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Balancing Multi-Generational Retail Strategies

Winning over Millennials without losing Boomers



It is no secret that Baby Boomers are a shopping force and have provided retailers with the main source of income for the past decade. Baby Boomers (those born from 1943 - 1964), drive the strategy, merchandising and marketing for many retailers today. Small wonder. With a shopping force 65 million strong, a large percentage of retail sales comes from the Baby Boomer generation.



A sampling of our sales data on retail store branded credit cards across a number of retail verticals shows that even though the population of Millennials (those born 1976 - 1992) is equal to Boomers, Boomers significantly outspend Millennials:*

	Millennial 18 - 34	GenX 35 - 44	Boomer 45 - 64	Silent Generation 65 - 89
Retailer A	10%	20%	48%	21%
Retailer B	10%	15%	47%	27%
Retailer C	6%	13%	48%	32%
Retailer D	9%	19%	45%	27%
US Population**	32%	14%	30%	24%

GenX is not a specific generation of focus to retailers, simply because their numbers are not large, and they tend to follow similar trends as the Boomer and Millennial generations. Strategies that are transparent, value based and delivered to mobile devices will be sure to capture GenX as well.

*Synchrony Financial Analytics, August 2012 - July 2013 data on credit cardholders based on sales from four retailers.
**2010 Census data - % population 18 - 89 years old.

A strategy focused on Boomers may need to evolve into a strategy more inclusive of a wider population. Millennials are quickly becoming a shopping force of their own. Although not yet spending in large amounts, 80MM of them are entering their peak consumption years.

There is no shortage of information and analysis on the Millennial population. White papers, academic studies, customer research and social listening abound. Millennials have been analyzed for their thoughts, feelings, likes, dislikes, charity, diversity, shopping habits, debt levels, etc.; yet, actionable insights about what drives their behavior have proven more elusive. This often leads to a wide range of opinions on the subject, from "Ignore them, they have no money anyway," to "Drop everything and focus solely on Millennials".

One thing is certain, Millennials are here to stay. And so are the GenX and Baby Boomer populations. Boomers still have the most disposable income and almost 50% of retail sales compared to about 10% for Millennials. As a result, this white paper will focus on **multi-generational marketing**. Any other approach would be significantly one-sided.

- Retailers who do not fully understand
- and engage the Millennial customer may
- eventually find their strategies out of touch
- with their future core shoppers.

Two generations, one unified brand experience.

How can a retailer provide a seamless, compelling experience for both their existing Baby Boomers and their new Millennial customers? By embracing both the similarities and differences between the two.

SIMILARITIES

1. Both Boomers and Millennials love coupons, bargains and sales.¹

- Take advantage of discount offers more often than in the past
- More likely to purchase if they have a loyalty discount or coupon

71% Millennials

65% Boomers

75% Millennials

75% Boomers

2. Women are the overwhelming majority doing the shopping in apparel and department stores and talking about their experiences in social media.²

- Social media buzz about retail driven by women (even in male oriented stores or when men are purchasing)

83% Millennials

82% Boomers

3. Both Boomers and Millennials are very comfortable with online shopping, browsing and researching.

- Have visited a retailer's mobile site on a tablet¹
- Research products online³

55% Millennials

68% Boomers

90% Millennials

86% Boomers

4. Millennials are only moderately more likely to own digital devices.¹

- Own a smartphone
- Own a tablet

66% Millennials

54% Boomers

46% Millennials

31% Boomers

?

MYTH BUSTERS

Millennials are no more likely to shop a socially conscious, "green" retailer than GenX and Boomers. Shopping at a retailer with a "social conscience" is important to about 67% of all these generations.



1. Synchrony Financial, Mobile Adoption: Shopping Insights. June 2013.

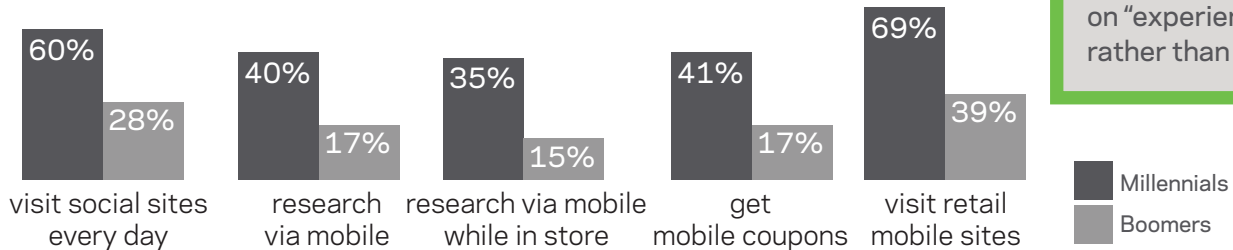
2. Retail trends around Millennial and Boomer Audiences Through Social Media. Study commissioned for Synchrony Financial through Fizziology, October, 2013.

