

This article originally appeared  
in the 2013, No. 2, issue of

# Outlook

The journal of high-performance business



High performance. Delivered.

Industry Report | Retail

## Who are the Millennial shoppers? And what do they *really* want?

By Christopher Donnelly and Renato Scaff

The digital prowess and market savvy of Millennials make them a difficult group for retailers to bracket—do they break all the rules, or are they more like other consumers? New research puts to rest a number of Millennial myths and provides insights marketers can use to engage and serve tomorrow's trillion-dollar demographic.

Millennials—born between 1980 and 2000—are both the 20th century’s last generation and its first truly digital one. This old century/new technology dichotomy gives pause to marketers attempting to understand and connect with this key demographic.

But are Millennials really a unique new breed of plugged-in, networked savants? Or do these prized consumers share critical similarities with previous generations?

To find out, Accenture conducted proprietary global market research on the shopping behaviors of 6,000 consumers, of which 1,707 were Millennials, across eight countries (see sidebar, page 5). We also looked at the capabilities of 60 retailers worldwide to determine whether they were providing the customer experience this generation demands.

To give some idea of the stakes involved: There are roughly 80 million Millennials in the United States alone, and each year they spend approximately \$600 billion. While originally typecast as financially dependent teens, today’s Millennials include young adults in their 20s and 30s. Many have careers, are raising kids and live in their own homes. While Millennials are already a potent force, they will truly come into their own by 2020, when we project their spending in the United States will grow to \$1.4 trillion annually and represent 30 percent of total retail sales. Millennials will have a major economic impact in other markets our research covered as well.

Although Millennials have earned a reputation for viewing the world through a uniquely digital lens, our results found some remarkable similarities between them and their predecessors: the Baby Boomers (born from 1946 to 1964) and Generation X (1965 to 1979).

- More than half (55 percent) of the survey respondents, in all three demographics, said that they seek out “the cheapest return option.”
- Forty-one percent of all three groups said they practice “showrooming”—examining merchandise at a nearby retail store and then shopping for it online to find the lowest price—more often than they did a year ago. This shift is due, in part, to the current high penetration levels of smartphones, which can enable customers to search for an item easily, even while in a store.
- Thirty-six percent of those surveyed from all three generations said they will go online to buy from a retailer’s website if they want a product when the company’s stores are closed.
- On average, 89 percent said having access to real-time product availability information would influence their shopping choices in terms of which stores they would frequent.

The many similarities we found across generations led us to challenge three enduring myths about Millennials.

## Myth #1: It’s all about online shopping

Millennials are certainly very savvy online customers, but that doesn’t mean they’ve stopped frequenting brick-and-mortar venues. In fact, interviews conducted recently at one of America’s largest shopping malls confirmed our survey findings

that many members of the digital generation actually prefer visiting stores to shopping online. What’s more, our research findings in the United States were reflected in the other countries where we surveyed as well. Echoing countless generations

of canny shoppers, one Millennial told us, “You want to touch it; you want to smell it; you want to pick it up.”

Make no mistake: Online and mobile channels are important to Millennials, providing the information and insights they need to find the best products and services. Many hone their shopping skills on the Internet, checking product ratings and reviews or feedback on retailers, for example, to confirm that both product and vendor provide the best value and service, respectively.

One challenge for retailers is the Millennials’ seemingly omniscient grasp of prices and promotions, which this generation expects to

be the same in stores as they are online. To cash in on in-store retailer promotions, Millennials also want mobile coupon scanning capabilities, and having to print out coupons prior to shopping could be a deal-breaker. One summed it up this way: “When I get to the store, if I haven’t printed out my coupon and I can’t use it, I walk out.”

When it comes to shopping, we found that 68 percent of all Millennials demand an integrated, seamless experience regardless of the channel. That means being able to transition effortlessly from smartphone to personal computer to physical store in their quest for the best products and services.

## Myth #2: Loyalty is lost

In a recent survey of retail industry leaders, nearly 40 percent said the No. 1 concern they have about Millennials is their lack of loyalty. But we found that Millennials can be exceptionally loyal customers—provided they feel they’ve been treated right.

They demand a customer-centric shopping experience—one tailored to their wants and needs as valued customers. As one shopper put it, “You want to feel welcome when you go to the stores.” In describing the ideal shopping experience, a Millennial noted, “There is [something] about the product and its cost, but there’s also

a big part about being treated like a valued customer.”

Many seek personalized, targeted promotions and discounts as the price for their loyalty. “Loyalty programs are big,” confirmed one interviewee.

We found that 95 percent or more of Millennials say they want their brands to court them actively, and coupons sent via email or mailed to their homes currently (or will in the future) have the most influence on them. Other channels, such as text messages, have an influence on just over half of all respondents in terms of their shopping behaviors.

