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# The Appeal of the "Shop Local" Initiative to the Millennial Generation

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## Citation

The Appeal of the "Shop Local" Initiative to the Millennial Generation

By:

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Science in Business Administration

Sam M. Walton College of Business

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**Introduction**

  Understanding the changing values and beliefs of consumers is crucial to surviving and flourishing as a retailer, supplier, or manufacturer today.  It is important for businesses to adjust their focuses and strategies to meet the needs and wants of the current consumer.  New generations of consumers create different trends, shopping behaviors, and concerns.  Today, the shop local initiative is growing. With this in mind, I seek to determine the reasons why consumers shop locally and how millennials respond to the initiative.  The goal of this research is to determine the extent to which millennials' values align with the shop local initiative and if businesses should change their methods and strategies when it comes to shopping local.  With this goal in mind, my research examines three themes: (1) local stores and big box retailers, (2) retail shopping, and (3) the millennial generation and values.  For the purpose of this research, the term "shopping local" refers to shopping at locally owned retail stores in your community.  These types of stores can be known as "mom and pop" stores.  They are "small, independent, and family-owned business" usually in a one location or few locations (Investopedia).  A big box retailer refers to franchises and large corporations that have multiple operations in various locations such as Wal-Mart or Dillard's. These store formats are explored to gain depth about why consumers choose to shop at these types of retailers.  By comparing local stores and big box retailers, a greater understanding of the positives and negatives of the two formats can be observed.   On top of these particular store formats, additional research on retail shopping in general was conducted to understand consumers' needs and wants while shopping and on the millennial generation to determine their values and concerns. The research conducted about the three themes began with a literature review.

**Literature Review**

Theme 1: Shop Local Initiative and Anti Big Box Movement

*Shop Local Initiative*

  The 'shop local' initiative is growing fiercely and changing the way consumers shop. The research of Mitchell provides insights into the reasons why consumers have adopted the initiative and continue to shop local.  Consumers want to promote local character and prosperity, community well-being, local decision-making, keeping dollars in the local economy, local jobs, entrepreneurship, public benefits and costs, environmental stability, competition, and product diversity (Mitchell, 2012).  Local businesses can provide one-of a- kind products and services. This helps consumers feel a personal connection and bond more with local businesses because they understand the local audience (American Express, 2011 & Fugere, 2014).  Also, a recent study found that local businesses are more likely to donate to charity organizations (Mitchell, 2011).  Consumers are starting to realize the benefits and value local businesses can bring to the economy and their communities (American Express, 2011).  The American Express OPEN Small Business Saturday Consumer Pulse survey found that 89% of consumers believe small businesses contribute to the local community, and 87% responded that small business success is critical for the health of the US economy.  Not only are consumers stating their love for shopping local, they are acting on their statements.  The survey also found that consumers spend an average of 33% of their discretionary income on local business (American Express, 2011).

*Anti Big Box Movement*

Consumers increasingly view the once-welcomed big box retailers with negativity and complaints (Mitchell, 2011).  There are many disadvantages that come along with shopping at big box retailers including traffic, city costs, and prices (Mitchell, 2011).  Big box stores have more traffic in the store, in parking lots, and on the roads around the location.  This traffic can cause higher costs for the city.  More road maintenance may be required around the area.  Also, consumers are not always satisfied with the prices at these retailers.  Not only were consumers not satisfied with the prices of the products, but they criticized the product selection.  Big box retailers do not carry a unique product selection and seem to carry "the same old products across the same old stores" (Gustafson, 2014).

Theme 2: Retail Shopping and Consumer Behavior

Retail shopping continues to change daily due to the ever-changing needs and wants of consumers.  Much of this change is due to technology and attitudes.  Consumers demand multiplicity, hyper efficiency, new industrial revolution, escape, mindfulness, and super-personalization.  Consumers want more interactive experiences (Barkworth, 2014).  They want something bigger than a product.  They want experiences and opportunities that allow them to collaborate with brands and capture their imaginations (O'Toole, 2014).  Not only do consumers want experience, they want an environment that allows them to use every last bit of space and time to solve problems such as "keeping fit, lack of space, and limited resources" (Barkworth, 2014). They crave products that are sleeker, quicker, and use things that have been previously ignored. Advances in technology, such as 3D printing, have enabled people to create.  "Soon, everyone will be a manufacturer" and will be able to create their wants and needs (Barkworth, 2014 ).  Also, consumers want to escape from their grownup lives and indulge in every type of experience. People want to let go of their responsibilities and embrace silliness and hedonism.  Along with this craving, people are "seeking depth and meaningfulness" (Barkworth, 2014).  They are encouraged to take responsibility for their ethical statuses and the things they do, buy, and support. Lastly, people want personalization. With technology advances, companies are able to track consumers' information and develop and select products to meet their demands and expectations (Barkworth, 2014).

