



Marketing to the next generation of flooring buyers. ■ By Paul Friederichsen

Understanding the behavioral and preferential nuances of different generational groups is essential for any marketer. Just as no two people are alike, generational groups are not the same either.

"Generations exhibit similar characteristics—such as communication, shopping and motivation preferences—because they experienced similar trends at approximately the same life stage and through similar channels (e.g., online, TV, mobile, etc.)," according to the Center for Generational Kinetics.

Who are these groups, and what age ranges define them? Business Insider recently published a Pew Research Center breakdown of the generational groups recognized by most demographers.

If marketing can simply be defined as "selling more things to more people more often," then understanding what makes people tick in these different groups becomes important. Knowing your customer is the first step in knowing how to sell to them. This not only means knowing what they are most likely to purchase but also what they are likely to watch, read, listen to and

post on social media. All of this behavior is based, in large part, on generational similarities. Having a basic understanding of these behaviors and preferences will sharpen the marketer's message and choice of media to reach the desired target audience.

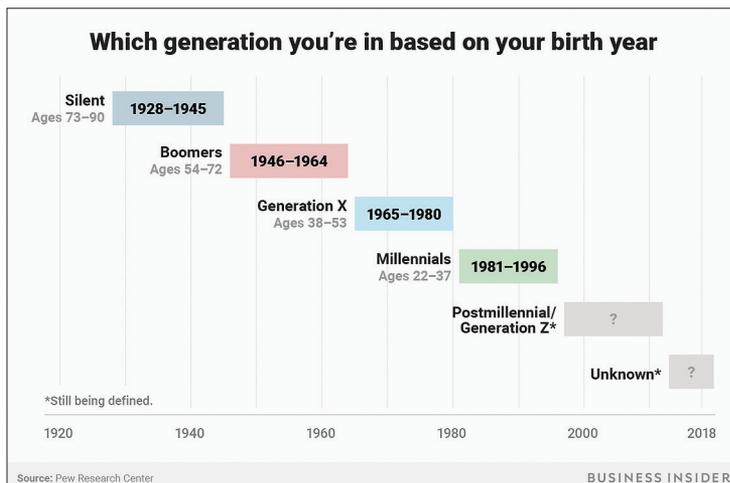
CHANGING TIMES

In this time of "intense competition" for the floorcovering retailer, as reported in the annual retailer survey published in the July 2018 issue of Floor Focus, there has been a great deal of consternation and concern regarding the growth of online sales, as well as big box and category-killer retailers. The cause of this angst is the disruptive effects of a marketplace in transition—both generationally and technologically—that the flooring industry finds itself in.

The American Dream is still home ownership, but the look of that dream is changing dramatically. On the top rung, Baby Boomers are living longer and staying in their homes longer than the previous generation. Their ability to move off the ladder and into retirement housing is stymied by the economics of little to no retirement savings. Gen-Xers are likewise finding it difficult to move up, which leaves Millennials struggling to get a foothold on the bottom rung. Once in a home, many growing families must stay put and make the best of a crowded situation—bad news for builders but good news for remodelers and floorcovering dealers.

THE NEXT GENERATION OF CUSTOMERS

Perhaps no generation since the Silent Generation of the 30s and 40s has been more affected by an economic



WHO ARE THE GENERATIONAL GROUPS TO WATCH?

- The Silent Generation, which popularized wall-to-wall carpet as a status symbol and thereby built Dalton, Georgia as the carpet capital of the world, is almost gone at age 73 to 90.
- Walking into today's floorcovering dealer showroom will most likely be a Gen-X homeowner, age 38 to 53. Many in this group are caught between raising kids and caring for their aging parents.
- Baby Boomers are still buying floors, but their influence is beginning to fade. Boomers led the move toward hard surfaces, which Gen-Xers put into full swing. The age range for this group is 54 to 72.
- Millennials hold the greatest interest of the flooring industry as a whole, because as young adults aged 22 to 37, they are beginning to give in to "adulting," and the adult shopping list that goes with it. Additionally, Millennials represent the vanguard of new media usage and are now outnumbering Boomers 73 million to 72 million. Because of their concern for global warming, Millennials will mainstream the demand for sustainable flooring choices, forever.
- Generation Z (21 and younger) is of particular interest to recruiters of colleges and the military and for marketers of games and media such as Snapchat. They are not yet on the radar screen for floorcovering marketers.