## Myth #3: Millennials treat retailers and brands the same as people on social networks

Although Millennials are masters of social media, they view Facebook and other sites differently than many marketers may assume, which can lead to misunderstandings.

While clicking an icon on a social network page might indicate that they consider a retailer or brand cool or hip,

(Continued on page 5)

## Myth busting

Millennials still like brick-and-mortar stores. In fact, 82 percent of them prefer bricks and mortar.



91%

prefer shopping  
in drugstores



68%

prefer shopping in  
consumer electronics stores



80%

prefer shopping in  
apparel stores



84%

prefer shopping  
in department stores



83%

prefer shopping in discount/  
mass merchant stores

Millennials can be exceptionally loyal customers: 69% say that when it comes to their favorite retail store, a "closed" sign does not change their minds.



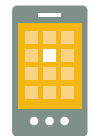
28%

will return to the store  
the next morning



37%

will buy the item from  
the retailer online



4%

will buy the item via  
the retailer's mobile app

It takes more than Millennials liking a brand or a retailer on social media to make them loyal customers.



28%

will make a purchase due to a social media recommendation

## About the research

To bring the needs of Millennial consumers and their potential impact on retailing into sharper focus, Accenture undertook a three-pronged research initiative that included a major, multicountry online consumer survey, a global retailer benchmarking study and face-to-face interviews with 50 individual consumers.

**Consumer survey.** We conducted an online survey of 6,000 consumers, of which 1,707 were Millennials, across the United States, the United Kingdom, Germany, France, Sweden, Japan, China and Brazil.

**Retailer survey.** The second element of the research was a benchmarking survey involving 60 global retailers that focused on six capabilities and asked 80 questions. The six capabilities are:

- Providing a consistent customer experience regardless of channel.
- Offering connected shopping that allows customers to move seamlessly across channels to fulfill a single shopping mission.

- Developing integrated merchandising skills, which requires retailers to provide an integrated product assortment and unified pricing across channels.
- Putting in place flexible fulfillment and returns procedures that offer customers multiple convenient options.
- Enabling personalized interactions through which retailers effectively engage customers to offer the dynamic, accessible and continuous shopping journeys, whether in-store, online or via a mobile device, consumers desire.
- Providing better, faster and more memorable customer experiences.

Accenture matched the consumer and retailer benchmarking surveys on a one-to-one basis to evaluate what is important to customers compared to what retailers are actually delivering.

**Face-to-face interviews.** To bring the survey findings to life, we interviewed about 50 randomly selected consumers at the Woodfield Mall in Schaumburg, Illinois.

(Continued from page 4)

that doesn't necessarily mean they are loyal customers. "I really don't follow my retailers on Facebook or Twitter," said one. Instead, they view social media relationships with brands and retailers as transactional. "Social media? I use it to get deals," offered another.

Marketers, who are relentless scorekeepers, can easily mistake a pressed "like" button for far more than it really is—which, from the Millennials' perspective, is basically a way to find the best offers. "I do 'like' certain retailers on social media," one Millennial noted, "especially if it gives me access to coupons or deals or more information. [Otherwise], I would have to be pretty emotionally moved to just 'like' [a retailer] for no reason."

a routine part of their conversations concerning product information, updates and special offers. "It's not like you're communicating a deal to [your friends]," one person explained. "It's more like, 'Hey, I got this new thing, this new toy.' "

The goal should be to create positive buzz, to be talked about by Millennials. Simply having a presence on social media isn't enough—the aspiration should be to become the topic of conversation for all the right reasons. Contrary to the famous public relations maxim that all publicity is good publicity, many firms have found, to their regret, that the negative online buzz they are generating can zap both brand strength and sales. Instead, companies need to engender the type of positive online buzz that can lift brands and sales alike.

To reach Millennials on social media, a brand or product must become

Our research also highlighted the quicksilver nature of social media.

## For further reading

"Shoppers without borders," *Outlook* 2012, No. 3: <http://www.accenture.com/us-en/outlook/Pages/outlook-journal-2012-shoppers-without-borders-retail.aspx>

"Serving the nonstop customer," *Outlook* 2012, No. 3: <http://www.accenture.com/us-en/outlook/Pages/outlook-journal-2012-serving-the-nonstop-customer-marketing.aspx>

"Harnessing the power of social media," *Outlook* 2011, No. 1: <http://www.accenture.com/us-en/outlook/Pages/outlook-journal-2011-harnessing-power-social-media.aspx>

For more related content, please visit [www.accenture.com](http://www.accenture.com).

