

How technology is driving the millennial retail market

 By [Mark Thomson](#)

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Over the last decade, the retail industry has seen a shift in how it operates. The exponential increase in online shopping has had a significant impact on how we buy our products. Long gone are the days when purchasing items was done from Monday to Saturday, between a rigid office-hours timeline.



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The evolution of e-commerce culture has particularly affected one demographic: the millennial. This collective term we hear about in today's media and society is set to make up 75% of the working population by 2025. This represents a massive share of the retail market.

At the heart of the millennial's modus operandi is consumption of technology. After all, this is the Facebook and Instagram generation, where owning the latest smartphone is akin to holding a higher social status. This obsession with technology among millennials is, in turn, influencing how retail sales are made all over the world.

This new generation of e-shoppers has incredible spending power that retailers need to recognise if they want to succeed. In fact, according to [Forbes](#), millennials spend \$600 billion annually. This accounts for 28% of all daily consumer spending, and this will rise to 35% by 2030.

We know that millennials hold great sway when it comes to retail sales, but what services do retailers need to deliver to capture millennial sales? What is the technology driving the millennial market?

Service demand among millennials

In order to target millennials successfully, retailers have to go down the omnichannel route. This is important as it will support marketing strategies across all channels – including online and offline. Omnichannel is vital in capturing the millennial sale, as it can deliver personalised content to customers at the right place and at the right time. This can also be used to analyse key metrics such as store visit frequency, repeat visitors, customer retention and cross-store visits.

Linked to omnichannel is the growing popularity of click-and-collect. Put simply, the typical millennial mindset is one of instant gratification – an ‘I must have it now’ mindset. Step forward click-and-collect. This service enables stores to deliver better customer service by allowing consumers to place their order online and then collect in-store, a local shop or lockers. In the case of in-store pick-up, a notification can be sent to the enterprise’s picking systems when a click-and-collect consumer comes within a certain radius. This notification prompts staff to get the order ready. This is seamless retail in 2018.



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A further area of growth driven by millennials is free returns. In fact, increasing numbers of e-commerce sales are accompanied with the offer of free returns to avoid unsure customers leaving with incomplete sales. Returns processing inevitably comes at a cost for retailers, impacting margins, so this element of omnichannel also rolls into that of click-and-collect in which one best practice methodology is to encourage customers to try out their goods on the spot, minimizing the risk of damage or loss and bringing forward any returns, thus minimizing the time stock is out of the inventory cycle.

Some progressive retailers’ stores are increasingly being treated as extra warehouses, creating a single view of stock across the business wherever it sits, and often enabling shipping and receiving returns directly to the local outlet.

After the items are ordered, packaged and ready for collection, it’s time for payment. For millennials, the preferred method is mobile payments as they prefer not to carry cash. Retailers need to ensure mobile payments are at the forefront of their offering to engage with this specific audience.

Driving sales with technology

Identifying the services that millennials desire is an easy enough task, but what technology is needed to deliver these? Managing the operation behind the shop front is a vital factor in retail strategy.

Central to the conversation here is the Internet of Things (IoT). And while much of the conversation surrounding IoT may seem like hyperbole, connected devices are not only the future, they are the now. Indeed, research by Zebra Technologies found nearly 96% of retail decision makers are ready to make changes required to adopt IoT.

The Zebra study revealed retailers are investing in IoT technologies – from beacons that send shoppers customized coupons to radio frequency identification (RFID) tags that track inventory – to simplify, enliven and customise the shopping experience, generate revenue, and reduce costs. They’re embracing IoT platforms to transform real-time, visibility-driven data throughout the supply chain into actionable insights.

IoT has the power to transform how we shop. In today’s omnichannel world, product availability is critical, and many retailers have in-store inventory visibility challenges. Technological advancements in areas such as machine vision, RFID and data analytics – underpinned by IoT – are enabling more advanced business visibility by allowing retail inventory to be

“seen” and connected by both staff and customers alike.



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Aside from IoT, machine learning is playing a vital role in targeting millennials. This technology utilizes analytics and predictive models to help retailers personalise customer experiences and enhance inventory demand, forecasting and visibility. The outcome is increased and repeat sales as well as great customer satisfaction. This latter point is vital in today's digital age where millennials can post negative reviews if they feel they are getting short-changed.

The final powerful tech up the retailer's sleeve and coming fast is automation. This often involves the identification of areas where mundane tasks can be automated, freeing up staff to focus on customer service and sales tasks to improve conversions. This technology is vital for ensuring packing and orders are shipped efficiently, inventories are tracked meticulously, in-store inventory levels can be monitored and customers can find their items. Automation could be described as the unsung hero in the retail mix.

The future checkout

Millennials – often defined as those born between 1982 and 1996 – make up the most influential key demographic in the growing retail industry. This is because they are the first generation to grow up in the current tech world boom. This means that retailers must give them what they want, when they want it. If this doesn't happen, the retailer does not have a sustainable business. The way to achieve this 21st century challenge is to employ the right technology both in-store and in the back office. Failure to do this could result in millennials shopping elsewhere.

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