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Tracking the Hot Teen Market

Cover story, *Your Convenience Manager Magazine*

This article received an IABC Virtuoso Award of Excellence for features and editorial writing.

By Suzanne Boles

My 14-year-old daughter, Jennifer, is a discerning shopper. She scrupulously saves her allowance and any other money she gets, then heads out to spend her cash. Like her friends, clothes and CDs are top priority, along with fast food to fill the hunger gap.

Where she shops is also important. She's somewhat concerned with price point, but more easily lured by trends. She frequents stores catering to teens because she knows she'll be treated with respect. Retailers who take time to talk to her and provide assistance will benefit from her disposable income. Those who ignore her won't. And those who are indifferent or treat her with disdain don't have a prayer of prying cash from her wallet.

What does their loyalty mean for your business?

So why should retailers care what teens want? According to Statistics Canada 1999 figures, there are over four million youths, aged 10 to 19, in Canada. That means 13.41% of the country's population has its own purchasing power. That number has been steadily increasing for almost three decades, a trend that's expected to continue.

According to a recent YTV study of Teen Marketing Trends, teens spent \$12 billion last year. Most of their money went to clothes, music, entertainment and food. They also influence high-end family purchases, including entertainment and computer systems. Given these statistics, it's easy to understand why you'd want to know more about Jennifer and her friends' likes and dislikes.

It's also important to appeal to them now and retain their loyalty, says international retail consultant Ira Teich, CEO of JTCO and Chairman and CEO of Nexient Corporation, because "this same demographic will represent adult households, and it's these households that will sustain retail growth."

Mike Coffin, co-owner with his wife, Wendy, of LaSalle Discount and Variety in LaSalle, ON, agrees. Coffin estimates that 12-20% of his store sales come from the 10-19 market. In business since 1971, the store is located between a grade school and a park, "so we attract a lot of youth to the store. When you treat them well you have them forever."

Who are they?

Many studies indicate there are several sub-cultures or cliques within the teen culture. Teich refers to one study identifying five distinct segments based on conformity and attitude (see, "[Who's a teen](#)" below).

"Understanding different behaviours and attitudes of different clusters within the teen population can bring a much deeper understanding of how to identify and anticipate trends in that segment," explains Teich, emphasizing that trends are dictated by certain sub-cultures while others follow suit. For tweens (defined by the YTV study as ages 9-14) and teens (defined as ages 15-19), peer pressure, the need for camaraderie and social interaction are very important.

"Teens and pre-teens are very sophisticated shoppers, and they're always looking for something new and interesting. They show their sophistication in their use of debit cards and their purchase of pagers, cell phones, pre-paid phone cards for both land lines and cellular," says Nancy Brown, Western Division Marketing Manager for Mac's Convenience Stores Inc. "They're very influential. We recognize them as a major component of our customer base, and we work to retain them as a customer."

"We know that 35% of all groceries are purchased by the teen market," says Doug Stewart, president of Youth Culture Inc., a research and strategy company focusing on youth demographics. As well as spending their own

money on chocolate bars, salty snacks and single-serve drinks to satiate their need for additional calories, driven by this physical growth period, teens are often given the responsibility of topping up family grocery staples.

"Parents are giving the kids money so they can buy tonight's dinner, so if you can attract kids into your c-store they'll also be in there buying bread, lunch meat, milk and other groceries for the family," says Stewart.

Focus on the good stuff

Despite statistics supporting the importance of attracting and retaining this segment as loyal customers, many convenience retailers continue to shy away from this lucrative market. The tendency by older adults to associate this age group with potential problems is often their first instinct. The idiosyncrasies of youth cultures, such as clothing or hair colour, are often seen as signs of rebellion rather than a statement of individuality.

"Retail planners have to train their staff to see the youth customer as a real customer, not as a negative," says Stewart. "The key is to treat them with respect."

Convenience retailer Mike Coffin echoes this. "It's a market a lot of stores miss because they don't treat the kids right. The whole key is customer service, regardless of age. If they're not treated well, they'll go elsewhere. If you lose one, you might lose four because their peers will follow them."

How to attract teens and keep them coming back

At the very least you need to treat them with respect, says Stewart. "To go further, kids like things that are visually attractive. They like an entertaining and interactive environment."

In a c-store, it may not be possible to create a high-end interactive environment, and many would argue that you probably wouldn't want to. Retailers want to attract customers who will purchase their products. While that often includes catering to their likes and dislikes, enticing them to stay for hours isn't the ultimate goal.

