

# RetailMerchandiser

November/December 2014



retail-merchandiser.com STRATEGIES FOR GROWTH

## MLSE Retail Trendsetters

MLSE engages its customers with new concepts, clothing lines and progressive technology.



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Retail:  
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to quality service and specialty items.**



# Marketing to Millennials

Smart retailers are using design and technology to attract and influence the newest generation of buyers. **BY CRAIG LITTLE**



Whole Foods has redesigned its Beer Cave to attract millennials.

**Retail store presentation is radically evolving.** The traditional planning of store designs to appeal to the now-retiring baby boomers has given way to the influx of new buyers: millennials. These customers, who have become the dominant force in retail, see, think, behave and buy differently than previous generations. Accordingly, owners and managers have to plan their stores, merchandise displays and, most importantly, interact with customers in new ways if they expect to grow their business.

While marketing to millennials includes technology outreach such as cell phones and social media, experiential marketing inside stores is also important.

While providing shoppers with an environment that is sophisticated, attractive and friendly, presentation and attention to detail are critical.

## Millennial Impact

Millennials have become a dominant buying force. A 2014 study by Accenture described them as “a trillion-dollar demographic” that has transformed shopping. Accenture’s study put the number of millennials in the United States at 80 million and estimated their annual domestic spending at \$600 billion. “If retailers want to give millennials the seamless experience they have come to expect, they must radically change the way they operate,” the study warned. Agencies helping stores transition from traditional marketing agree. “You need to connect on some level because there has to be engagement,” says Christina Papale, vice-president of strategy for CBX, a New York-based brand agency.

Not surprisingly, this demographic group stays on top of prices and promotions, usually through cell phones and/or social media. Respondents to the survey said that real-time product availability impacts their choice of where they will spend. Other business analysts believe a non-traditional store environment is necessary to entice millennials.

Retailers from the big boxes to smaller convenience outlets are catching on. Sheetz Inc., a chain of gas station/convenience stores, initiated computerized sandwich orders inside its facilities well before the practice became widespread.

The millennial impact is evident as newly conceived designs make their way into the marketplace. Convenience is particularly important to millennials who are coming to buy a specific product they’ve researched via cell phone. Sometimes, that product is food. Perhaps that explains the rationale behind Target’s debut of its first Target Express

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store near the University of Minnesota. The location is only 20,000 square feet and is stocked with food (we are talking about college students), electronics and includes a pharmacy and beauty department. The store contains touchscreens for buyers to access special discounts. Walmart has opened its first Express store in Arkansas. These are more signs of growing change in retail outreach.

Convenience stores are beginning to rethink their layouts because of these trends, according to Michael Lawshe, president and chief executive officer of Paragon Solutions in Fort Worth, Texas. His firm has suggested moving refrigeration and food service to the middle of convenience stores. "Food service should be the biggest growing thing in the store," Lawshe says.

### Millennial Expectations

What is it that they want? Don't discount the "cool factor." The Accenture study and others like it confirm that the store can be just as important as the products. Consider the now ever-present "beer cave." When first introduced, it was a welcome alternative to routinely stocked shelves because it had become a destination. Lawshe thinks the concept should expand. "Millennials don't want the cave to be just a dark corner because they want an experience," he said.

Many millennials are green-oriented. They are likely to take note of energy inefficiency and talk about it on social media. Energy-efficient LED lighting is not subtle for these very aware people; it's a requirement. Surveys show that millennials pay close attention to business' environmental footprints. Execution of sensory and conceptual stimulation must occur within a technological framework that resonates with buyers.

Here is where many retailers are lagging. For them, change is a very slow process, and that can be costly. The longer it takes to change, the more likely these consumers and their purchasing power will go elsewhere. "You have to



A customer gets product information on her smartphone from an intelligent door containing wireless a media player.

know your audience and understand what is important in their lives," Papale says. One way to expedite the process is to partner with design vendors during the planning process. Vendor expertise can provide a number of cost-efficient choices when they are most needed – before installation and not after when changes tend to be more costly.

### New alternatives and choices

Evolving technology that appeals to millennials – and those significantly older – has changed everything from cases to lighting. There is, for example, the intelligent sealed-glass door with an embedded, translucent LCD panel. Within this new casing design is a media player with wireless connectivity, capable of delivering content to the door, allowing consumers easy product information access.

Another alternative is LED lighting. LEDs aren't new, but marketers have found that varying lighting colors ranks high in the millennials' sensory attraction. Retailers are also advised to remember the point about destinations. It worked for beer caves and can have the same impact for other products.

Another new design revelation is the ability to change merchandise at different times of the day. Specially designed shelving for a minimal staff

enables the retailer to change and re-set the product mix as needed based upon the popularity of certain products at various hours.

Technology is inherent with millennials, so it makes sense for retailers to take advantage of sophisticated high-tech tools that will appeal to their lifestyles. Those tools should be part and parcel of the design of retail operations. Energy-efficient cases, lighting and specialized destinations eliminate clutter and influence consumer behavior during a visit, especially at the point of sale.

The latest wave of technological options resonates with a buying public that wants the cool factor and more. At a time when it is so difficult to get messages across to people because of the plethora of communication and message outlets, designs that attract and relate through technology send a clear signal that the retailer understands its millennial customers. This is a strategy that can help ensure the growth of a loyal customer base. 📱



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