



# King • Casey REPORT

Insights and Trends in Retail Branding, Merchandising and Design



## Retail Strategies and Designs That Attract Millennials

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A KING-CASEY REPORT by Kai-Lin Black, Marketing Manager, King-Casey

## Who Are Millennials?

Millennials are quickly becoming the most talked about age group. They are popularly defined as between 19-36 years old, although no one can seem to agree on the exact range. What is agreed on is the reality that millennials are the largest generation in the US and account for one-third of the population. Retailers are rapidly realizing that they are the engine of the consumer economy.

## What Makes Millennials Different?

Millennials are the first generation to have had access to the internet during their formative years. They stand out because they have grown up and become independent during a difficult time in the economy, something that has shaped many of their life decisions. Despite being one of the most educated generations, many are underemployed. The recession has had a major impact on their view of the economy and the workforce. In spite of this, millennials are more upbeat than their predecessors about their economic futures as well as the overall state of the nation. These factors that make millennials unique have shaped what is important to them and in turn how retailers must respond.

## Millennial Needs & Retail Strategies

Millennials retail needs and expectations are very different than any other age group. They are in search of adventuresome and memorable retail experiences where shopping is more than just a transaction. For millennials, the retail experience is more important than the product being offered. The “sea of sameness” in traditional retail (where one brand’s store is much like another’s) is not good enough anymore. Brands need to develop retail strategies that respond to key millennial needs. King-Casey has determined specific needs highly sought after by millennials and how brands need to respond to stay in the game.

**Millennials seek the “wow” factor.** They love retail environments and experiences that are unexpected and remarkable. They crave the joy of adventures and discoveries and view commerce as an opportunity rather than a burden. Millennials seek out thrills and long for an experience that will give them something to talk about and share with others.

***Retail Strategy.** Brands should be surprising and innovative. The look of the environment...the way a store is shopped...the overall experience should be unique,*

*wonderful, fun, and surprising. This not only differentiates a brand, it creates the unexpected and valued “wow” factor that millennials crave.*

**Millennials want to feel entertained.** Although millennials are more often than not glued to their phones, they still prefer brick-and-mortar stores over online shopping. They view shopping as social and a form of entertainment. A study by Infographics Media showed that millennials are 216% more likely than other generations to be influenced by a store’s in-store touch screen displays.

***Retail Strategy.** Brands should be engaging and entertaining. We call this “retailtainment”. An example of this could be in-store communications that anticipate customer needs, are educational, informative and help customers shop and compare. Another approach is to use visual merchandising that is engaging and highly interactive.*

**Millennials want to be well educated and informed.** Unlike baby boomers who have long exhibited consistent brand loyalty, 57% of millennials are comparative shoppers. Millennials choose to trade up and trade down. Millennials like to search for a good deal and use social media as a way to stay informed about a company’s specials and sales going on. They are more likely to try a new brand/company based on these findings. They prefer to find out what they can about the company they are buying from. They integrate their beliefs and causes into their choice of companies to support, their purchases and their day-to-day interactions.

***Retail Strategy.** Brands should be educational and informative. The more information that is available the better the chances of appealing to millennials. Customers should be given enough information about a product to make a wise shopping decision (how it compares to others, what are its key features, where is it sourced from, etc.).*

**Wellness is a daily active pursuit.** Many millennials exercise more than their parents did at their age and live active lifestyles. They are twice as likely to care about whether or not their food is organic than non-millennials.

***Retail Strategy.** Brands should be health conscious. Brands that give off a healthful vibe will likely be more popular than those who don’t.*

**Millennials know and use technology.** Millennials grew up in a time when technology exploded. They use their cellphones more than any other generation. Millennials use social media to review or ask a friend for advice before making a decision. They also use social media while consuming (and deciding to consume) products and services. Millennials have an eagerness for connection and use social media as the primary way to do this. Their online presences reflect and affect their behavior in the physical world. They derive value more from marketing processes, advertising and social interaction than the product offered.

***Retail Strategy.** Brands should be tech savvy. Brands that embrace technology will be more popular among millennials. Brands should be active across all social media platforms and offer different benefits for “following” them on each one. Be sure to look for ways to leverage technology in the store as part of your visual merchandising strategies.*

**They care about the greater good.** Millennials care about more than just political and ethical issues. They are attracted to brands that are genuine and authentic. Millennials go out of their way to find brands that they can respect or relate to. They are concerned with a company’s beliefs and behaviors. More than 50% of millennials make an effort to buy products from companies that support the causes they care about and are more likely to question a company’s ethics.

***Retail Strategy.** Brands should be caring and compassionate. An increasing number of brands put a focus on their store’s LEED certification. Restaurants that source local foods to reinforce “sustainably, fresh and local” are attractive to millennials.*

**Millennials need to be heard.** Millennials enjoy the possibility of collaborating with businesses and brands, as long as they believe their say matters to the company in question. Millennials social media use plays a large part in this. Since they are more likely to leave reviews or share experiences online via social media, they want to make sure brands are recognizing this and are listening to their feedback.

