

UNIVERSITY OF WISCONSIN, PLATTEVILLE

UNITED STATES OF AMERICA



The attached educational project, by Yosra Musa, entitled Combating the Retail Apocalypse: Leveraging Millennial Values, Attitudes & Behaviors in Retail Supply Chains, when completed, is to be submitted to the Graduate Faculty of the University of Wisconsin- Platteville in partial fulfillment of the requirements for the (MASTER OF SCIENCE IN INTEGRATED SUPPLY CHAIN MANAGEMENT) degree.

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Suggested content descriptor keywords:

Supply Chain, Retail Apocalypse,

Corporate Social Responsibility,

Millennial Consumers

A Paper

Submitted to the Graduate Faculty of

the

University of Wisconsin, Platteville By

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in Partial Fulfillment for the Degree of

MASTER OF SCIENCE IN INTEGRATED SUPPLY CHAIN MANAGEMENT

Year of Graduation: Spring 2018

## Abstract

A demographic shift is underway as Millennials slowly overtake Baby Boomers in the workforce and increase their purchasing power. Interestingly, this shift is occurring during one of the most turbulent times in retail as North American companies struggle to survive the “Retail Apocalypse”. There appears to be an opportunity for firms to tap into the characteristics of this cohort as their disposable income increases. Millennials are well known to have distinct values that prioritize environmentally friendly products and are willing to spend more for socially responsible goods and services. Integrating the known attitudes, behaviors and values of Millennials within the supply chain network of a company presents an opportunity to draw in new, and retain existing, Millennial customers. This research paper examines how retailers can combat the retail apocalypse by weaving together the relationship between Millennial customers, corporate social responsibility and supply chain management.

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**I. Introduction and Statement of the Problem**

Millennials are one of the most researched and studied generations. The world is seeing a shift as Millennials (also referred to as “Generation Y”) become the largest age cohort across many nations. This means that Millennials will soon dominate the work sphere. It is estimated that Millennials in the US have a purchasing power around the \$200 billion mark and when considering the indirect purchasing they have over their Baby Boomer parents, this figure goes up to \$500 billion annually (Grotts & Widner, 2013). Interestingly, we’re seeing the rise of Millennial purchasing power in tandem with what is popularly referred to as the “retail apocalypse”. Thousands of retail stores across the United States and Canada are shuttering their doors due to insolvency. There is clearly a radical shift occurring in the values and habits of current consumers and many companies are not agile enough in their supply chain practices to compete.

Millennials continue to grow and dominate the workforce and as their disposable incomes increase, companies need to think more and more about how to appeal to this demographic. Millennials are known to have distinct values, for example- Millennials are the most sustainably conscious generation and are willing to pay more for environmentally friendly products (Smith & Brower, 2012). It is evident that firms need to refine supply chain practices such as sourcing, manufacturing and transportation to cater to Millennial consumers. This essay will explore how firms can leverage sociological data on Millennials (such as their known attitudes, behaviors and values) to refine their supply chain practices and stay competitive during this turbulent time in retail.

## II. Purpose of the Study

The primary purpose of this research is to reinforce that best supply chain practices are not only about driving efficiency for the customer but also are a reflection of the values of a company. When customer and company values align, the result can be very profitable for companies and rewarding for consumers. This research essay will show how leveraging sociological data on Millennials, such as their known attitudes, behaviors and values, and closely aligning these values within supply chain practices can positively impact a company's bottom-line.

Companies that capture the values of Millennials, particularly their social concerns, are likely to positively affect the patronage of the firm (Cui, Trent, Sullivan and Matiru, 2003). With this stated, it can easily be concluded that firms should utilize the known value system of Millennials to help define aspects like their sourcing strategy or manufacturing process. Many companies are already using the value system of customers as a strategy. One example we can look to for a firm that does this is TOMS in their "one-for-one" campaign. This campaign donated one pair of shoes to a person in need for every pair that a customer bought. Many companies spend millions of dollars on advertising whereas TOMS spends a fraction of this amount on advertising and instead allocates money on what their customer base values and perceives as intrinsic company motivation— which, in this case, is addressing concerns of poverty and inequality worldwide (Anderson, 2015).

TOMS has also refined their production process to align with the values of their shoppers. Not only are they using their "one-for-one" campaign to give back to those in need but they've helped establish sustainable community development through their

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manufacturing. Since 2013, TOMS has manufactured 1/3 of the shoes they give away in regions where they donate including Ethiopia, Kenya and India. This has spurred nearly 1000 new jobs for men and women in these impoverished areas.

