IBM Global Business Services

IBM Institute for Business Value

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Retail

Retail opportunities in a world of extremes

Understanding today's teens and boomers

Understanding the diversity in shopping styles and attitudes is important in today's consumer marketplace. To gain greater insight, a recent IBM study focused on two groups – teens and boomers. We found that for tech-savvy teens, the social aspects of shopping and purchasing are paramount. Boomers, by contrast, tend to shop and make purchases based on trusted brands. Yet both groups also place a priority on in-store service. What can retailers do now to better meet the needs of these two important segments?

In today's marketplace, consumer shopping preferences and needs continue to fragment as a result of changes in demographics and value systems. These changes are making customers harder to define, categorize and reach. As population distribution shifts to the tail ends of consumer age groups, retailers face new challenges in satisfying these very diverse groups.

Those retailers who gain a deeper understanding of select segments can more successfully address this fragmentation and the opportunities that exist. To provide insights into this complex marketplace, we studied the in-store and Internet-based shopping preferences of two very diverse segments – teenagers and baby boomers.

Our research revealed teens as wired, social beings that rely on connections with and approval from friends and peers. These young shoppers live comfortably with technology and are highly informed consumers. On the other hand, boomers are deliberate shoppers who rely on brand trust and have very diverse value drivers. These experienced shoppers seek convenience and a good value and are working their way up the technology curve.

As expected, the data revealed two diverse shopper segments who clearly occupy two ends of the consumer spectrum. For the most part, these groups are very different in attitude and style, though they do share some common needs pertaining to service.

To discuss our research findings about each group, we have organized them into five broad themes (see Figure 1).

FIGURE 1.
Key teen and boomer findings.

Themes	Teens	Boomers
Role of shopping	Social connectivity is primary	Shopping is deliberate and the set of considered retailers is well defined
Purchase influencers	Peer approval is the driver, not brands	Brand trust comes first
Shopping styles and attitudes	Shopping preferences are diverse and polarize around self identity versus social network	Shopping preferences distinctly polarize around price versus brand and product versus experience
Role of technology and the Internet	Technology and the Internet are just a way of life	Internet is an information tool and there is much to learn
Drivers of successful experiences	In-store service is most important	In-store service is the deal breaker

Source: IBM Institute for Business Value 2006 Teen and Boomer Shopper Study.

Tailoring insights to specific segments

In this world of extremes, some retailers specialize and address only teens, while others target only boomers. Still others may cater to both. By tailoring their customer strategies to their value proposition, retailers can tap into new and existing opportunities for growth and deliver more relevant shopping experiences. Here are strategies to consider:

Aligning with teens

- Create new marketing relationships online and in-store to enhance brand equity and capture the attention of teens

- Develop means to create community and social connectedness in-store and online to build better connections with teens.

Satisfying boomers

- Understand how shopping preferences vary by occasion to become part of core customers' consideration sets for a particular shopping trip

- Design in-store and online communications and interactions that support and strengthen the brand trust to build advocates among boomers

- Provide integrated and convenient cross channel services to help deliver the convenience boomers seek

- Develop means to build boomers' skills and comfort level with technology both in the store and on the Internet.

Addressing both teens and boomers

- Improve in-store execution, adjust staffing models and develop motivated and empowered sales associates to help reverse the negative effects of service failures that can turn away both boomers and teens

- Bring technologies into the store that create convenience and newness in the shopping experience and keep both boomer and teen shoppers engaged.

To request a full version of this paper, e-mail us at iibv@us.ibm.com

How can IBM help?

- **Business Consulting and Delivery Services –** IBM helps retailers formulate, implement and operationalize programs to respond to changing customer buying behaviors, align organizational structure and metrics, and transform customer-centric processes.
- **Retail Industry Solutions –** IBM offers a comprehensive portfolio of Retail solutions comprising merchandising and supply chain management, multi-channel retailing, retail performance analytics and TotalStore solutions to help retailers deliver the fastest time to value at the lowest risk.
- **Research –** Eight IBM research labs are applying the latest science to retailers' most challenging business problems.

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