catastrophe than Millennials. As the Great Recession was setting in, many Millennials were poised on the launch pad, their college diploma firmly clinched and ready for a countdown that never ever came. "Failure to launch" became a national punchline, with many a Millennial starting their future in a job that required no college degree, all while living in mom and dad's basement. To this day, according to a new survey from Zillow, 22.5% of Millennials ages 24 through 36 are still living at home, the most in any year in the last decade. Of the top U.S. markets, New York and Los Angeles have the largest percentage (30+%), while Seattle has the lowest (14.4%).

Many flooring retailers are somewhat skeptical of Millennial demand and buying power. "The numbers just don't bear out the optimism and anticipation for the next generation's (Millennial's) flooring appetite," say many dealers and the marketing and advertising services that support them. When a business is worried about making sales numbers to keep the lights on and make the payroll, they aren't overly concerned about what may or may not be coming over the generational horizon. Should they be?

As the economy continues to improve, unemployment continues to shrink and the Baby Boomer generation continues to dwindle, Millennials will become more and more a marketing factor. Actuarially speaking, this is inevitable.

Meghan Biro said it best in the title of her Forbes article "Listen Up Leaders: We Are All Millennials." In the floorcovering food chain, marketers are starting to catch on. Manufacturers are the most attuned to this shift for a variety of reasons. First, they must reach a broader market. Second, investments in manufacturing, supply chains, innovation and design mean they must plan much further ahead to ensure their brands will keep pace. And finally, our youthful cultural bent requires that in order to be deemed acceptable and desirable, our brand image must be skewed in that direction.

To understand this, you need look no further in the floorcovering industry than the Coretec trade campaign of hip, athletic and cool Millennials identifying with Coretec styles that match their personal lifestyles. This campaign not only visually identifies with a "we are all Millennials" psychology but positions the brand as embracing it. Reading between the lines, the message to the dealer seems to be, "Get on board, guys, your future is with us."

Even with their rocky start, Millennials are beginning to make their mark while making their beds in their own home—and not their parents'. Consider the following:

- Four in ten Millennials are now homeowners, according to CNBC, Bank of the West Report, July 2018
- Homeownership rate of Millennials (now at 36%) is the largest gain among all age groups in 2017, according to the National Home Builders Association Report (NAHB), April 2018
- Millennials are in the market for single-family homes in the suburbs for raising their families, according to the NAHB Report, April 2018
- Millennials want three bedrooms and two bathrooms, outdoor space and flexible areas that can be used for a variety of purposes, as well as more luxurious finishes, like quartz countertops, according to the NAHB Report, April 2018

PLAN YOUR STRATEGY

In order for retailers to cash in on the Millennial shopper, they have already discovered many factors that are necessary to up their game. Here is a top-ten checklist to keep in mind when planning a strategy for Millennials:

1. They are more price-conscious and used to getting by on less. You can thank the Great Recession and student loan debt for that.
2. They are more knowledgeable about their purchase beforehand. Many retailers are surprised by their flooring savvy, probably due to equal measures of online research and HGTV viewing.
3. They are more sophisticated than their predecessors in digital media use. Remember, this generation was birthed at about the same time Steve Jobs introduced the Macintosh. They've never known life without a mouse click. Consider that five years ago a Better Homes and Gardens survey showed that nearly six in ten Millennial homeowners were already using smartphones or tablets to access home-related information.
4. They are more receptive to at-home shopping. They simply do not see the point of wasting time with the traditional comparison-shopping process of the previous generation.
5. They are the tour de force behind the explosive growth of e-commerce. Thanks to Millennials, this year's Black Friday shopping frenzy showed another double-digit leap in online sales, and meanwhile major retailers like Sears are in freefall.
6. They are more likely to be single or an unmarried couple purchasing a home than any generation in history. Unmarried couples accounted for 16% of first-time homebuyers in 2017—the highest share on record, according to the National Association of Realtors.
7. They expect products (especially those for the home) to be responsibly made in terms of sustainability and ingredient transparency and non-harmful through exposure and use.

