

# MARKETING TO MILLENNIALS

### How retailers are shifting to catch up

BY BRANDI SMITH

As news sinks in that generational mainstay Sears has filed for bankruptcy protection, it's prompting a renewed examination of the impact younger generations are having on the retail industry and how retailers are responding.

Sears will close 142 stores near the end of the year. along with the 42 it already planned to shutter. The filing is a kind of last-ditch effort to save the company that made it through the Great Depression after getting its start in Chicago more than 130 years ago.

There's no one identifiable nail in the coffin for Sears: rather a number of factors (and lessons for other large retailers) in an ever-shifting retail landscape.

ONLINE VS. BRICK-AND-**MORTAR** 

It's easy to look at Sears as an example of a brick-and-mortar behemoth that was unable to successfully answer demand when it comes to e-commerce. It did well in specific areas. Its tool sales, for example, landed it as the No. 5 domain in that category in 2017. However, that didn't translate to bigticket items, such as appliances.

Toys R Us struggled with the same challenges, leading to a bankruptcy filing and the closure of all its locations earlier this year. It barely even attempted to woo online customers. Rather than build a platform of its own, the toy chain shelled out \$50 million to Amazon to market its products. That left it with hardly any digital presence.

There is plenty of evidence that a change in approach is not only possible, but rewarded by consumers. Online sales have grown to 25 percent of all business for highend department stores Neiman Marcus and Nordstrom.

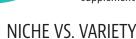
According to CBRE, Williams Sonoma now does 52 percent of its sales online. To accompodate that, the chain that offers gourmet foods and professionalquality cookware, had to modernize its supply chain.

Even Walmart, which was predicted to be an early victim of "the Amazon effect," has learned how to

thrive by offering online customers the same variety (or often more) they would find in a physical location

with the ease of online shopping.

This does not suggest the death of brick-and-mortar retailers. Receipts don't lie; people still prefer to buy products in-store. A number of online retailers (Amazon via Whole Foods, Warby Parker, Huckberry and others) have opted for physical locations to supplement online sales.



Another challenge for Sears was that it became such a juggernaut, it was nearly impossible to change its course. Along with the tools and appliances for which it was known, Sears sold clothing, home decor, shoes,

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## Neiman Marcus

### JCPenney NORDSTROM





















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accessories and beauty products. It started offering banking and real estate services.

There was a time when the one-stop shop approach lured consumers. They appreciated the variety and ease that went along with it and we saw retailers such as Walmart and Target capitalize on that.

The shopping habits of millennials, we've learned, are considerably different from their parents and grandparents. They prefer to shop at boutiques, specializing in a specific niche'. That's given rise to a new era of mom-and-pop shops opening up and thriving.

#### EXPERIENCE VS. CONVENIENCE

In that same vein, younger shoppers are foregoing the promise of convenience and opting instead for retailers that offer an experience. It can be personalized, immersive, responsive or, ideally, all of that. Retailers competing with the online market have to be able to provide something the internet can't.

Sears failed in this light by refusing to invest a significant amount to spruce up its stores. It ended in a middle-of-the-road scenario: not high-end like Nordstrom and not discount like Walmart.

Even the retailers that have succeeded in creating a niche' brand or experience are continuing to evolve. As an example, Barneys New York collaborated with an interior designer to revamp the ninth floor of its flagship Madison Avenue location. The area is now a showcase for Barneys Home and Barneys Kids,



even featuring a pop-up space. Walmart, Target and Macy's have also made considerable investments into refurbishing their stores.

Consider this: the influence of Instagram. If the social media generation can gather post-worthy content in a store, they will visit. That's also an opportunity for retailers to let customers do the marketing.

#### IDENTITY VS. BRAND

If you examine those department store retailers that have struggled, they also share a crisis of identity. It could be hard to differentiate what makes JC Penney a more contrasting shopping experience than Sears. They both offered a wide range (possibly too wide) of mid-levelpriced products. They also appealed to older shoppers, but failed to connect with the vounger generation.

On the other hand, you have brands such as Neiman Marcus, Nordstrom and Barneys that have staked a claim on the higher-priced end of the shopping experience. Swing to the other side of the pendulum and you'll find discount retailers such as Walmart, Target and Dollar Tree. Those stores all embrace and foster their identity more than any one brand.

To come back from the brink, Sears would have significant choices to make. Should it give consumers the deals they're looking for? Will it invest in creating an experience for customers? What kind of online presence can it offer for consumer convenience?

In reality, those are the same questions all of America's retailers need to answer, if they haven't already. They are learning that they must find a balance between all of these elements to succeed in an industry that, while having always shifted with the times, has never seen a sea change of these proportions. To survive, they'll cater to online customers while creating an experience in their stores. They'll distinguish themselves as a discount option or a high-end splurge. They'll create a persona that's easily marketed, identified and, let's be absolutely honest, social-media worthy.