Theme 3: The Millennial Generation and their Values

The third theme examines the values and concerns of millennials.  Although the exact age range of millennials is contested, most agree that millennials are the generation born between 1980 and 2000 (Sandeen, 2008).  This age group consists of people in different stages of life.  It ranges from people in their careers and to teens in high school.  Therefore, there are people in this generation that are shopping more than others.  Today, there are roughly 77.5 million millennials, and they have $1.7 billion in spending power (FedEx, 2014).  Therefore, this group of consumers could determine the future of the shop local trend and the way consumers shop.

Millennials value entrepreneurship, trust, quality, health, individuality, customization, and a focus on community.  The generation values work less than these other characteristics, but they still desire money and status (Baute, 2010).   This generation is moving away from the traditional career.  They want careers with more vacation time, freedom, and flexibility (Belz, 2014). Three-fourths of millennials want to own their own business and want to support those with like minds.  This generation grew up during the recession and developed distrust for "Big Business."  Millennials are interested in investing in companies that they trust.  Also, the

recession led this generation to have less disposable income than generations in the past. However, the generation is willing to spend more on local products and services (Henderson, 2012). Millennials are not attached to the one-stop-shop concept. 40% of millennials prefer to shop local because they have a bigger connection with the products (FedEx, 2014). Local companies can offer more unique products and services that allow consumers to express themselves which allows millennials to achieve their goal of individuality.

**Research Methods**

Through in-depth interview research, I explored the themes covered in the literature review. The literature review encompassed popular business, general press, and scholarly sources. The information collected from these sources helped develop the themes investigated for my in-depth interviews targeted to the millennial generation, ages 11-34, with various genders, ethnic backgrounds, employment status, and income levels. I used a convenience sample of eight millennials to gather data. In order to have a smooth interview process, I assembled a one-page document to guide me (see Appendix 1). I developed pre-questions to get the interview started and to briefly explain the topic of research. I followed up with the definitions of shopping local and a big box retailer that were relevant for this study. After this explanation, I began with a series of 11 interview questions divided into three categories; shop local vs. big box retailers, retail shopping, and values and generations. The goal in targeting this generation was to try to better understand the reasons why consumers shop locally and if the values of millennials align with this initiative.
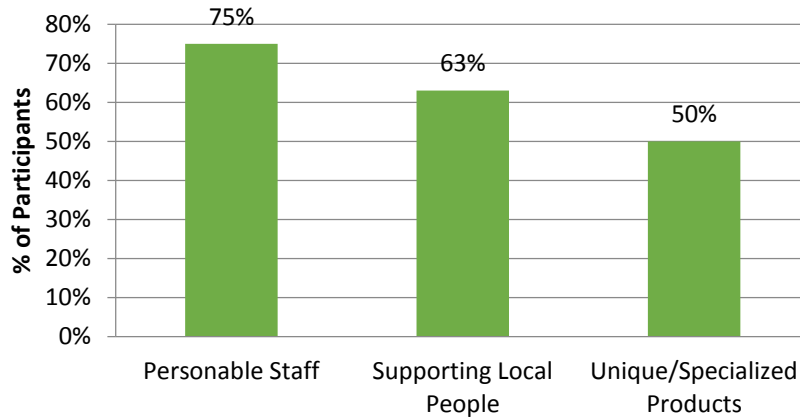
After my interviews, I was able to categorize the data I collected into the specific research themes. Through my interview results, I have developed insights and recommendations for practitioners.
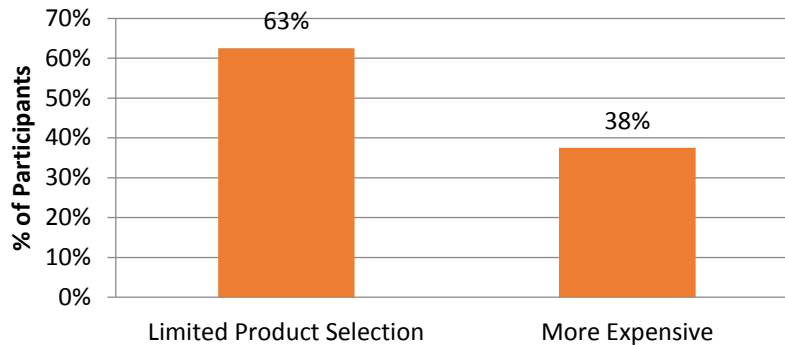
**Research Results**