TOMS' campaign is just one example of how mirroring the value system of Millennials in the supply chain can lead to successfully providing products that consumers demand and driving profitable sales for the organization.

### **III. Significance of the Study**

The significance of this research is that it will highlight value-adding initiatives within a firm's supply chain model that not only pushes for efficiency but also aligns their operational values with that of Millennials. In a recent strategic direction article published by Emerald Insight (2015), one of the most notable traits among Generation Y members is their "trusting, tolerant and sympathetic" attitude towards social causes and activism (p. 22). Bacuta (2015) emphasizes that supporting social causes is a pivotal characteristic of Millennials and that this characteristic impacts how and where Millennials choose to spend their money. Bacuta (2015) states that Millennials have a more "positive attitude towards those companies that are socially engaged" (p. 40). Prioritizing aspects such as ethical sourcing and green manufacturing throughout the supply chain are ways in which companies can leverage their supply chain to establish social buy-in with Millennial customers.

In a 2003 study entitled *Cause-Related Marketing: How Generation Y Responds*, 92% of college-aged Generation Y students in the study sample had made a prior donation to a charitable organization that addressed an ongoing or disaster-related issue (Cui, Trent, Sullivan, & Matiru, 2003). This study further supports the notion that

Millennials are a socially conscious group that are willing to give money to organizations they perceive as addressing the social and economic issues they consider important. This provides a huge opportunity for corporations that can leverage their supply chain to align with the attitudes, behaviors and values of Millennials.

#### *Assumptions and Delimitations of the Study*

Due to the conflicting opinions on which birth years comprise the Millennial generation, this research essay will assume that the years outlined in the literature used are accurate. This is despite the fact that some researchers may be using shorter or longer periods of time to define the Millennial cohort. Furthermore, this research essay will consider various aspects of the supply chain that can be leveraged by a firm to market to Millennials. This includes multiple strategies that fall under the umbrella of ethical supply chains such as green manufacturing, sustainable sourcing and other socially considerate practices. It is assumed that, based on the values of Millennials outlined in the research, ethical supply chains align with the social and environmental concerns of this generation.

#### *Limitations of the Study*

Focusing on how supply chain networks can be leveraged as a marketing tool to appeal to the sentiments of Millennials leads to a slight gap in literature. Since Millennials are generally considered to have only been around since the early 1980s', this means literature concerning whom they really are only developed in the late 90s and early 2000s. This obviously means that as Millennials continue to age and scholars continue to probe this generation, new studies and products of scholarly research will emerge that may contradict the current literature. Furthermore, many of the scholarly articles focus on adult-aged Millennials as their focus group with little to no details

will continue to be explored now that this group is of adult age. Also, much of the literature cites studies conducted in non-North American nations like Malaysia, Turkey and Romania. While this does not make the findings less relevant, it should be emphasized that if the sample groups would have consisted of Millennials from other nations, partially North American Millennials, it is possible the findings would have yielded different results.

#### **IV. Methodology**

The primary research method for this paper will be secondary research that draws on primary and secondary scholarly works in the field of Supply Chain Management and Sociology. The Sociology literature used in the seminar paper will focus on prominent scholars and written scholarly works that have contributed to the body of knowledge in academia concerning Millennials. These academic works have been published in journals or books. Many of these articles work in tandem with each other to develop conclusions about Millennials and contribute to the larger discourse surrounding Generation Y. A large majority of the scholarly sources have conducted their own surveys or use focus groups to draw primary source conclusions about the characteristics of Generation Y. An overview of key concepts related to understanding Millennials and their characteristics will be reviewed in order to provide a solid background for the research topic in question.

This essay provides a major research contribution by focusing on the influence and impact Millennials can have over retailers and how refining a company's supply chain to align with the attitudes, behaviors and values of Millennials can be profitable. This essay will highlight the ways in which firms need to better understand what is soon to be the age cohort with the largest purchasing power in North America. Leveraging the

the “retail apocalypse”. This essay will direct and support the efforts of companies seeking to have a better understanding of what will soon be the largest player in retail consumption. The conclusions drawn in this research essay can potentially help companies with agile supply chains pivot into a direction that would be seen as more favorable by Millennials.

