How GenY Shops:
Five Tips to Understanding Millennial Retail Purchase Decisions

By Advantage Sales and Marketing and its full service market research group, SMARTeam™
The American Dream is Changing with Millennials

They are putting off getting married, starting a family, buying homes and new cars. They have more college debt and smaller nest egg savings than any other generation. Even with a degree, it is often difficult for Millennials to find work.

With not enough money coming in and college debt looming over head, Millennials choose to do without the bigger items. They live in a world where traditional purchases associated with the American Dream are being put on the backburner so they can focus on paying off the higher costs of education.

In the meantime, Millennials are coping with the loss of “traditional” entitlements by making purchases that are within their reach. Smaller purchases deliver instant gratification, masking the reality that they are stuck in a low socioeconomic life stage.

Millennials live in such a different adult world than their predecessors that it’s no surprise they have their own unique shopping habits. Millennials are window shoppers, and the best place to dream big is a place that has it all. That’s why 52% of Millennials rank one-stop shopping as the most important factor to enhance their shopping experience. They think more options are always better, so Millennials prefer to shop in malls vs. stand-alone department stores.

But don’t expect Millennials to shop haphazardly on every shiny item they have an urge to buy. Because of their tighter wallets, Millennials are very methodical in how they choose from the array of available goods. Using mobile technology and visiting multiple one-stop-shops, they make the effort to get the biggest bang for their buck.

Millennials always filter their options by price and quality before anything else. Despite what other generations think, they are pragmatic with their money, hunting several one-stop shops for the best values available and unafraid to search the cluttered aisles of local thrift stores for a good bargain.

They may not be able to show off a new home or a fancy new car, but they will define themselves with a mix of great deals on trendy and DIY items that have the perfect fit and last a long time.

Make no mistake, Millennials aren’t whimsical shoppers—Millennials know how to be resourceful when shopping.
Millennial Micro-Stages Matter

To sustain the Millennial consumer, businesses should recognize that this consumer’s needs change steadily. It’s important to identify their micro-stages and find ways to align your product or service to maintain relevance through each need stage. Stick around for a moment and we’ll show you how.

MEET THE MILLENNIALS

Born after 1979, these young adults range from 18 to 34 years old. Their lifestages vary from recent high school graduates to professionals living in suburbia with their spouse and children. This study follows three standout segments of this evolving generation:

THE IMPRESSIONABLES

These Millennials are young, have few new family ties, and are in the beginning stages of their adult life. They may be students. They may have part-time jobs. They’re college age, have lower incomes, and live in multi-person households.

While this group is young and impressionable, they will attain higher incomes soon. Making a good first impression now will pay off down the road.

THE CONVENTIONALISTS

The big spenders of the Millennial Generation, the Conventionalists followed the life event roadmap of previous generations. They graduated from high school. They went to college. They got a job.

They got married. They are the oldest Millennials. They are most likely to be home owners and married with kids. They have jobs and money to spend right now. Focusing on their needs will drive sales today.

THE MOTLEYS

These are the Millennials who took the road less traveled. Maybe they moved back in with their folks for a while. Maybe they had a child before getting married. Maybe they took a while to finish their college degree.

By far the most complicated—and largest—segment, in many ways they represent evolving Millennials as a whole. Diverse. Unconventional. Unpredictable. They tend to be middle income, renters or ‘boomerangs.’ They are the x-factor and keeping them engaged is essential for success.
Quality + Price = VALUE

Notice a trend? So did we. Millennials are always choosing products based on their quality and price, but at varying degrees depending on their lifestyle or lifestage.

**Impressionables seek a price preference...**

80% are likely or very likely to shop at a different location for a lower price.

55% would switch brands to save money.

**For conventionalists, quality first...**

81% would shop at a different location for better quality.

Look for new or trending products, ingredients, flavors or scents on:

- Social media sites 72%
- TV 51%

52% attended a food sampling event.

**Motleys value a value...**

75% prefer pricing with promotions.

47% would choose a “money back for money spent” loyalty program.

60% say special pricing would get their attention.

43% buy convenient meal solutions at least once a week.

**Capture**

Conventionalist Millennials by offering a quality shopping experience featuring trending products, in-store sampling, and a plethora of convenient meal options.

**Win over**

Impressionable Millennials who care less about brand or perceived product quality with the lowest prices.

Those seeking value first and foremost (more bang for the buck) tend to be Motley Millennials. Bring them to your retailer by emphasizing good deals, running frequent promotions, and offering rewarding loyalty programs.
A third of Millennials spend $500 or more each year on apparel, which must be quality, at a good price point, and with the perfect fit. Most of these big spenders tend to be Conventionalists who are shopping for the whole family. They also make up the majority of the 61% of Millennials who are shopping for clothes and shoes at least once a month. After all, in a world running on instant media, trends move lightning fast!