Theme 1: Shop Local vs. Big Box Retailer

The review of the literature suggested a growing shop local initiative and an anti big box movement. Along with this came the positives of shopping local and the negatives of big box retailers. With this in mind, I explored these topics in my first theme and first round of interview questions in order to better understand consumers' opinions and attitudes toward the topics. The findings indicated that all of the consumers interviewed participated in shopping at local stores. After this realization, I wanted to see why consumers were attracted and not attracted to shopping local and if there was a difference between what attracts consumers to local stores versus big box retailers. The consumers were influenced by many aspects from store size, product selection, employee personality, store culture, and community support. They enjoyed the personable staff, unique and specialized products, and supporting the local community. However, there were some aspects that consumers did not like about shopping at local stores, such as the expense and limited product selection.

## Likes of Shopping Local

**% of Participants**

- Personable Staff: 75%
- Supporting Local People: 63%
- Unique/Specialized Products: 50%

## Dislikes of Shopping Local

**% of Participants**

- Limited Product Selection: 63%
- More Expensive: 38%

Consumers mentioned the difference in the product selection multiple times during the interview process. The main difference is that local stores offer more unique, specialized products that are catered to the population in the area. One participant stated that local stores accommodate the needs and desires of the local community unlike many big box retailers who have the same products in stores around the country. The local stores focus on the fashions and trends of the local community and pick products based on them. Along with the unique products, the participants enjoyed the personable employees that were interested in their daily lives and their shopping needs and wants.

In order to decide if shopping local is an initiative that companies should pay particular attention to and invest time and money, I asked the interviewees if they believed shopping local was a trend that will only be popular for a few years or many years to come. As you can see in the graph below, the majority of the interviewees believed the shop local initiative would continue to grow. Consumers would increasingly gain a desire for local atmosphere and the products within it. Then, three of the eight participants stated that the shop local initiative would never completely go away because of peoples' desires to support the community, but consumers would move on to new trends and focus less on shopping local. Therefore, shopping local would not be the focus but a new way to support the community would evolve.