### **Literature Review**

This literature review will focus on prominent scholars and written scholarly works that have contributed to the body of knowledge in academia concerning Millennials. These academic works have been published in journals or books. Many of these articles work in tandem with each other to develop conclusions about Millennials and contribute to the larger discourse surrounding Generation Y. A large majority of the scholarly sources below conduct their own surveys or use focus groups to draw primary source conclusions about the characteristics of Generation Y. An overview of key concepts related to understanding Millennials and their characteristics will be reviewed in order to provide a solid background for the research topic in question. Furthermore, looking at the ways in which a supply chain is linked to marketing is prodded in order to better understand how a firm’s supply chain can be leveraged as a marketing tool. Looking at these two discussions (Millennials and supply chain as a marketable value system) simultaneously will provide a framework for the research paper moving forward.

#### *Who Are Millennials?*

Defining what age range comprises the Millennial generation is a contentious issue in both the academic and non-academic world. Interestingly, the only generation that has a firm time period recognized by academics, government agencies and the like is

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the Baby Boomers. The US Census Bureau only recently recognized Generation Y (also referred to as Millennials) as those being born between 1982-2000 in June of 2015 (US Census Bureau, 2015). After the Baby Boomers, Generation X and Generation Y have no clearly defined birth period. The Harvard Review lists Generation X and Y as two generations that primarily overlap. Iyer and Reisenwitz (2007) define Generation Y as those born between 1977-1988. Chowdhury and Coulter (2006) defined Generation Yers as those born from 1977-1994. Mark McCrindle (2011) states Generation Y spans those born 1982-2000. *The Next America* (2014) by the Pew Research Center states that a generation typically spans a 20-year period. A generation also needs to be thought of as more than just a block of time. A generation, or a cohort, is described by Mannheim (1923) as a group of persons of similar ages that were witnesses to major historical events occurring in a certain time frame. However, this is obviously not the case with Gen X and Gen Y, as both generations have convoluted defining age-ranges. Pop culture, think tanks and academics all contribute to the discourse surrounding the question: who is a Millennial?

While it may seem like a trivial question, defining the age range for each generation is important because it impacts whom has membership to the generation. Iyer and Reisenwitz (2007) relay that the importance of defining each generation is vital for product and service marketers to “fine tune their segmentation strategies” (p. 91). Read (2007) speaks to the fact that many academics and practitioners treat Generation X and Generation Y as a single cohort. This is obviously problematic because understanding each generation is important for marketers and companies to analyze the consumption habits of their potential consumer base (Iyer & Reisenwitz, 2009). Not grasping generational characteristics leads to missed opportunities for companies. This is because

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generational characteristics that impact purchasing habits are largely developed through cultural socialization. Therefore, considering the defining birth years of Generation Y is vital in understanding the attitudes, behaviors and norms of this generation, which is information that can be leveraged by retailers during this turbulent time for big box stores.

### *Generation Who?*

Another discussion in academic literature is what to call the generation in question. As stated by Iyer and Reisenwitz (2009), Generation X's title comes from the 1991 Douglas Coupland novel, *Generation X: Tales for an Accelerated Culture*. And Generation X, similarly to the Baby Booms, has many alternative names like the common "(Baby) Busters" or the "MTV Generation". Some say "Generation Y" is a fictitious term and the sociological name is Millennial. However, Naim states: "Generation Y" was first coined in 1993 by Advertising Age as the last generation to be born entirely in the twentieth century" (p. 173). This discourse matters for several reasons. The name associated with the generation is often a reflection of the culture they grew up in and holds contemporary cultural relevance. Iyer and Reisenwitz (2007) make reference to a study that found that attitudes (i.e. job satisfaction, organizational commitment, work-life balance, etc.) and experiences regarding work varied little across the Baby Boomers, Generation X and Generation Y. However, the popular perception of each generation's attitudes towards work varies dramatically based on how each generation is perceived socially.

It is Reisenwitz and Iyer (2007) that hypothesized that Generation Y actually has a greater work orientation than Generation X. This work is important to the literature concerning Generation Y because it dispels and actually challenges some of the most

averse to hard work while having an entitled perception of what they deserve both personally and professionally. This is just one of many inaccurate perceptions concerning Generation Y that shows stereotypes often don't align with sociological data; This is a key aspect for retailers to note when making strategic business decisions based on their target audience.