Although Facebook remains by far the largest social network in the world, Millennials—perhaps as a bellwether for the actions of other generations—have begun to move on. "[Facebook has] kind of died down," shrugged one. Others listed their Facebook alternatives: Twitter, LinkedIn, Tumblr, Pinterest and more. For retailers, this proliferation means that where the conversation takes place is constantly evolving. Next year, it could be an entirely new site; in five years, the social media channel itself could morph into a completely different form.

Driven by the Millennials and future digital generations as yet unnamed, we believe retailing will change more in the next five years than it has in the last 50. That's because consumer uptake of new communication technologies has continued to compress over the past 125 years.

Look at radio: It took more than 30 years to achieve a consumer adoption rate of 50 percent. Mobile phones took only 15 years to reach the same level, and social media, a mere 3.5 years. The message for retailers is simple: While you had literally decades to perfect your radio-era go-to-market strategy, with social media you will be lucky to get a year, and in the future, a year might be a best-case scenario.

Unfortunately, our research shows that retailers are currently under-delivering when it comes to the demands of Millennials. When Accenture evaluated more than 60 global retailers to understand how seamlessly they deliver the customer experience, we found that most of them had big holes in their approaches.

We have identified six dimensions as contributing to a seamless retail experience. Today, most retailers are making headway on only two: providing a consistent cross-channel experience and offering

personalized interactions. The other four—connected shopping, integrated merchandising, flexible fulfillment options, and the capabilities and enriched services that help make the overall shopping experience better, faster and more memorable—remain works in progress.

### Becoming seamless

We define seamlessness as the ability to deliver a consistently personalized, on-brand experience for each individual customer, at every touchpoint—anytime and anywhere. A seamless customer-facing retail experience will typically include the following four components (see chart, page 4).

- To reflect customer demand, retailers need to customize their offerings across channels in the ways Millennials want, which typically boils down to providing better, faster, more memorable service.
- Retailers also need to integrate their operational elements so that they can have a single "conversation" with customers, not one that changes from smartphone to PC to physical store.
- IT platforms should be integrated to unify their sources of data and boost cross-channel transparency.
- Finally, retailers will need to team up with technology, data, analytics and process partners to provide the service performance Millennials want, since they will not be able to deliver it all themselves. As a result, successful players are collaborating to strengthen their customer value propositions. For instance, a third-party logistics provider can supply same-day delivery services for online purchases, enabling retailers to offer a service customers want without having to invest in an expanded delivery fleet or new routing capabilities.

To improve their capabilities as a seamless organization, we suggest

that retailers consider the following five steps.

- First, integrate the company's merchandising and marketing departments with a unified position, making the customer experience just as important as product and price considerations within the company.
- Second, retailers should consider ways to consolidate single channel teams in order to serve customers on an end-to-end basis across the enterprise.
- Third, retailers can organize their store employees on two specialized tracks, one tasked to serve customers and the other focused on fulfillment, since the two disciplines differ dramatically from each other.
- Fourth, companies should explore ways to evolve their supply chains to gain the capability of managing their inventory holistically. That means "forward" to the stores, "backward" for returns and "side-ways," which involves sourcing from other stores.
- Finally, many retailers should think about how to expand the metrics they use to keep track of the company's customer handling performance, as well as the incentives that drive it. Normally, retailers look at same-store performance, but that dynamic changes when companies use stores to fulfill orders initiated online. Questions arise, including which channel should receive credit for the sale? Who covers the cost of fulfillment? And how do you encourage stores to support these shifts when each is responsible for its own profitability?

learning curve. One consequence of this evolution is that the retail environment will probably change faster than many companies expect in the coming years, and many retailers will find themselves falling further and further behind. That's because delivering products and services in a truly seamless fashion will require companies to make profound changes across their entire organizations—changes that many seem either unprepared or unwilling to make.

To close this emerging consumer generation gap, retail leaders need to take action now to provide the seamless end-to-end experience Millennials demand. ■

### About the authors

**Christopher Donnelly** is the industry managing director of Accenture Retail. He is based in Chicago.  
*christopher.donnelly@accenture.com*

**Renato Scaff** is an Atlanta-based managing director in Accenture Retail.  
*renato.scaff@accenture.com*

*Outlook* is published by Accenture.

The views and opinions in this article should not be viewed as professional advice with respect to your business.

The use herein of trademarks that may be owned by others is not an assertion of ownership of such trademarks by Accenture nor intended to imply an association between Accenture and the lawful owners of such trademarks.

For more information about Accenture, please visit [www.accenture.com](http://www.accenture.com)

Copyright © 2013 Accenture  
All rights reserved.

Accenture, its logo and  
High Performance Delivered  
are trademarks of Accenture.

---

Our research shows that Millennials are not only transforming their own shopping behaviors but those of their parents, who are increasingly mimicking the demands of their children for seamlessness as they climb the digital