## The Future of the Shop Local Intiative
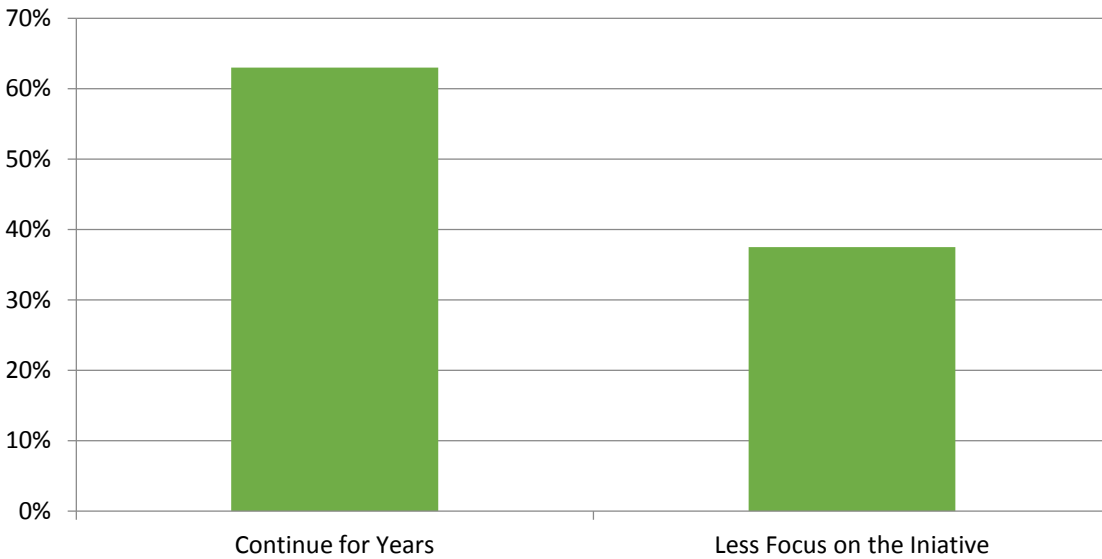


Supporting the local community is important to many of the participants involved.  Also, past research states that consumers want to support local stores because they are starting to realize the benefits they bring to the economy and community.  I asked the participants, "Who do you think contributes more to the local community: big box retailers or local stores?" in order to see if the past research matched up with the millennial generation today.  The answers varied widely.  As you can see in the graph below, three of the eight interviewees did not give a definite answer to the type of retailer they believed contributed more to the community.  Each of these three participants used Walmart as an example.  They stated that Walmart contributed a lot to the community.  However, they could not define Walmart as a big box retailer or local retailer. As mentioned above the interviewees in the interview process were convenience samples of millennials living in Northwest Arkansas.  Walmart was founded in this area.  Therefore, it is difficult to determine whether or not people in this area perceive Walmart as a big box retailer or local retailer in this area.  One participant stated that Walmart gives back more to the Northwest Arkansas area than to other communities.

## Who Contributes More to the Community?
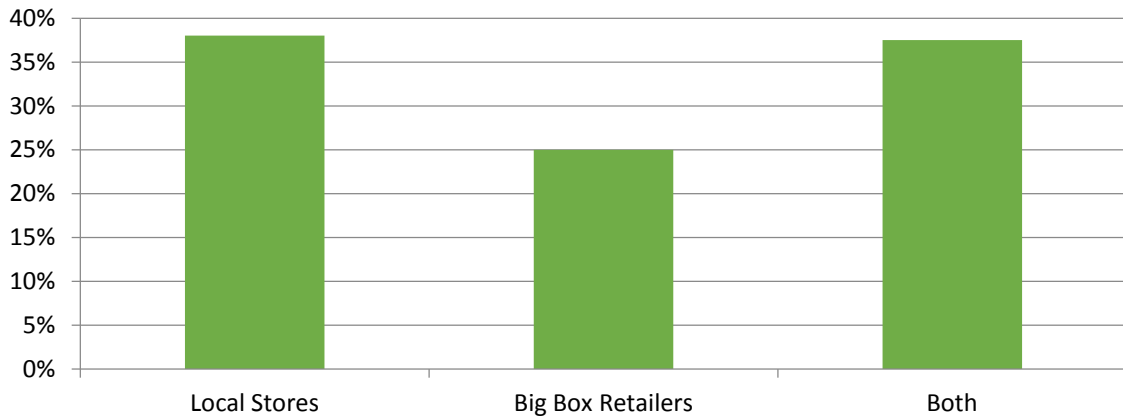


## Theme 2: Retail Shopping

After finding consumers opinions and attitudes toward local stores and big box retailers, I moved to my second theme, retail shopping. During this section in the interview process, I gathered information about the retailers the participants shopped at and why. This gave me a better understanding about what attracts consumers to certain retailers.