### **Millennial Characteristics**

#### *Social Responsibility*

In a recent strategic direction article published by Emerald Insight (2015), one of Generation Y's most distinctive characteristics is their "trusting, tolerant and sympathetic" attitude towards social causes (p. 22). Bacuta (2015) emphasizes that supporting social causes is a pivotal characteristic of Millennials and that this characteristic impacts how and where Millennials choose to spend their money. As stated by Bacuta (2015), Millennials have a more "positive attitude towards those companies that are socially engaged" (p. 40). In a 2003 study entitled *Cause-Related Marketing: How Generation Y Responds*, 92% of college-aged Generation Y students in the study sample had made a prior donation to a charitable organization that addressed an ongoing or disaster-related issue (Cui, Trent, Sullivan, & Matiru, 2003). This study further supports the notion that Millennials are a socially conscious group that are willing to give money to companies they perceive as addressing the social and economic issues they consider important.

#### *Information Gathering & Technology*

The technology revolution and rise of the Internet had a great impact on the socialization of Millennials. Widespread Internet availability impacted the way

to have immediate access to information due to the technological proliferation. This stands in contrast to previous generations where information gathering was a lengthy process that required thoughtful consideration and time. This is because information was harboured in central places like the library, as opposed to having immediate access on technological devices. Furthermore, the rise of social media platforms has a social impact that affects Millennials purchasing habits. In a study exploring the purchasing determinants of luxury products among Generation Y, Kasuma, Jamadin, Yacob and Shafiee (2015) explore the notion of “symbolic consumption”. In Kasuma, Jamadin, Yacob and Shafiee’s (2015) article, symbolic consumption is defined as “the process when individuals by using status goods as symbols communicate meaning about themselves to their reference group” (p. 1). Technology, vis-a-vis social media platforms like Twitter, Instagram, Facebook and others, are all methods in which Generation Y conveys symbolic consumption. The notion of symbolic consumption is a key sociological concept in understanding how a firm can leverage their supply chain network in order to draw in Millennial consumers.

### **Consumption Habits**

Bush, Martin & Bush (2004) emphasised that Generation Y teens at the time spent approximately \$153 billion on “wants” like cars and clothing. While Generation Y is thought of as being rooted in social responsibility and in many ways, anti-capitalism, the era in which they grew up is heavily consumeristic. While these two aspects seem to juxtapose each other, many marketers do consider Gen Y an easier group to target because they have “grown up in a consumer oriented society” (Bush, Martin & Bush, p.

arbitrarily with a large majority being spent on travel, food and entertainment. Bush, Martin & Bush's article specifically talks about celebrity athletes as "vicarious role models" (p. 110) for Generation Y. However, this theory can be expanded to all celebrities whether athletes, reality television stars, musicians or Hollywood entertainers. Mascarenhas and Higby in 1993 found that forms of mass media contribute heavily to the purchasing and consumption habits of young people. In addition to the influence of celebrities on Generation Y's purchasing decisions, there are general differences between male and female GenY consumers. Bakewell and Mitchell (2003) expanded on the notion of many academics that most female Generation Y consumers are "socialized into a shopping culture at an earlier age" (p. 102). In this study, GenY females highly link consumption to their female identity and status. Furthermore, 1/5 female Generation Yers can be typed as "confused shoppers". Confused shoppers are a "decision making style that reflects a lack of confidence and an inability to manage the number of choices available. Consumers with this trait experience information overload" (p. 97). Bakewell and Mitchell's breakdown of female generation Y consumers is important because it shows a firm's opportunity with regards to the generation Y customer base. Furthermore, it allows for the tailoring of specific marketing messages and strategies to best address confused shoppers within the Generation Y cohort.

### **Current State of Retail**

#### *Decline of Brick and Mortar*

Big box stores that have traditionally depended on a brick and mortar business model are facing huge challenges. The phenomenon of large waves of big box stores shuttering their front doors due to bankruptcy is popularly referred to as the "Retail

