

ANALYSIS

Are retailers unlocking millennials' true potential?

There are 280 million millennials worldwide and they are forecast to have global spending power of £8.9bn by 2020. **Nicola Smith** asks how retailers can cash in on this lucrative market



Millennials are broadly defined as the generation born between 1980 and 2000, but they are a hard demographic to crack, disrupting age-old shopping behaviour by habitually using technology to research products, compare prices, share information and make purchases. What inspires and motivates millennials when they shop and how can retailers engage with this audience?

The growing power of this savvy generation is forcing retailers to re-evaluate how they engage. Boots UK director of personalisation Dave Robinson says: "We live in a world where customers and the ways they shop are changing faster than ever, and never more so than with the millennial audience."

"We believe the biggest opportunities to reach and engage with millennials are by utilising advances in digital and mobile technology. Through these, we now have to build and sustain customers' trust differently, and the modern customer is increasingly connected and informed. Mobile has been a huge opportunity within retail. We've seen that millennials, in particular, want access to products and content on the go – whenever and wherever suits their lifestyle."

US millennials

It is the same story across the pond. US department store Macy's says millennials are of growing importance to the retailer due to the sheer size of the demographic; it is the largest generation in US history at 92 million,

according to Goldman Sachs. "A key challenge in reaching this audience is relevancy," says Holly Thomas, group vice-president for media relations at Macy's. "Millennials want to engage with companies they feel understand their wants and needs."

And their desires are simple to understand, if not meet. Research from marketing technology company Sailthru, which works with retail brands including Dr Martens, shows that 68% of millennials prefer it when a brand personalises their communications with them. "[Millennials] recognise that all brands have the ability to deliver a relevant experience, taking content, cadence and channel into consideration," says Neil Capel, founder of Sailthru. "We need to respond likewise. In real time."

Matt Prebble, managing director of retail at Accenture UK, agrees, stating that millennials demand a customer-centric shopping experience, tailored to their needs as valued customers. "While they are willing to share information in order to receive a more personalised experience, at the same time they expect to receive more discounts and special offers as a result." He adds that this can be in the form of an immediate financial benefit to encourage a purchase, or it can be a shopping experience that adds value to the individual consumer, based on their needs and wants.

Timing is also important. Online designer-shirt retailer Claudio Lugli launched three years ago, targeting millennials as a key audience by using social media. "The millennial generation is demanding, they want

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Dave Robinson, Boots UK

everything and they want it quickly," says marketing manager Navid Salimian. "They want to be the first in every aspect of the shopping experience, the first to see a new product launch, the first to spot a celebrity label, the first among their peers to buy into a new brand – marketing needs to be quick to be effective."

Cool content

Salimian says "cool" content is king when it comes to Facebook, Instagram and Twitter. "We find that regularly creating unique content has an impact on the behaviour of all demographics, but especially the younger market. Content that's different from your everyday bog-standard product shot encourages debate, opinion and, crucially, engagement. As we know, in most cases, engagement leads to conversions."

But being creative extends beyond a retailer's core product. Macy's has forged a

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Macy's partnered with Daybreaker, a US movement that encourages people to dance before work



number of creative partnerships with relevant brands such as Etsy, for example, in order to create genuine interactions and experiences with younger consumers. Thomas says one of Macy's most successful partnerships was with Daybreaker, a US movement that encourages people to dance before work. It takes over clubs and has DJs playing for a few hours first thing in the morning. "Daybreaker converted three of our stores during the holiday season into dance clubs from 6am to 9am," says Thomas. "The events were incredibly popular and really resonated with our millennial shoppers, who got the opportunity to experience Macy's in an entirely different way."

Brewer and drinks retailer Adnams has also forged partnerships with relevant brands to resonate more strongly with this audience through experiential events and sponsorship. The company was at the Oxford and Cambridge University Boat Race for the first time this year as its official beer partner. Liz Cobbold, director of digital and customer experience at Adnams, says: "We will be able to reach a younger audience, especially those recent graduates just starting out in London."

Once a retailer has engaged in a meaningful way with this discerning generation – delivering the relevance and creativity it expects – the next step is winning millennial brand advocates. As Prebble says, although the proportion of millennials in the UK is less than a quarter (23%) of the total population (source: eMarketer), the reach and influence of this audience transcends other age groups. "Through the digital media they consume

on a daily basis, and the freedom to make choices and share experiences both publicly and privately, they have the power to influence not only their peers but other generations, including older family members," says Prebble.

Indeed, recommendations are of growing importance to retailers. Online fashion retailer Hot!MeSS targets millennials. Its marketing manager Rosie Cambden works with ecommerce experts Ometria to encourage social influencer recommendations. "Customers are increasingly influenced by their peers on social media, particularly Instagram, and these 'insta famous' girls not only help us increase our reach but also act as a connection between the brand and like-minded customers without bombarding them with traditional marketing and offers."

Macy's says peer-to-peer recommendations

Hot!MeSS works with ecommerce agency Ometria to get social influencers to make recommendations



are at the crux of its latest spring fashion campaign #MacysLove. Shoppers are invited to take a picture of an item they love from Macy's and share it socially for the opportunity to be featured on a billboard in Times Square. "By showcasing the item they love, our customers are giving their peers relevant and engaging feedback on that item direct from their social feed," says Thomas, who adds that Macy's outreach to millennials across platforms has seen "successful and increasing levels of engagement".

Millennials may be a tough audience to please, but those who get it right will reap the rewards. According to US research, 60% of millennials say that they are "often or always" loyal to brands that they currently purchase from, according to Elite Daily, Millennial Consumer Study 2015, while Prebble believes they can be "exceptionally loyal" customers – "provided they feel they have been targeted right and that their experience has been pleasant, fulfilling and beneficial".

Cambden agrees that loyalty exists among this demographic, but stresses that it is important to reward this loyalty with exclusive discounts and benefits. "Customers in this demographic expect to receive offers and promotions on a regular basis, and for this reason promotional campaigns work really effectively."

While there seems to be no catch-all approach to successfully targeting this fast-evolving and in many ways unpredictable demographic, the size of the prize for getting it right is hard to overstate.