However, many Millennials haven’t started a family yet, and retail therapy is for the self-indulgent. It makes sense that more often than not (76% of the time), Millennials are shopping for themselves.

1 | Know the Dress Code

Millennials are obsessed with looking good.

![Top Millennial Shopping Locations for Apparel](image)

**TOP MILLENNIAL SHOPPING LOCATIONS FOR APPAREL**

<table>
<thead>
<tr>
<th>Location</th>
<th>Primary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boutiques</td>
<td>2%</td>
<td>21%</td>
</tr>
<tr>
<td>Used Clothing Stores</td>
<td>6%</td>
<td>25%</td>
</tr>
<tr>
<td>Discount Apparel Stores or Outlets</td>
<td>9%</td>
<td>41%</td>
</tr>
<tr>
<td>Online Retailers</td>
<td>11%</td>
<td>38%</td>
</tr>
<tr>
<td>Stores in Shopping Malls (not including dept. stores)</td>
<td>29%</td>
<td>44%</td>
</tr>
<tr>
<td>Department Stores</td>
<td>21%</td>
<td>47%</td>
</tr>
<tr>
<td>Mass Merchandisers (Walmart, Target, etc.)</td>
<td>21%</td>
<td>46%</td>
</tr>
</tbody>
</table>

**INSIGHT**

Promote fashion-forward apparel.

**RECOMMENDATION**

Capture the bulk of Millennial purchases by branding your store as the first place to shop for the best deals on the latest trends.
Millennials aren’t always shopping for themselves. Many may not have “real” children, but Millennials treat their pets like family members. For some who have foregone getting married or having kids, pets have helped fill a void. 69% of Millennials own dogs and 47% own cats, making pet food and supplies frequent purchase items. Since Fido and Fluffy must always look their best among their pet peers, Millennials look at price and quality first—then check out brand names.

**TOP MILLENIAL SHOPPING LOCATIONS FOR PET FOOD OR SUPPLIES**

<table>
<thead>
<tr>
<th>Location</th>
<th>Primary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery Stores</td>
<td>21%</td>
<td>38%</td>
</tr>
<tr>
<td>Pet Specialty Stores</td>
<td>35%</td>
<td>31%</td>
</tr>
<tr>
<td>Mass Merchandisers</td>
<td>34%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Besides apparel, Millennials shop most often for pet food or supplies. 62% shop at least monthly.

**INSIGHT**
Leverage frequent sellers.

**RECOMMENDATION**
To help drive sales and increase brand awareness of new or low-performing products, place them in close proximity to pet food and supplies.
Not all Millennials are living with Fluffy and Fido at mom and dad’s house. Millennials who actually can afford to buy a home tend to be the more established Conventionalists. Established or not, many are still trying to be as thrifty as possible.

Do-it-yourself [DIY] home improvement projects are popular with 85% of Millennials, but they still try to pinch pennies where they can.

Preferring to shop at home improvement stores, 68% spent less than $250 on these projects during the past year. They’re most interested in paint, stain, flooring, and rugs. Outside of price and quality, Millennials want items that are both reliable and durable because keeping future repairs at bay is important when they already have huge bills to pay.

DIY doesn’t end at the home (especially since many don’t even own one). 85% of Millennials are crafters, and the majority belongs to the unconventional Motleys.

51% spent less than $100 in the past year on craft supplies (that’s only a little over $8 each month), and they prefer to get their goods from craft stores rather than one-stop-shops. Fueled by Pinterest and other social media, Millennials look for creative ideas, determined to make something unique on a budget.
65% of Millennials reported shopping for small appliances a few times a year. You can find them at mass merchandisers, where they prefer to shop for blenders, toasters, and coffee makers, just like everyone else. However, many Millennials are still in shared-living situations, so they don’t spend much on these items. In fact, the majority of young Impressionables never buy small appliances at all!

This will change as they age and become more settled. Of Millennials in the market for small appliances, 69% spent less than $250 in the last year. True to the Millennial creed, price and quality weigh most heavily in appliance purchasing decisions, followed by reliability and durability.

For other generations, electronics are a modern luxury. That’s absolutely not the case for Millennials. To them, electronics are essential to everyday life. For these consumers, who learned to surf the internet long before learning to ride a bike, it’s no surprise that nearly all Millennials shop for electronics throughout the year—with Motleys leading the charge.

More than a third of Millennials spent $500 or more on electronics in the past year, alone. Millennials shop for cell phones and accessories more than anything else, and they prefer shopping for them at electronics stores or online. They can compare all the latest and greatest, read reviews, and buy the best quality and price. Millennials openly acknowledge they are tech junkies who put their electronics through the ringer. Reliable and durable devices are a must.