But there are ways to make your business an interesting destination for the youth shopper. Teich talks about Tesco, one of the leading food retailers in the UK. The company has created zones in their store "that reflect their understanding of how to manage categories. For example, there's one zone called the pop and snack factory, and this zone sells, together, pop and snacks. We all know that pop and chips go together, but they merchandise it in such an integrated fashion that sales of pop and snacks are higher than if they were marketed separately."

Though the c-store is much smaller in scale, creating a destination for teens and tweens can enhance sales. For example, Mac's has actually designed stores with teens and tweens in mind, says Nancy Brown.

"One of our Vancouver stores has a froster (the frozen drink also referred to as a slushie) and fountain drinks, along with tween and teen magazines and snack foods on one side. We have a television that we tune into music programs and sports for the younger crowd. On the other side of the store is merchandise for adults with coffee and other magazines that we carry."

Brown also talks about 9ft. tall metal structures, known as the Jungle Gym, created by Mac's to merchandise confectionery. The kids are able to walk around and through the structure, appealing to their sense of fun and their desire to experience something different.

Stewart also suggests that cell phones, phone cards and similar products be positioned in close proximity to your store's teen.

Keep up on top of what teens consider to be cool

Teens spend a great deal of money on entertainment, including videos, movies high-end stereo systems and CDs.

"A huge influencer for teens, right across the border, is music," says Teich. "If I were a c-store owner who wanted to appeal to teenagers, I would try to provide a musical environment to get them to see this as a good place to be."

Stewart agrees. "Teens like a cool, fun environment, and sometimes the music played in a store can turn them on or off that retail experience. If you don't want teens in your store, play classical music. But if you're interested in, at least, not turning them off, play a relatively hip or modern radio station."

Knowing what appeals to teens also means keeping up with their interests and trends. Teich suggests retailers keep abreast of what other retailers who cater to teens are doing and see what appeals to this age group. For example, retailers should check out clothing retailers like the Gap and Bootlegger or websites like backstreetboys.com and cyberteens.com, which cater to this segment.

"I'm not suggesting that c-stores go into the clothing business, but certain segments are doing a good job of marketing to teens," says Teich. He cites one example that, to most adults, would seem a bit far-fetched, yet the idea has caught the attention of teens. A Levi's store in San Francisco encourages visitors to put their jeans on and sit in a hot tub to have them shrink to the body, then go into a dryer while still wearing them.

"You can sit in a hot tub with your peers, then get dry together. It's weird and interesting. The brilliance of it is the social interaction. Kids like to do things as a group, and it's right on the psychology."

It's also important to remember the simple things that keep them coming back, advises convenience retailer Mike Coffin. "Make them feel welcome in your store. They're sharp buyers. They watch what they're getting for their dollar, and they will slide their loyalty in a moment if someone comes up with a better value. And they remember the last thing you did. If it was good service, they come back. If it was poor service, they don't come back. You're only as good as your last transaction."

"While teens have a lot of things in common, they aren't all the same," says consultant Ira Teich. One study suggests there are five distinct segments of teens (ages 13-19) based on behaviour, conformity and attitude.

"Understanding these segments and the relationship between them helps to reveal emerging trends and can help predict which trends are going to fall off."

Explorers represent about 10% of the teen population. They are characterized as creative and highly independent. This group prefers to differ from the norm and is recognizable by its counter-culture behavior. Explorers are sometimes known as Ravers, Goths, Freaks or Wierdos and represent a highly influential segment within the teen culture.

Visibles are the most visible segment of the student population and represent 30% of the teen population. Popular, though not well liked by everyone, they're commonly referred to as cool kids, populars, flirts, party people and jocks. They are the recipients of influence rather than influencers, but represent large purchasing power.

Status Quos display traditional values, moderation, emphasis on achievement and mainstream. Their numbers have increased in recent years, and they currently represent 40% of the teen population. Accepted by both adults and their peers, kids in this category are known as brainers, Joe averages and preps.

Non-Teens lack social skills and prefer adult environments and the company of adults to their peers. Many are indifferent to the current teen culture, have intense interest in academics and behave like adults or young children. This group represents 15% of the teen population and is often referred to as Nerds, Geeks or Dorks.

Isolators exhibit behaviour that's isolating from both peers and adults. They represent 5% of the teen population. Many have societal problems and come from abusive or disruptive homes. They exhibit low self esteem and have problems with both authority figures and peers. Members of this group are sometimes referred to as Stoners, Burnouts or Criminals.