3. Generations Study: Millennials and Boomers, Radius Global Market Research 2013. Complete survey results at radius-global.com.

DIFFERENCES

1. Millennials and Boomers use digital devices differently.¹

- Millennials are much more likely to use their mobile phones for a wide variety of shopping related tasks. Boomers have the devices, but are much less likely to use them as interactively for shopping.



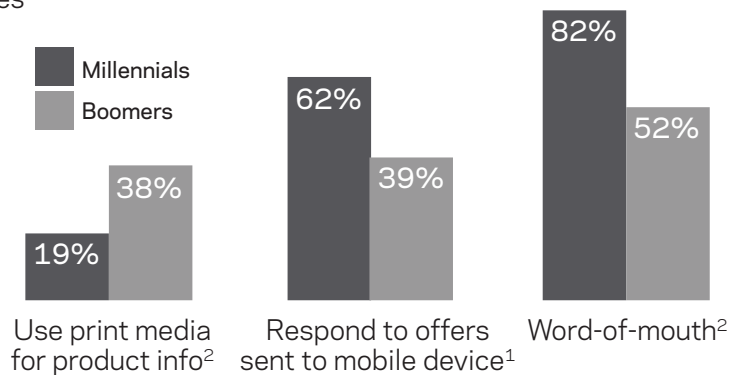
MYTH BUSTERS

Millennials are no more likely to spend more money on "experiences" rather than "things".

2. Millennials rely more heavily on word-of-mouth, social media and mobile influences.

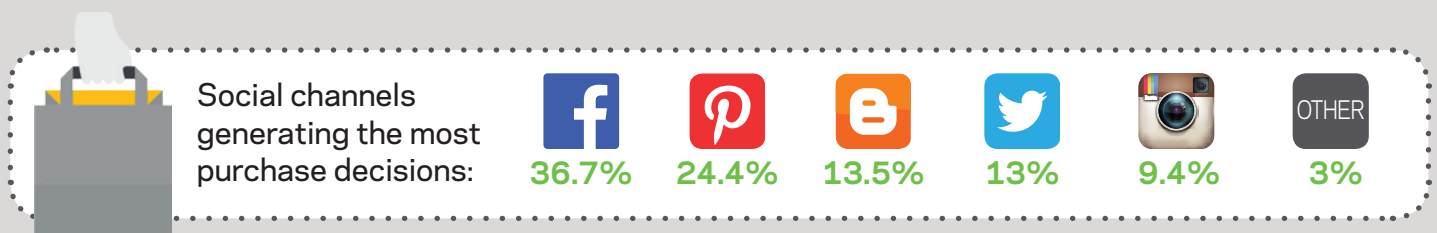
Millennials have a greater need than Boomers for peer acceptance, connecting with their peers, fitting in and social networking. As a result, Millennials are much more likely to value word-of-mouth (what friends, relatives and colleagues recommend) as a top influencer of their purchases.

- 82% of Millennials say word-of-mouth is a key influencer to their purchase decisions.** The other influencers lag almost 10 points behind (73% online shopping sites, 69% advertising).
- The #1 influencer for Boomers is online shopping sites (at 62%) followed closely by advertising and advice from a sales person.



KEY INSIGHT on word-of-mouth³

- In a proprietary social listening study, 22% of the social conversation was generated by "advocates" - evangelists who can be credible marketers to their friends and family through social media. And, Millennials were more likely to be advocates - 29% of their conversations could be considered "advocating" on behalf of the retailer. This is in stark contrast to Boomers, where only 18% of the conversations could be considered social advocacy.
- How does this translate to purchases? **68% of shoppers have purchased a product a peer shared on social media.**⁴



1. Synchrony Financial, Mobile Adoption: Shopping Insights. June 2013
 2. Generations Study: Millennials and Boomers, Radius Global Market Research 2013.
 3. Study conducted by Fizziology for Synchrony Financial. October, 2013
 4. CrowdTap: Social Advocacy study. 2012