## Where Consumers shop?
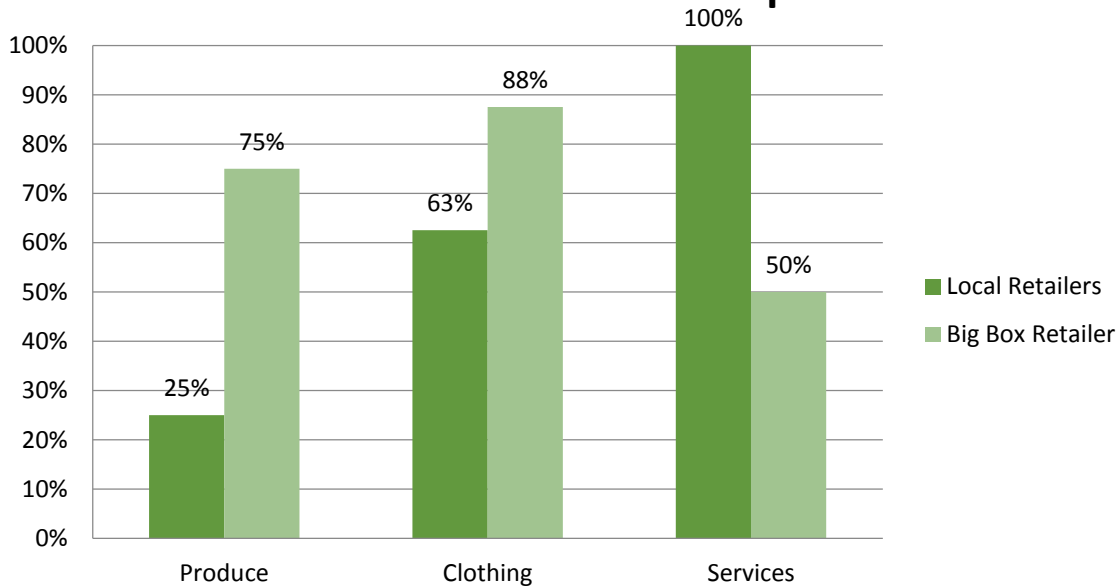


As you can see in the graphs above, most consumers preferred to shop for produce at the big box retailer, Wal-Mart, while two consumers preferred to shop at local grocery stores. When it came to shopping for clothing, consumers' answers were very different. In this category, seven of the eight consumers admitted to shopping at big box retailers, while five of the eight stated that they shopped at both local stores and big box retailers for clothing. When I asked consumers where they went for services, the answers varied widely. The type of retailer depended on the service.

Most of the interviewees stated that they would use a local store for hair and beauty services. However, consumers answers were about half and half when asked where they got their car serviced.

After learning about where the interviewees shopped, I gathered information about why they were attracted to these retailers. The top three reasons were convenience, product selection, and money. Other reasons were the friendly staff and atmosphere.

## Why are Consumers Attracted to Retailers?

| Category | Percentage |
|---|---|
| Convenience | 63% |
| Product Selection | 63% |
| Money | 50% |
| Personable Staff | 38% |
| Atmosphere | 38% |
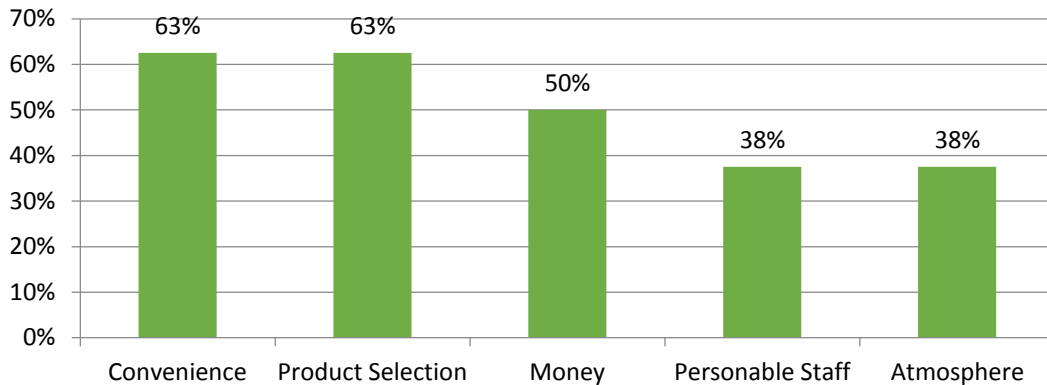
Theme3: The Millennial Generation and their Values

Lastly, I wanted to examine the values of the millennials that participated in the interview process. Through this information I gained a better idea of how millennials' values align with their wants and desires while shopping. The eight participants had a wide range of values. However, the top values of the participants were friends, family, loyalty, and honesty.

