in a contract for the rental of a new good, which includes a series of services related to the maintenance of the equipment, for a limited period agreed at the beginning of the contract, upon payment of a monthly instalment. At the end of the contract, the customer returns the equipment, having no purchase option. After, the client can hire the desired number of times.

Introductory Section – Introductory Questions

1. Gender
   - Female
   - Male
2. Date of Birth
   - 1970-1979
   - 1980-1989
   - 1990-1999
   - 2000-2009
   - Other: _____
3. Educational Background
   - Elementary School
   - Middle School
   - High School
   - Bachelor
   - Master
   - PhD

First Section – Real Estate Preferences

Please provide information related to real estate.

1. Presently, you live:
   - Autonomously/Independently
   - At parent's or relative's home
2. Presently, the house where you live is:
   - Bought
   - Rented
3. In a near-future (3 to 5 years) and considering you have to move in, you would choose:
   - To buy
   - To rent
4. Provide 3 reasons for the above choice:

   _____

Second Section – Transportation Preferences

Please provide information related to transportation vehicle.

5. Presently, you have a car:
   - Yes, it was bought
   - Yes, it was rented
   - No
6. In a near-future (3 to 5 years) and considering you need a new car, you would choose:
   - To buy
   - To rent
   - I do not consider car as an option
7. Provide 3 reasons for the above choice:

   _____

8. Presently, you have a motorcycle:
   - Yes, it was bought
   - Yes, it was rented
   - No
9. In a near-future (3 to 5 years) and considering you need a new motorcycle, you would choose:

- To buy
- To rent
- I do not consider motorcycle as an option

10. Presently, you have a bicycle:
- Yes, it was bought
- Yes, it was rented
- No

11. In a near-future (3 to 5 years) and considering you need a new bicycle, you would choose:
- To buy
- To rent
- I do not consider bicycle as an option

Third Section – Equipment

Please provide information related to electronic devices, musical instruments, among others.

12. Presently, you have rented equipment:
- Yes, what:_____
- No

13. In a near-future (3 to 5 years) and considering you need a new smartphone, you would choose:
- To buy
- To rent

14. Provide 3 reasons for the above choice:

    _____

II.   Questionnaire: Motorcycle and Bicycle (questions 8 to 11)

The same two questions that were asked regarding the car, were asked in regard to the motorcycle and the bicycle. With regard to the motorcycle, only 16.2% of the sample has a motorcycle which only 1% is rented. 83.8% of the sample do not have a motorcycle.
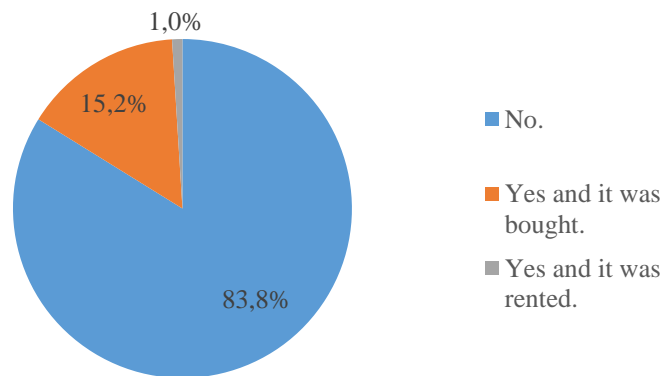

Figure 35 - Motorcycle possession distribution

In the short-term period, approximately 3 to 5 years, 23% of the respondents find buying an option, whilst 3.4% find renting a motorcycle the best option. Still, 73.5% of the sample do not consider motorcycle as an option.
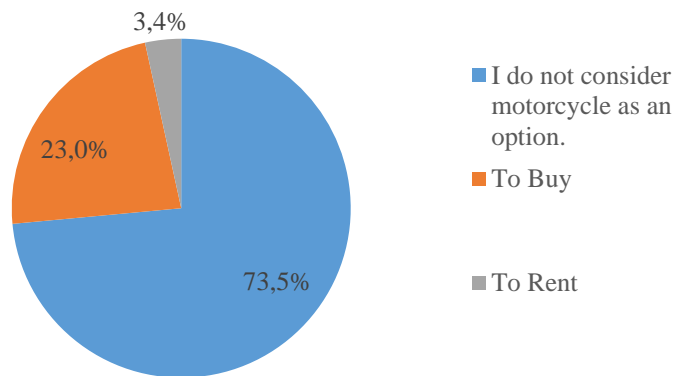

Figure 36 - Short-term motorcycle purchase option

Regarding the bicycle, 69.1% of the respondents do not have a bicycle whilst 30.9% has bought one. However, no one has a rented bicycle.
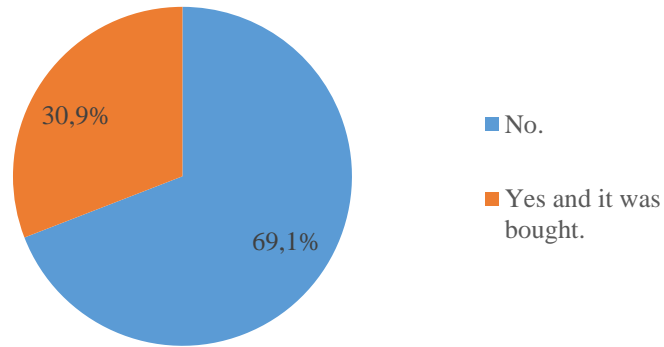
Figure 37 - Bicycle possession distribution

Considering short-term future intentions in what concerns the bicycle, 34.8% of the sample consider buying as an option, 2.9% consider renting the best option and 62.3% do not see this vehicle as an option.
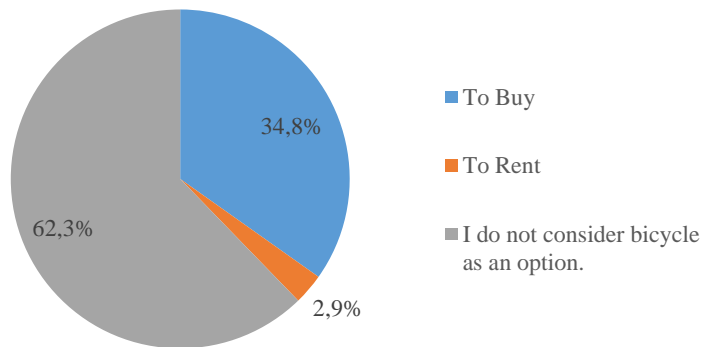

Figure 38 - Short-term bicycle purchase option