Apocalypse”. Retail sales began to decline slowly after the 2008 recession but have continued despite rising wages, GDP growth and low unemployment (Boerschinger, Pansch & Lupini, 2017). Ultimately, retailers have not been able to reach equilibrium with the desires of customers. For example, Boerschinger, Pansch & Lupini (2017) state that over the last 40 years the number of malls in the US “increased twice as fast as the population in the U.S. This development has left the U.S. with 40% more shopping space per capita than Canada and 5 times more space than the U.K.” (p.4). This does not align with the fact that customers are shopping online now more than ever. Online shopping continues to evolve and provide customers with a convenient, seamless shopping experience that allows customers to compare prices online (Boerschinger, Pansch & Lupini, 2017). The disconnect between what retailers are providing and the needs and wants of customers is further enhanced by shifting demographics as the purchasing powers of Millennials swells with their dominance in the workforce and as they are expected to overtake Baby Boomers as the largest demographic in US before 2020 (Fry 2018). Having a deep understanding of the attitudes, behaviors and values of Generation Y is critical to the success of retailers now more than ever. As the nature of retail continues to be turbulent, marketers must ensure that they align with and reflect the values of their customer base. Leveraging the supply chain network as a value-added proposition for customers is a huge moment for firms to seize in order to set themselves apart from their competitors and appeal to the sentiments of new and existing Millennial customers.

### **Marketing the Supply Chain**

Marketing and supply chain have typically been thought of as providing two distinct contributions to a company. New (2006) discusses how supply chain design has

increasingly become embedded within marketing departments. Product, promotion, price and place are the famous “Four P’s” of marketing. There is an opportunity to leverage the fourth p (place) via a firm’s supply chain design as a part of the marketing mix to draw in new and returning customers. The nature of how organizational and marketing metrics like competitive advantage are discussed has shifted to put supply chain at the forefront (New, 2006). The way competition is thought of has shifted from between two firms to between the supply chain networks of these firms (Anderson & Skjoett-Larsen, 2009). Porter (1985) developed one of the most commonly reiterated notions about competitive advantage- that a company either has lower costs or higher quality than their competitors; both of these ultimately rely on the supply chain of a company. Effective supply chain practices that drive lower costs and higher quality rest on the calibre of relationships within the supply chain network. One of the primary goals of marketing is to drive strong relationships particularly through the perception of the firm as trustworthy (New, 2006). This is again another indication of the interconnectivity between supply chain and marketing departments.

A firm’s supply chain has the potential to be leveraged for marketing purposes. By reflecting company values throughout the supply chain, through aspects like sustainable sourcing, ethical manufacturing and other strategies that reflect social and environmental responsibility, a firm will be able to establish relationships which are critical to driving in new customers or bringing back existing customers. As stated by New (2006), one of the primary goals of marketing is to “find ways to enhance customer value” (p.28). Customer value is unbreakably tied to price because ultimately the greater perceived value a customer has for a product of service the higher can be charged for said product of service. For example, a company that procures fair trade coffee from their

trade. However, the higher cost is usually passed on to the final customer, as they will pay more for the item (Hassini, Surti & Searcy, 2012). Perceived value has commonly been thought of as quality, packaging, etc. but it can also be thought of in terms of non-tangible aspects such as personal and corporate values. Millennials are particularly known for their commitment to their generational values and are willing to become customers for companies that reflect their values. Furthermore, they're willing to pay more for goods and services that come from companies that reflect the attitudes, behaviors and values that they hold. Therefore, there is an opportunity for the supply chain of a company to become a marketing tool that is used to attract one of the largest age cohorts- Millennials.

## **Discussion**

As previously stated in the literature, Generation Y is a cohort of people whose birth period is generally accepted by academics as spanning the early-1980s to right around the turn of the century. Since Generation Y shares a common period in time, it is likely that they have a similar set of values, attitudes and behaviors' regarding consumption (Bakewell & Mitchell, 2003). These values and behaviors are unique to Generation Y and distinct from other Generations because of the technological, social and economic reality of their era. Bakewell & Mitchell (2003) specifically place emphasis on the drastic technological and retail changes that occurred in the last 20 years. The unique characteristics attributed to Millennials are expressed in many forms; one of the ways in which we can distinctly see the unique socialization of Generation Y is through their consumption habits. This essay will explore what is currently known about Generation Y's attitudes and behaviors to delve deeper into their consumption

consumption habits. In short, this essay seeks to understand how the attitudes, behaviors and values of Millennials can be reflected within various aspects of the supply chain. For the purpose of this essay, Millennial and Generation Y will be used interchangeably and this cohort will be defined as those born between the early-1980s up until 2000. This essay does not use primary sources but rather builds on the primary and secondary current literature in academia to draw conclusions about what we currently know about Millennials. This will lead to a better understanding of how supply chain efforts can be tailored towards Millennials, leading to more profitable efforts by firms.

