

Don't Put All Your Eggs in the Millennials' Basket

SOI: Multiple changes in the nation's demographic makeup will impact c-stores.

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CHICAGO — Speakers at this year's NACS State of the Industry Summit (SOI) focused on several topics of keen interest to convenience store retailers. The national economy. Drivers of fuel demand. Health and wellness. Managing people. The payments landscape. Channel blurring and energy pricing.

But, by far, the key message across most of the speaker programs was how the nation's changing demographics will impact business in the years ahead. The demographics of aging baby boomers, digitally-connected millennials and a larger multicultural population will have a profound effect on c-stores.

Most agreed that the industry is well-positioned — with a few tweaks — to benefit from these demographic changes. In particular, the rise of the multicultural population and millennials have created more consumers who are more predisposed to shop at c-stores than the older baby boomer generation.

In his presentation entitled "Disruptive Demographics," Dr. James H. Johnson, a professor at the University of North Carolina, Chapel Hill, listed six "disruptions" with major business implications:

1. The South Rises Again. The South is the fastest-growing region of the United States. Led by four states — Texas, Florida, Georgia and North Carolina — the southern region of the U.S. has accounted for half of the total population growth in the nation since 1970.

2. The Browning of America. Ninety-two percent of the net population growth from 2000 to 2010 was non-white; 55.5 percent was Hispanic.

3. Marrying Out Is In. Marrying someone of a different ethnic or racial group is a growing trend. Since 1980, inter-marriages have increased from 6.7 percent to 14.7 percent of all newly married couples. The biggest share is among Hispanic-White (41 percent), followed by Asian-White (15 percent).

4. The Silver Tsunami. “Every day for the next several years, 8,000 more baby boomers will turn 65,” said Johnson, adding that elder care will become a huge concern. “It’s a \$40-billion-a-year problem in terms of lost productivity,” he noted.

5. The End of Man? Women are about to surpass men as a numerical majority in the workplace. The inability of males to keep up with females in education is particularly troublesome. “We can’t have stable communities when there is such an imbalance,” said Johnson.

6. Cooling Water from Grandma’s Well, and Grandpa’s Too. Not only are more millennials moving in with their parents for financial reasons, but there is also an increase in children living with their grandparents.

Dr. Johnson’s closing message was that businesses should not put all their eggs in the millennial generation basket. The aging boomers are redefining what it means to grow old and have more money to spend than the younger generation.

Of course, millennials are not to be overlooked either, according to Clint McKinney, group director, Category Advisory Services, for The Coca-Cola Co. In a hot topic breakfast session with Coca-Cola Market Research Consultant Stephanie Kowitz and Cammy Kromer, group director, category advisory, Convenience Retail/Drug/Mass for The Hershey Co., McKinney advised that retailers should “think like a millennial.”

This “thinking” involves providing easy, ready-to-go meal and snack solutions; catering to their impulsive shopping behavior; offering “on-trend” and “on-budget” products; and creating a digital relationship and experiences that millennials will want to share with their friends and relatives.

“You can’t discuss millennials without mentioning multiculturals,” added Juan Carlos Davila, senior vice president, multicultural growth and strategy for Nielsen. For example, Davila noted that 21 percent of millennials are Hispanic, and “the young, urban Hispanic is and will be the trendsetter for style and products in America for years to come.”

He added: “For the past 50 years, our culture has been driven by the appetites of non-Hispanic White boomers. The next 50 years will be different. Multicultural consumers, singles, interracial couples, smaller families and millennials will be empowered. You can’t ignore any segment.”

The increasing role of millennials in the marketplace is even affecting the future of fuels. As John Eichberger, executive director of The Fuels Institute and vice president of government relations for NACS, pointed out, young people are driving less.

“They don’t have the same love for their automobiles as the baby boomer generation,” said Eichberger. They also tend to live in more urban locations where driving is less a necessity and they are getting their driver’s licenses at a later age.

“The younger population loves c-stores,” Eichberger noted, “but they are also driving less, which is not good for c-stores. So, you have to find other ways to get them into your stores.”

Convenience Store News Research Director Debra Chanil contributed to this article.