## Participant Values

| Category | Percentage |
|---|---|
| Family/Friends | 100% |
| Loyalty | 88% |
| Honesty | 75% |
| Health/Fitness | 50% |
| God | 50% |
| Personable | 50% |
| Hardwork | 38% |
| Hospitality | 25% |
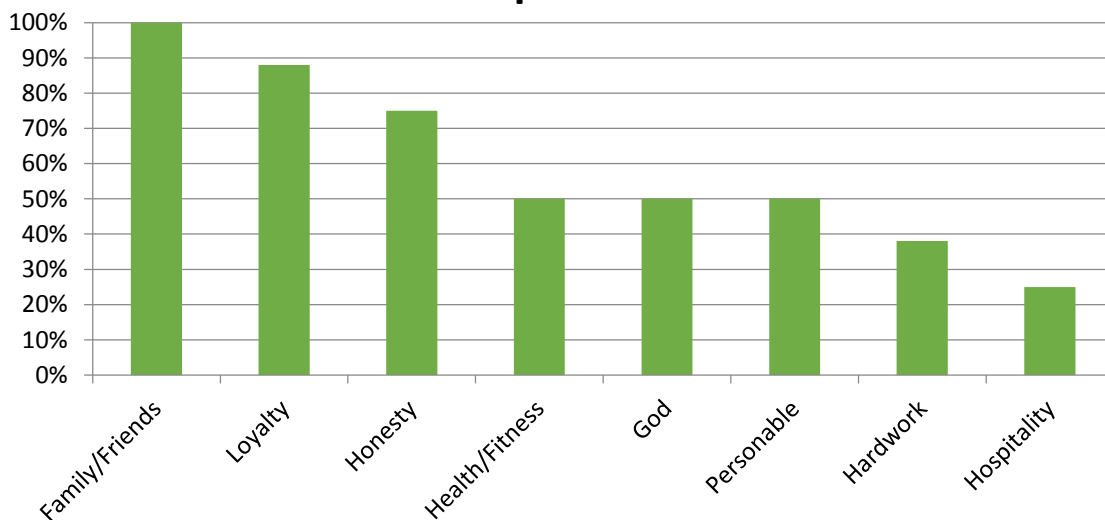
After finding the values of the participants, I asked the participants to describe their generation. The most common answer was that their generation was lazy. This description was followed by more negative associations such as entitled, expecting, and disrespectful. However, there were more positive explanations such as ambitious, passionate, and health conscious. The descriptions given by each of the respondents were mostly negative or positive outlooks on the generation. The descriptions were not a combination of positive and negative associations. Therefore, the graphs below illustrate the negative view and the positive view of the millennial generation.