### **Millennials and CRM**

Customer Relationship Management can be defined as “a customer-focused business strategy that dynamically integrates sales, marketing and customer care service in order to create and add value for the company and its customers” (Chalmeta, 2015, p. 1015). There is no one singular method of CRM strategy that a firm can adopt in order to be successful. Rather, the reason why customer relationship management is such a studied and complex area is because it requires a deep understanding of the customer base, technology and marketing. Customer relationship management is a field that is heavily data driven and depends on the constant feedback loop and analysis of all the people involved in the customer relationship chain including sales personnel, customers, executive decision makers and everyone else involved in the way relationships with customers are managed. The appropriate use of customer relationship management can lead to many benefits for a firm. Some examples Baran & Galka (2013) mention of benefits that CRM bring to a firm are: “contact and lead management for the sales force,

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cross-selling and upselling opportunities for marketers, product weakness for customer  
contact personnel to forward to engineering and Web design opportunities for Internet  
marketers” (p. 67).

### *Targeting Millennials*

In order for firms to successfully target Millennials in a CRM program, they need to understand how they are perceived by Millennials (Cui, Trent, Sullivan, & Matiru 2003). This is vital because the attributes that Millennials hold about a company and/or the firms reasons for conducting a specific CRM program has influence on the success of the program. There is a greater likelihood that the consumer will accept the CRM offer if they perceive the company to be intrinsically motivated as opposed to extrinsically motivated (Cui, Trent, Sullivan, & Matiru, 2003). This is closely tied to what academics believe is one of Generation Y’s strongest characteristics—their strong feeling of social responsibility and their trusting and sympathetic attitudes towards social causes (Bacuta 2015). Interestingly, Cui, Trent, Sullivan, & Matiru (2003) state that the emphasis is not so much on what the CRM offer is but rather how it is perceived by Millennials. This is closely linked to how Millennials seek out and process information. A study through the Idaho University Library found that the Millennials most frequently cited source for information was other human beings (Weiler, 2004). Many Millennials in this study said that they preferred to discuss information with a “real person”; this aspect is directly correlated with the fact that Millennials want to receive information from a “source of truth” or “good authorities” (Weiler 2004, p. 50). This characteristic is closely related to the purchasing patterns of Millennials. It is likely that Generation Y wants to perceive a company as being intrinsically motivated because this would help fashion the firm as

information and decision-making when purchasing.

### **Relationship Building With Millennials**

Since the focal point of marketing is the customer and achieving relationships with customers, it is vital that firms understand this particular cohort in order to effectively market to them. Building relationships with customers' centers around maintaining a continuous relationship with the end user. Maintaining a continuous relationship with the consumer occurs by "providing value that increases their commitment to the company" (Baran & Galka, 2013, p. 71). This increase in commitment or loyalty from the customer results in higher customer retention rates and increased spending by consumers. Prior to the 1970s, companies paid little attention to retaining current customers and rather focused on phase one of marketing, which is attracting new customers (Baran & Galka, 2013). However, it is of great importance that firms continue to develop their marketing efforts by implementing processes that create strong bonds between the firm and the existing customers. Building a relationship is not just beneficial for the company, some of the factors why an integrative relationship is positive for the consumer include:

- Ability to better address the needs of the customers
- More efficiency in decision making (combat "confused consumer")
- Easier access to information
- Reduce perceived risks associated with future decision making (Shesh & Parvatiyar, 1995; Baran & Galka, 2013)

### *Tailoring Communication for Effective Relationships*

The state of marketing is constantly shifting and reforming itself based on new

information and technologies. Currently, it is considered common knowledge that mass marketing is less favorable to consumers as opposed to one-to-one marketing. One-to-one is a method that tailors communication based on the individual consumer (Baran & Galka, 2013). In order for firms to tailor communication to the millennial consumer, they need to understand how Millennials want to receive information in order to build up the relationship. Cui, Trent, Sullivan, and Matiru's (2003) survey shows that many young adult Gen Yers have a positive response or attitude towards offers made by a retailer. While shopping is primarily considered a recreational activity to Millennials, one of the second strongest aspects of why Millennials purchase is to feel a sense of membership to a particular group (Bacuta, 2015). This is significant because it reaffirms the way Millennials want to experience CRM; Millennials don't want to feel like just a number or one of a many customers a company has. Instead, Millennials want to feel a sense of prominence, inclusion and belonging before, during and after the purchase process.