STRATEGIC EXCHANGE

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Obviously, the trick with a transition like this is to try to move all the equity with each of these brands so that it becomes a part of the Tarkett legacy.

I've always heard that the key to branding is much more than recall in the mind of the intended audience. They need to not just remember you, but remember you for the right reasons.

BRAND CONSOLIDATION TREND

Tarkett's not the only flooring conglomerate to be tightening up its brand portfolio. At last month's Edge Summit meeting, Mohawk announced that its three core residential brands in North America will be Mohawk, Karastan and

Pergo. In fact, if you look at its consumer website, those are the three brands that are tabbed at the top of the page. Under the fourth tab labeled "Other Residential Brands," the firm has listed Daltile, Godfrey Hirst, IVC, Marazzi and Quick-Step.

You may recall last year that Shaw announced they were shifting their focus to three residential brands: Shaw Floors, Anderson Tuftex and Coretec.

With all this focus on branding, we need to remember Jeff Bezos' perspective when he said, "Your brand is what people say about you when you're not in the room." ■

For comments on this column, email kemp@floorfocus.com.

BEST PRACTICES

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When Amquist set out to grow, it identified another local retailer as its greatest competitor; they later found out that the company wasn't as large as they thought. "Our biggest competition today is about 50 miles outside of our market, a low-priced dealer in a small town." If it seems surprising that competitors are so few and far between, consider the region that Amquist is serving. Adam estimates that there are roughly 30 to 40 small towns of between 400 and 2,000 residents in the 60-mile radius that he targets.

While Alexandria does have a Menards—not a direct competitor to Amquist, in Adam's opinion—it doesn't yet have a Lowe's or Home Depot, operations that Adam believes would pose greater competition. Says Adam, "In the long-term, staying relevant in the industry and to our consumer is our greatest challenge. We don't have a Lowe's or Home Depot. If we had one, I'm sure it would take share, but I believe that if you do what's right and follow the customer's lead, things work out."

Ultimately, in the face of any competition that comes his way, Adam is willing to do whatever he can to usher the business into its fifth generation of family ownership. "I want to make sure the company survives until its 120th birthday," he says. "If you look at the history of the company, we have changed platforms three times. Sometimes I wonder, what will I be selling by the end of my tenure? I hope it's flooring, but it's the leader's job to determine what needs to change to keep your business viable." ■

Floor Focus' goal with this monthly column is to not only give recognition and acclaim to a successful dealer but also provide our readers with ideas they can put to work in their own stores. If you know of a retailer who exhibits exemplary leadership in any facet of their business, please let us know either by email (info@floorfocus.com) or by mail.

MARKETING MINUTE

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8. They are more mobile connected. Smart phone ownership equals 92% of Millennials versus 67% of Baby Boomers. Tablet ownership equals 64% of Millennials versus 52% of Baby Boomers, according to the Pew Research Survey, January 2018.

9. They are more socially engaged online. Social media came into its own at the midpoint when Millennials were going to their high school proms. Eighty-five percent of Millennials use social media versus 57% of Baby Boomers, according to the same Pew Research Survey.

10. They are more "experience" focused and less "thing" focused. Millennials collect experiences, not stuff.

STRATEGIC INSIGHTS

For flooring retailers, particularly those located in urban areas or near military bases or college campuses, marketing to Millennials becomes a necessity. Here are seven keys to guide your thinking:

1. Think value.
2. Think digital.
3. Think mobile.

4. Think experiences.
5. Think social.
6. Think sustainable.
7. Think safety.

And if you haven't done so already, here's #8: Think about Millennial representation on your marketing team, particularly in the social media area. ■



● THE AUTHOR

Paul Friederichsen is a marketing and branding expert with a career spent in ad agencies as a creative director and strategist and with numerous clients over the years in the floorcovering industry. He is a partner in the international brand consultancy The Blake Project, is a contributor to Branding Strategy Insider, and is the director of education for Domotex USA 2019.