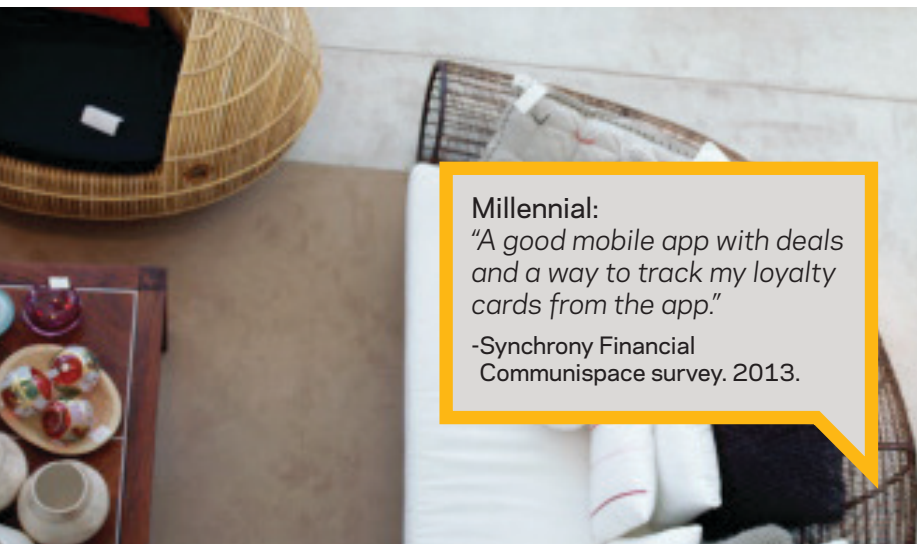
DIFFERENCES

3. Boomers and Millennials want a different in-store experience.*

Boomers crave customer service while Millennials want technology to make their shopping experiences frictionless.

Millennials care a great deal about price, and price drives many of their purchase decisions in several categories, including specialty retail, appliances and electronics, and department stores.

Boomers score higher in selecting a store based on the styles and brands they prefer. In specialty retail and department stores, Boomers are much more likely to select a store based on the styles they carry, rather than based on price. Boomers are moderately more likely to be price driven in the Home Furnishings category than Millennials.



Millennial:
"A good mobile app with deals and a way to track my loyalty cards from the app."
 -Synchrony Financial Communispace survey. 2013.

Boomer:
"Reasonable variety of products that are easy to find. Customer service people who are present, but not intrusive and who have a level of expertise that is helpful when I have a question or a problem to solve."
 -Synchrony Financial Communispace survey. 2013.



Purchase Drivers by Retail Category

(% completely / somewhat important to the purchase decision)

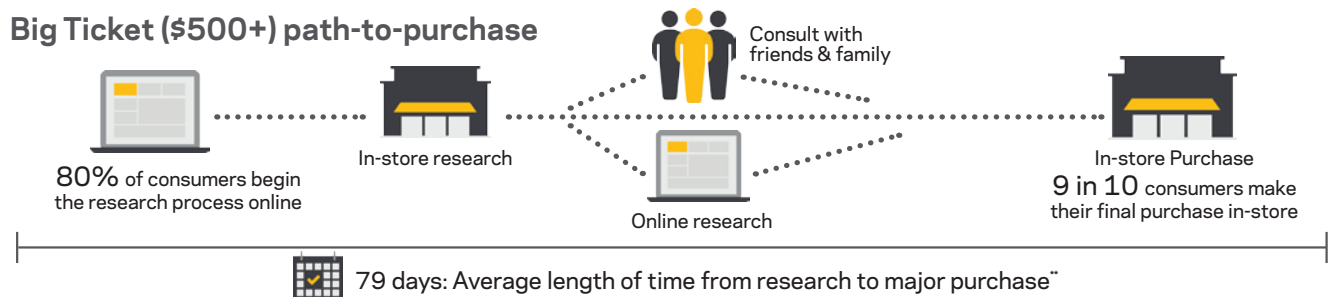
Specialty Retail	Carries the styles I like	33% Millennials	38% Boomers
		22% Millennials	17% Boomers
Appliance & Electronics	Carries the brands I prefer	15% Millennials	23% Boomers
		40% Millennials	31% Boomers
Department Store	Carries the styles I like	24% Millennials	31% Boomers
		29% Millennials	18% Boomers
Home Furnishings	Has high quality merchandise	32% Millennials	28% Boomers
		25% Millennials	32% Boomers
Home Improvement	Has superior customer service	27% Millennials	15% Boomers
		24% Millennials	38% Boomers
Mass Merchandiser	Open when convenient for me	33% Millennials	24% Boomers
		46% Millennials	58% Boomers
	Offers the best prices		