### TOP MILLENNIAL SHOPPING LOCATIONS FOR SMALL APPLIANCES

<table>
<thead>
<tr>
<th>Location</th>
<th>Primary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Club or Membership Stores</td>
<td>3%</td>
<td>19%</td>
</tr>
<tr>
<td>Specialty Stores (Williams Sonoma, Crate…)</td>
<td>4%</td>
<td>19%</td>
</tr>
<tr>
<td>Discount Stores or Outlets</td>
<td>3%</td>
<td>22%</td>
</tr>
<tr>
<td>Electronic Stores</td>
<td>7%</td>
<td>24%</td>
</tr>
<tr>
<td>Department Stores</td>
<td>8%</td>
<td>30%</td>
</tr>
<tr>
<td>Online Retailers</td>
<td>13%</td>
<td>31%</td>
</tr>
<tr>
<td>Mass Merchandisers (Walmart, Target, etc.)</td>
<td>55%</td>
<td>22%</td>
</tr>
</tbody>
</table>

### TOP MILLENNIAL SHOPPING LOCATIONS FOR ELECTRONICS

<table>
<thead>
<tr>
<th>Location</th>
<th>Primary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Club or Membership Stores</td>
<td>2%</td>
<td>16%</td>
</tr>
<tr>
<td>Online Retailers</td>
<td>21%</td>
<td>27%</td>
</tr>
<tr>
<td>Specialty Stores (Apple Store, Phone Carrier…)</td>
<td>14%</td>
<td>37%</td>
</tr>
<tr>
<td>Electronic Stores (Best Buy…)</td>
<td>33%</td>
<td>40%</td>
</tr>
<tr>
<td>Mass Merchandisers (Walmart, Target, etc.)</td>
<td>26%</td>
<td>42%</td>
</tr>
</tbody>
</table>
5 | There’s More than One Way to Swing a Bat

Millennials are so plugged into their electronics that they have no time for anything without an app, leaving traditional sports at the wayside. More than half shop for sporting goods a few times each year, but 20% never shop for them. Of those shopping for sporting goods, 77% spent less than $250 in the past year. Conventionalists and Motleys with kids make up the bulk of sporting goods shoppers. They prefer to get their gear from sporting goods stores with a large tangible selection, so they can find the right style or fit with the best ease of use. As with all other product categories, price and quality are top drivers for sporting goods purchases.

**TOP MILLENNIAL SHOPPING LOCATIONS FOR SPORTING GOODS**

<table>
<thead>
<tr>
<th>Primary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used Sporting Goods Stores</td>
<td>4%</td>
</tr>
<tr>
<td>Department Stores</td>
<td>9%</td>
</tr>
<tr>
<td>Online Retailers</td>
<td>10%</td>
</tr>
<tr>
<td>Sporting Goods Stores</td>
<td>46%</td>
</tr>
<tr>
<td>Mass Merchandisers (Walmart, Target, etc.)</td>
<td>23%</td>
</tr>
</tbody>
</table>

SMARTeam™ Market Research develops custom research to study and understand consumer behaviors and attitudes not currently represented with available syndicated resources. SMARTeam™ designed and developed the 2014 Millennial Study, surveying a nationally syndicated panel of 1,000 respondents ages 18 to 34. This report highlights attitudes of these Millennials, including three distinct segments. For information on how custom market research can benefit your business, contact SMARTeam™ today. SMARTeam™ Market Research is Advantage Sales and Marketing’s full service market research team.

**METHODOLOGY**

**METHODOLOGY**

**INSIGHT**

Customize.

**RECOMMENDATION**

Keep inventory costs low and Millennial customers happy by offering sporting goods that can be customized to cater to a variety of styles, fits, and uses.
Boost Your Bottom Line
Custom Market Research for Better Business Decisions

Let SMARTeam™ Market Research strengthen your story! The Team leverages its CPG expertise and integrates that knowledge with traditional and proprietary marketing research offerings to provide valuable, actionable insights for our clients and customers. More importantly, SMARTeam’s seasoned industry professionals speak the language of retail.

By interpreting this language through analytics and market research reporting, SMARTeam™ facilitates the strongest retail stories with the best custom solutions for each business challenge.

Assist your clients to better understand the consumer and respond to pressing retail questions with powerful and supportive data. Get help with questions such as:

- How do shoppers react to new or innovative merchandising or marketing scenarios?
- What are the key drivers in the purchase decision for your category?
- What are the underlying dynamics of a purchase decision and how does it differ by channel, chain and type of product purchased?
- What is the consumer’s perception of the “shopability” of a category?
- What factors motivate shoppers to switch brands, make an impulse purchase or try something new?
- What unique characteristics do shoppers perceive with your brand’s positioning?
- What are the key factors in a shopper’s decision of where to shop and how does it differ by class-of-trade?

Find out how SMARTeam™ can boost sales with data analysis and targeted opportunities. Whether you’re looking for existing consumer insight data or customized research, SMARTeam™ will drive consumers to your business.

FOR MORE INFORMATION
Contact Nick Sabala today at 208 395 7041 or email him at nick.sabala@theSMARTeam.com to find out what SMARTeam™ can do for you!