With that said, a tactic firms should use when attempting to build relationships with Millennials is breaking down this group into subsections. So rather than relationship building with a large group of around 80 million American Gen Yers, attempt to redefine this group based on characteristics that impact marketing and consumption preferences. For example, Emerald Insights (2015) breaks down Millennial consumers into 3 classifications: Experiencers, Strivers and Achievers. Experiences are trend-following, action-orientated individuals, Strivers are individuals who are image-conscious consumers and Achievers are a largely wealthy group that value a combination of status and image (Emerald Insight, 2015). The people comprising these three psychiatric profiles have different consumer emphasis and preferences for how they prefer to experience media. A firm can drill down even further and look at aspect such as gender,

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income, and location to draw broad conclusions based on historical data to help tailor  
their strategies in order to drive profitable sales and improve the customer experience.

### **Corporate Social Responsibility**

Schwartz (2017) defines corporate social responsibility (or “CSR”) as the “[...] economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time” (p. 503). The notion of corporate responsibility is critical to the discourse concerning Millennials as retail consumers. As previously alluded to, Millennials are concerned with the entire ecosystem of where their products and services come from not just the transactional nature of the purchase. Understanding the entire picture behind a product or service helps Millennials develop a relationship with the brand and it even helps fashion their own perception as buyers of said brand or company.

Firms have placed increasing focus on corporate social responsibility due to pressures from media, activist groups and government bodies. The discourse surrounding corporate social responsibility in both academia and the corporate world has been two-pronged. There are those that believe that a business is only required to meet minimal social and environmental responsibilities if they can continue to maximize their profits or there are those that believe firms have a wider set of obligations within society (Schwartz 2017). As the purchasing power of Millennials swells with their population size, firms cannot afford to neglect social and environmental responsibilities. In fact, corporate social responsibility should be leveraged, particularly within a firm’s supply chain network. The belief that corporate social responsibility is strictly a moral imperative is myopic and does not emphasize the importance of establishing operational practices that ensure long-term economic gain (Kramer & Porter, 2006). In short, a company can actually profit from aligning social and environmental values into their supply chain.

This can be seen in the case of McDonald's, which was able to reduce solid waste by 30% after the company made changes to the materials used to package their food (Kramer & Porter, 2006). In this example, we can see that McDonald's was not addressing an arbitrary social issue but rather was focused on the value chain social impact that they could leverage. Value chain social impacts differ from general social issues because they are social or environmental concerns that are "significantly affected by the company's activities in the ordinary course of business" (Kramer & Porter, 2006, p. 6). Rather than working to tackle the impossible task of addressing every social or environmental issue companies need to be strategic in their approach considering value chain social impacts that intersect with their business operations and issues are most relevant to their customers.

### **Value System As a Strategy**

As clearly stated in the findings of Cui, Trent, Sullivan and Matiru (2003), Generation Y has a different response to a firm's marketing offers based on the structure of that offer. Offers that capture the values of Millennials, particularly their social concerns, are likely to positively affect the patronage of the firm (Cui, Trent, Sullivan and Matiru, 2003). With this stated, it can easily be concluded that marketers should utilize the known value system of Millennials to help define their supply chain program or strategy. Many companies are already using the value system of customers as a strategy. One example we can look to for a firm that does this is TOMS in their "one-for-one" campaign. This campaign donated one pair of shoes to a person in need for every pair that a customer bought. TOMS spends a fraction of what many other companies do on advertising and marketing and instead focuses on allocating money to what their customers value—which, in this case, is addressing concerns of poverty and inequality

reflecting the value system of customers within the manufacturing and purchasing areas of supply chain can lead to successfully providing products that consumers demand and driving profitable sales for the organization.

TOMS was able to leverage their social responsibility within their supply chain to attract their Millennial-heavy customer base. They were able to achieve this because integrating corporate social responsibility into their supply chain added a unique social proposition that many other companies would not be able to execute. This checks the most important boxes outlined by Kramer & Porter (2006) who state: "at the heart of any strategy is a unique value proposition [...] the most strategic CSR occurs when a company adds a social dimension to its value proposition" (p.11). Another example of this is Whole Foods. Whole Foods is a high-end grocer that has organic and healthy foods at the center of its value proposition. Whole Foods operates at one of the highest levels of corporate social responsibility and by integrating social and environmental advocacy into all aspects of their business they are able to command premium prices for their products (Kramer & Porter). By leveraging social and environmental concerns into all aspects of their supply chain, Whole Foods has a competitive advantage that helps in relationship building with customers and makes their brand truly unique. Due to their strong branding, it is no surprise that Whole Foods is one of the top three most followed physical product brands on Twitter (Sashittal, Hodis & Sriramachandramurthy, 2015). Furthermore, Whole Foods is ranked among the top three greenest brands by Millennials (Smith, 2010). Whole Foods is a prime example of how integrating social and environmental stewardship into a firm's supply chain network can lead to stronger