*Synchrony Financial, New Normal Consumer Survey. April 2012

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New approach: Knowing the similarities and differences between Baby Boomers and Millennials leads to new strategies retailers can use to attract and retain both generations in a single brand experience. Here are some ways to get started:

- 1. Deploy different coupon and sales strategies to drive traffic.** The communication of the sales event could be executed differently for Millennials vs. Boomers. If possible, pursue different media purchases which communicate to different audiences. Focus print media on in-store experiences for the Boomer population, while retailer apps can focus on items to attract the Millennial customer.
- 2. Ensure your digital customer experience is frictionless.** Invest in best-in-class digital/mobile platforms. Make sure the user experience in retail apps for both smart phones and tablets is optimized. Some avenues to consider include flash sales, curation, uploading shopping baskets to social media and in-store items to the online basket. A seamless experience will go far in engaging the Millennial shopper.
- 3. Understand your customer's path to purchase dynamics.** Target strategies around what you know about research thresholds by products (i.e.: free shipping offers, additional discounts, product combinations). Research shows 46% of shoppers research a product online after the price reaches \$116.*



- 4. For Millennials, create opportunities to generate and amplify the impact of word-of-mouth advocacy.** Ensure you are in the right social media channels and frequently interact with your customers. The top influencing websites are Facebook, Pinterest and blogs. Ensure your presence is on-brand and engage your customers, encourage likes, tweets, re-tweets and blogging. But, be mindful of trying to over-generate this content. Retailers who are openly trying to control the conversation are often caught.

∴ Strategies to attract the Millennial to the brand should
 ∴ include customer advocacy as well as social media.

*Synchrony Financial, Mobile Adoption:Shopping Insights. June 2013.

**Synchrony Financial, Digital Path to Major Purchases, Volume 2, 2013.

- : Attract the Millennial by using flash sales, special offers and push notifications.
- : Keep the Boomer with great customer service and an engaging website.



5. For Boomers, pay attention to online shopping, advertising and customer service.

- Keep your website interesting and engaging. Deepen the customer experience of the Boomer by including wish lists, special offers, flash sales and customer reviews.
- Ensure traditional advertising talks to the Boomer segment. A media campaign can be fresh and innovative in its approach, but should be careful not to alienate this key segment of the retailer's population.
- Ensure the retail sales staff is knowledgeable and engages the customer. Sales associates who are poorly trained or equipped are a particular dissatisfier for Boomers.

6. Align your organization to ensure consistent brand experiences across channels.

New roles are being created in the C-suite, such as Chief Omni-Channel Officer or Omni Strategy Director. These positions look across channels to ensure the customer experience is consistent with the brand promise.

7. Develop associate training and involvement to create a delighted customer.

Since 88% of big ticket purchases are made in the store, it is vital for the store associate to be trained and comfortable with the needs of both Millennials and Boomers. Associates should have enough store knowledge to give Boomers the personalized experience they expect, and enough understanding of digital technology to give Millennials the online tools and connections they expect. Most importantly, associates should be prepared to give both customers the extra services needed to earn and keep their business, including:

- Shipping items from store to customer
- In-store kiosk for online ordering
- Access to Wish Lists and Online Shopping Baskets

8. Focus on women as the drivers of the social conversation.

This conversation can amplify a retail experience many fold. Understand the female consumer and how she is communicating her purchases. In your advertising, consider using a Twitter handle and Facebook page to inexpensively drive conversation and social sharing.





Conclusion

A multi-generational retail strategy is becoming more relevant and necessary for today's retailer with a base of Baby Boomers and a desire to attract a younger demographic. The ideal strategy is one where the Boomer population feels valued and delighted, while the Millennial feels excited and interested.

Both can exist in one seamless retail experience. Several strategies can be used to ensure the retail experience effectively engages both generations.



Focus on what really matters.

With 80 years of experience in consumer financing, Synchrony Financial, built from GE heritage, is one of the most successful retail lenders in the U.S.

Synchrony Connect provides the strategic tools you need to map out a successful future and allows you to concentrate your energies right where your business needs it most. Our Research/Marketing Insights organization leverages the latest methodologies to study trends and customer behavior in order to deliver key insights on areas that include macro shopping trends, digital technology, path-to-purchase and payment preferences.

Contact your Synchrony Financial representative to discover how we can help you grow your business.

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Author: Sue Yasav – Marketing Insights Leader
sue.yasav@synchronyfinancial.com

Contributors: David Liebskind – Retail Advisory Services Leader
Judy Lahart – Market Research Leader
Courtney Keating Chakarun - Vice President,
New Products and Market Research
Sanjay Sidhwani - Vice President, Analytics