## Negative Millennial Generation Description
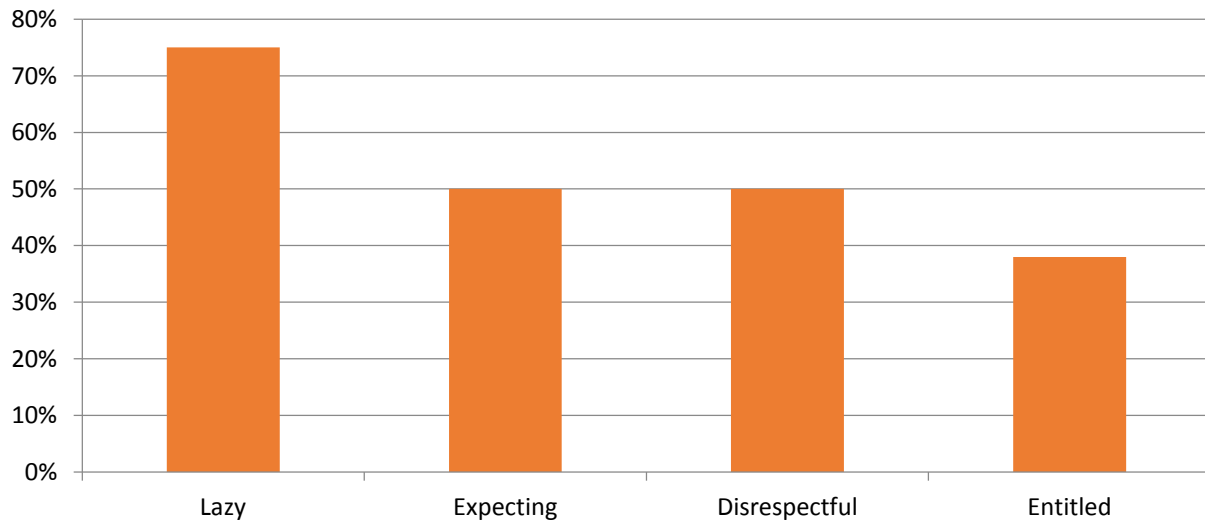


## Positive Millennial Generation Description
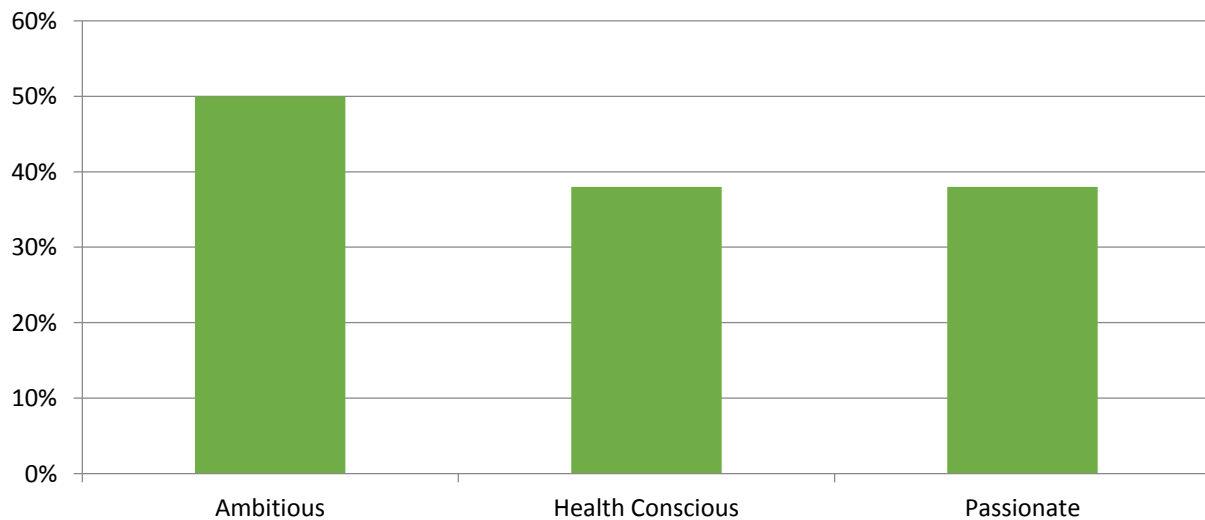
After finding the value of the participants and their opinions on their generation, I continued the process to find out if they thought the millennial generation shops differently than past generations. All participants thought that the millennial generation shopped differently. Participants stated that the millennial generation buys more products and services than past generations. One participant stated that today consumers always want the latest and greatest products. Due to technology, new products are developed at faster pace than in the past, and the millennial generation is interested in the products and purchases them. An example given by a participant is the iPhone. When a new version of iPhone is released, people flock to stores to buy the product even if they have a functioning phone. This demonstrates consumer materialism. Material objects are increasingly becoming more important to consumers, particularly the millennial generation. Also, they participate in more online shopping and are more concerned with the ingredients and sourcing of products. The participants expressed attraction to convenience while shopping at retailers. Online shopping encompasses these desires. Consumers can online shop almost everywhere because of new technologies. The concern with ingredients and sourcing of products aligns with the participants' values of health and fitness.

**Limitations of Research**

The main limitations in this research were the small, convenience sample used for interviews. There was a sample size of eight participants living in Arkansas. Since the sample size was small, the results could be fairly different if a larger sample were used. Also, the participants were all living in the state of Arkansas. This lack of geographic variation may mean the results may not be representative of consumers in other areas. Since I choose to focus on millennials, most of my participants did not have a large source of discretionary income, so they chose to shop at retailers with cheaper prices. Along with these issues, I limited my interviews to thirty minutes. Since I limited the length of my interviews, the number of questions asked was restricted. I could have potentially gained more insight into consumers' thoughts and attitudes with more time and questions.

Another limitation was the lack of previous research on this topic. While conducting my literature review, it was hard to find past research studies on my topic. Therefore, I had to narrow my topic into specific themes for which I could find enough relevant information.

**Conclusions and Recommendations**

This research was conducted to gain insight on the values of millennials and their opinions on the shop local initiative. With this insight, retailers could determine the importance of the shop local initiative and the possible changing values of this generation. After examining each of the three themes, I highlighted points that could be helpful to retailers.

First, consumers are attracted to personable staff, specialized products, and supporting the local community. As found in the literature review, these attributes are highly associated with shopping at local stores. By providing unique and specialized products, local stores meet the needs and wants of the people in the area while many big retailers offer the same products in each of their stores. Through this, consumers gain personal connections with local stores because they feel that stores understand and recognize their desires. This product selection was the main difference consumers realized between local and big box retailers. Also, consumers want to support the local community because they are starting to see benefits local retailers have

on the community and economy.  For this reason, consumers believe this initiative will continue on in the future even if other initiatives become more popular.

Second, the sample of the millennial generation interviewed was concerned with shopping at stores that offer desired products, convenience, low prices, personable staff, and a good atmosphere. Consumers shop at retailers that offer the products and services they want and need.  They want to be able to get these products quickly without much effort.  They are concerned with low prices especially when it comes to buying multiple products such as produce and other groceries.  Also, 38% of the participants were attracted to retailers based on their staff and in-store atmosphere.  As discovered in the literature review, these attributes are becoming more important to consumers.  Consumers want more than a product or service.  They want an interactive environment that allows them to use their imagination and interact with the brand and staff.