### **Leveraging Corporate Social Responsibility**

IKEA is another prominent example of how leveraging social and environmental concerns within the supply chain has led to profitability. This is shown through IKEA's Code of Conduct also known as "IWAY". IWAY is short for the IKEA Way on Purchasing Products, Materials and Services. IWAY was developed in 2000 and is used to guide various aspects of IKEA's supply chain practices including vendor management, procurement and manufacturing. The code of conduct is based on multiple international standards including the UN Declaration of Human Rights, International Labor Organization Declaration on Fundamental Principles and Rights at Work as well as the Declaration on Environment and Development (IKEA, n.d.).

IKEA's code of conduct exemplifies how the company can reflect their social and environmental values across their entire supply chain. For example, IKEA considers the entire lifecycle of a product as a way to reduce greenhouse gas emissions. This includes raw material, production, transportation and the product's end of life. Furthermore, IKEA has committed to never utilizing child labor within their supply chain and takes it one step further by committing to the prevention of child labor in their most recently published Sustainability Strategy (IKEA, 2014). This commitment to environmental and social responsibility is critical to IKEA's branding as "People and Planet Positive".

In IKEA's Sustainability Strategy for 2020, one of their goals is to drive sales from products that are sustainable and by August 2020 to "achieve more than a fourfold increase in sales from products and solutions inspiring and enabling customers to live a more sustainable life at home" (7). This goes to show that the investment IKEA has made in extending their corporate values into their supply chain will result in increased profit

responsibilities within the supply chain network are only seen as moral obligations for businesses. Anderson and Skjoett-Larsen (2009) emphasize that corporations that are brand owners, such as IKEA, are particularly vulnerable to “negative publicity about social or environmental conditions in their supply chain” (76). There is the potential for negative publicity as watch groups and various organizations become increasingly committed to social and environmental causes. However, IKEA shows that when firms align their supply chain with the values of their customers it can serve as a unique selling point within the market to draw customers in. IKEA’s supply chain is seen as at the forefront of corporate social responsibility despite the fact that it is a family-owned company that is not accountable to shareholders (Anderson & Skjoett-Larsen, 2009).

### **Future Opportunities**

Moving forward, companies will need to rely more heavily on big data and analytics to help improve their marketing and supply chain strategies if they do not want to fall victim to the “retail apocalypse”. As stated in Emerald Insight (2015), Millennials “rely more on the opinions of relevant others and word-of-mouth” (p. 23). This actually poses a large challenge for firms because it not only demands that they stay “in the know” of current millennial trends but it also requires their brand to have clout with relevant Millennial influencers in order to capture that market share. However, the fact that Millennials are more active on various social media networks actually allows companies a direct link to communicate and observe the contemporary culture of Millennials, which impacts their consumption habits. Furthermore, the fact that Millennials are heavily rooted in a culture that publicizes their consumption, it allows

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firms to use big data to draw conclusions about what is being purchased and details about  
the type of consumer via data gathered from various social media platforms.

## **Conclusion**

Generation Y consumers are a much different cohort than their Generation X and Baby Boomer counterparts. With regards to consumption, Generation Y grew up in an era that was steeped in consumption and thus they have been socialized to perceive consumerism as a much more normalized occurrence than previous generations (Bakewell & Mitchell, 2003). Furthermore, Millennials have greater disposable income than their predecessors. It is estimated that Millennials' purchasing power is around the \$200 billion mark and when considering the indirect purchasing they have over their Baby Boomer parents, this figure goes up to \$500 billion annually (US Chambers Foundation). In combination with their large disposable income and their position of being the largest age group in America, and soon to be globally, it is evident that firms need to refine their CRM efforts to cater to a global Millennial dominance in the realm of consumerism. Millennials have a different preference for advertising mediums than Generation X and the Baby Boomers. Specifically, Millennials prefer Internet and SMS to TV, print and other classical communication channels (Bacuta, 2015). This is closely linked to their social integration with technology and their expectations for instant information.

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