***Retail Strategy.** Brands should be socially involved and give millennials an opportunity to be heard. Being active on social media and interacting with customers shows that their opinion matters and that they are being heard.*

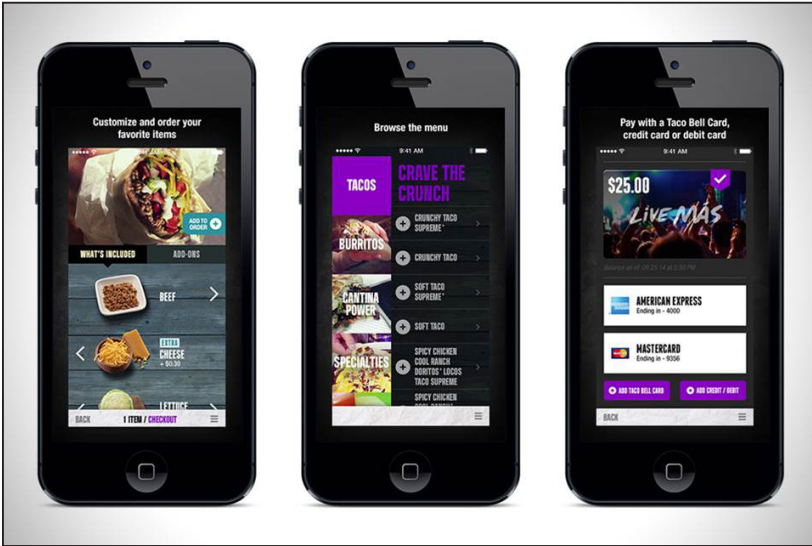
It is clear that millennials seek out certain types of retail environments and favor brands that deliver distinct qualities. It isn’t necessarily the name of a brand that draws them in, but rather the retail environment and overall customer experience. By leveraging some or all of the above strategies, brands can attract millennials and grow their business.

## Delivering the “Wow” Factor



*Nebraska Furniture Mart’s 560,000 square feet of selling space in Dallas, Texas creates plenty of “wow” for its size alone. But the wow-factor doesn’t stop there. There’s an elevated tree house in the kid’s furniture department; interactive touchscreens throughout to help customers negotiate the store; and intimate store-in-store shops for key brands (Bose, Kitchen Aid, Jenn-Air, etc.). The entire shopping experience has been developed to anticipate and respond to the customer journey and the nuances of how customers shop. NFM bills themselves as “The Disneyland of furniture, flooring, electronics and appliances”. Wow!*

## Providing Tech Savvy Solutions



*Taco Bell and many others are developing smart phone apps with helpful and interactive features that are very appealing to millennials. In this example, Taco Bell's phone app has multiple features that go beyond mobile ordering to bring a new Taco Bell experience to fans. Consumers get to view and select ingredients to customize an order like never before – in addition to paying securely and picking up the order conveniently through drive-thru or in a separate line within the store. Taco Bell is the first business to offer “Rotate to Reorder” a feature that makes reordering customized favorites as easy as a flick of the wrist. How cool is that?*

*Retailer Carrefour has installed virtual fitting rooms in shopping centers around France, allowing women to try on clothes from the new ready-to-wear collection without actually stepping into a fitting room. The virtual fitting room experience combines augmented reality and motion recognition technology. To make this campaign really viral Carrefour stimulated its avid followers of fashion by sharing their photos via social networks to win shopping coupons.*



## Making Health Conscious Changes

*When it comes to restaurants, more and more leading brands are removing artificial flavors, colors and preservatives and providing nutritional information on menuboards mandated in USA by the FDA. They are also offering new and healthier choice menu items and heavily promoting these changes to attract millennials (and because it's the right thing to do).*

## Caring for the Greater Good and Proud of It



Whole Foods grocery stores (above) peppers its stores with communications celebrating what the brand is doing to support environmental stewardship. They also provide shoppers with helpful information regarding the sustainability of the products they offer. At Burgerville restaurants (above right) the brand not only communicates the fact that products are sourced locally, they also celebrate their commitment to powering all of their locations via wind power. Some of Starbucks' new drive-thru's are built from recycled shipping containers (which is not only environmentally smart, it allows the brand to install a new drive-thru in only about a week).



## Leveraging the Concept of “Retailtainment”



Inside of Dicks Sporting Goods is a 47 ft. entre-prises climbing wall, providing not only an unexpected “wow” factor, but also a fun, interactive, educational and entertaining experience in rock climbing for current and potential fans of the sport. Nothing typical about this retail experience.

## Tried and True Methodologies

Over the decades, King-Casey has perfected a number of proprietary methodologies that directly speak to millennials' needs and expectations by allowing for the thoughtful creation of designs, communications, and features that directly address each of the above customer needs and retail response strategies. These include the following:

**COZI®:** This is an acronym for Customer Operating Zone Improvement which was pioneered by King-Casey decades ago. It is the concept of developing merchandising and communications strategies based on the many different "customer operating zones" within any retail environment. Each retail environment is actually a collection of many individual "customer operating zones". Customers behave differently in each zone. Their needs and expectations are different. By identifying these zones and understanding how customers behave in each zone, and by identifying their needs in each zone, we can craft zone-specific

communications, merchandising and design strategies that are sharply responsive to how customers use these zones.

**3-D Branding:** This strategy results in a unique and proprietary environment and customer experience that differentiates a brand from its competitors. This is achieved by visually communicating the essence of a brand by integrating brand identity, positioning, trade-dress and architecture. In this sense, we develop a three-dimensional interpretation of a brand. Everything the customer sees and touches is unique to this particular brand. The environment itself communicates to customers the brand's personality and distinction in the marketplace.

**"Retailtainment":** Retail + entertainment = retailtainment. It is the result of design and communications strategies that result in an entertaining and informative customer environment. This speaks to Millennials' needs for entertainment and "wow", as well as their need to be educated and well informed.

## About King-Casey

King-Casey is one of the top retail consulting and design firms in the U.S. For more than half a century, we have been helping companies build competitive brands by dramatically improving the customer experience. Our highly creative design solutions are firmly grounded in scientific insights derived from research and hard data about consumer behavior. Our strategies and designs are crafted to realize measurable and meaningful results for your brand. We provide a complete range of services including assessment, research, branding, visual merchandising, store design, and rollout. We will help you develop creative, innovative solutions that result in increased customer loyalty, higher sales and greater return on investment.

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