Third, the values of the participants and opinions of the millennial generation provides retailers with an idea of the type of consumers that are gaining spending power as more of this generation moves into the career stage of their lives. Family, friends, loyalty, and honesty ranked at the top of the values for the millennials involved. Previous research found that consumers want to support businesses that they trust.  By empowering the same values, loyalty and honesty, as the millennials interviewed, businesses gain trust.  Also, the participants described the millennial generation as lazy, expecting, and disrespectful.  These attributes can be related to the past research that states consumers want to work less but still desire money and status.  On the positive side, the generation was said to be self-driven and passionate.

After a literature review and in-depth interviews of the millennial generation, the values of the generation are clear.  Many of these values align with the shop local initiative and the attributes it offers.  This study found that consumers choose their shopping locations based on their needs and wants.  While consumers may be becoming increasingly supportive of shopping local, they still desire to shop at big box retailers, too.

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# Appendix

*Appendix 1: Thesis Research Questions*

Pre-Questions
- Have you heard of the term 'shop local'?
- What does it mean to you?

***Provide interviewee with the definitions of 'Shopping Local' and 'Big Box Retailer'***
- Shopping Local: For the purpose of this research, the term refers to locally owned retail stores in your community. These types of stores can be known as mom and pop stores. These are "small, independent, and family-owned business" usually in a one location or few locations.
- Big Box Retailer: This term refers to franchises and large corporations that have multiple operations in various locations such as Wal-Mart or Dillard's.

Shop Local vs. Big Box Retailer
1. Do you shop local? (If yes, Question 1A & 1B; If no, Question 2)
   1A. If you shop local, what influences you to shop on a local scale rather than at a big box retailer?
   1B. What do you like and dislike about shopping at local stores? (such as Mom and Pop stores)
2. What do you like and dislike about shopping at a big-box retailer? (such as Wal-Mart, Target, Dillard's)
3. Think of products that a big box clothing retailer offers and then think of products that a local clothing store offers, are the products the same or different to you?
4. Do you think shopping local is a trend and only will be popular for the next couple of years, or do you think it will be around for many years to come? Why?
5. Who do you think contributes more to the local community big box retailers or local stores?

Retail Shopping
6. 6A. Where do you shop for produce?
   6B. Where do you shop for clothes?
   6C. Where do you go for services? (Such as services for your car, computer, hair)
7. What attracts you to some of the retailers you mentioned?

Values/Generation
8. What are your values?
9. How would you describe your generation?
10. Do you think your generation shops differently than other generations? If yes, how so?
11. Do you think the people in your generation shop local?

*Appendix 2: IRB Approval Form*

Attached on the following page

December 10, 2014

MEMORANDUM

| | |
|---|---|
| TO: | Elisha Cummins |
| | Ronn Smith |
| | |
| FROM: | Ro Windwalker |
| | IRB Coordinator |
| | |
| RE: | New Protocol Approval |
| | |
| IRB Protocol #: | 14-11-315 |
| | |
| Protocol Title: | *The Appeal of the 'Shop Local' Initiative to the Millennial Generation* |
| | |
| Review Type: | ☒ EXEMPT   ☐ EXPEDITED   ☐ FULL IRB |
| | |
| Approved Project Period: | Start Date: 12/10/2014  Expiration Date:  12/09/2015 |

Your protocol has been approved by the IRB.  Protocols are approved for a maximum period of one year.  If you wish to continue the project past the approved project period (see above), you must submit a request, using the form *Continuing Review for IRB Approved Projects*, prior to the expiration date.  This form is available from the IRB Coordinator or on the Research Compliance website (https://vpred.uark.edu/units/rscp/index.php).  As a courtesy, you will be sent a reminder two months in advance of that date.  However, failure to receive a reminder does not negate your obligation to make the request in sufficient time for review and approval.  Federal regulations prohibit retroactive approval of continuation. Failure to receive approval to continue the project prior to the expiration date will result in Termination of the protocol approval.  The IRB Coordinator can give you guidance on submission times.

**This protocol has been approved for 20 participants.** If you wish to make *any* modifications in the approved protocol, including enrolling more than this number, you must seek approval *prior to* implementing those changes.   All modifications should be requested in writing (email is acceptable) and must provide sufficient detail to assess the impact of the change.

If you have questions or need any assistance from the IRB, please contact me at 210 Administration Building, 5-2208, or irb@uark.

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