

5 insights on millennials that retailers need to know

Millennials make up [27% of the South African population](#), translating into a buying power of 14 million people. As the upcoming generation of big-spenders, consumer power is falling swiftly into the hands of millennials.



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“Knowing where and why they spend their money, is critical for business growth. One thing is for sure, if your business isn’t taking strides to go digital, chances are your millennial consumer numbers will drop,” says Derek Cikes, commercial director at Payflex who provides the following insights:

1. SA millennials have bleak expectations of the economy

One of the key findings of the recent 2019 [Deloitte Global Millennial Survey](#), was that economic pessimism is at an all-time high amongst millennials. Consequently, millennials have bleak expectations of the economy and this greatly impacts how millennials handle their money. How can you commit to any purchase or investment when you’re in a constant state of limbo and fear?

“Retailers will have to work hard to instill a sense of trust and tempt millennials out of their paralyzing inertia and back into buying mode,” says Cikes.

2. Millennials say no to debt

South Africans are overindebted with total outstanding unsecured borrowings of around R225bn - 40% of whom are in arrears, while 48% of borrowers are in default, as detailed in the [Differential Capital report](#). With this kind of numbers, it’s no wonder the millennial generation is so debt adverse. However, they are still the carriers of instant gratification which sets them on a journey to find solutions to continue buying without the risk of harrowing debt. The question is, what are you doing to help them on this quest?

Ultimately, retailers need to be providing alternative payment methods besides just credit if they want to reap business from millennials. Simply put, if you want the buying power of this generation, you’re going to have to actively solve their credit pain points.



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3. Millennials care, they care a lot

Additionally, millennials want to know they are doing business with ethical organisations. Companies are being asked to prove that they themselves are putting their money where their mouths are. If your business has sustainability policies, how are you practising this? If you claim to make a positive impact on society, what are you actually doing?

Call it fickle or admirable, but millennials are sticking to their guns, calling out businesses they feel are unethical, and are very quick to take their patronage elsewhere.

“Companies that make a positive impact in their communities and directly on the lives of millennials are more likely to stand the test of time with this new consumer savvy generation,” says Cikes.

4. The ongoing pursuit for work/life balance

With time-strapped lifestyles, South African millennials are constantly looking for ways to positively impact their work/life balance. One of the solutions to perfect this balancing act is convenience. Therefore, it's no surprise that there is a colossal demand for convenience among millennials. While we have a long way to go, a growing number of businesses in South Africa are offering an online shopping alternative to in-store purchases.

A recent [Nielsen e-commerce study](#) indicates that FMCG online sales are growing an estimated five times faster than offline sales. As the epitome of convenience, retailers need to focus further efforts on online shopping – allowing users to maximise their free time doing the things they love rather than deal with traffic or crowded malls.



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5. Millennials want to be engaged...all the time

Engagement, as well as a positive shopping experience, are other important factors for millennials. E-commerce platforms need to be top of their game, providing a helpful and frictionless shopping experience. Unlike other generations, millennials are also happy for you to engage with them on many platforms – unlike older generations, they understand that your messaging and marketing can add value to their lives.

According to [PwC's Consumer spend online report](#), 46.5% of South African consumers say they have been influenced to buy a product/service following positive reviews on social media.

“Retailers can increase their impact on millennials by leveraging innovative payment options that don't involve credit, social awareness and an active engaging approach to your messaging,” says Cikes.

“Moreover, with regards to taking your shop online, it shouldn’t be a question of if, but when,” he concludes

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