

Retailer's Viewpoint: Millennials and the Middle Class

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Millennials, lifestyle and luxury--three words we hear a lot today.

When you're in a luxury business, as we in the jewelry business are, trying to understand how these words relate and finding our place in this changing world is a challenge.



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There have been many articles written and lectures given on how to sell millennials, but why is it that the upcoming generation seems to have rejected so many of the things (what they might call "stuff") that previous generations have considered valuable?

The things they are showing less interest in aren't limited to jewelry; they also include crystal stemware, china dishes, porcelain figurines, silver flatware and hollowware, and even a house in the suburbs. Young people today are opting to move into the cities that their parents and grandparents worked so hard to afford to move out of. That 1-acre lot of grass that needs to be mowed on the weekend suddenly isn't the dream. Now, it's a loft apartment overlooking other buildings, close enough to work that you don't need to own a car.

What happened? Why is it that this new generation doesn't want all the luxuries that previous generations worked so hard to attain and care for?

The internet has, as we all know, changed everything. Business as usual isn't usual anymore.

Decades ago, a generation of young people finishing

high school or college who didn't go into a specific profession had the opportunity to open "mom-and-pop" stores. Jewelry stores, optical stores, shoe stores, drug stores ... if you had an interest in a particular field, you had the opportunity to be your own boss and, with time and hard work, make a decent living. With that living, you were able to buy gifts of luxury, things above the essentials, for those whom you loved, including jewelry.

Where are those young people today, the ones who didn't go into the professions or those who weren't picked up by Google, Facebook or one of the other internet giants? They're working behind the counter at Starbucks, the Apple store or even one of the big jewelry store chains. They make a living but don't see a chance to truly excel within the job that they have taken.

Did you ever speak with one of the people at those stores? They're bright, educated and industrious but don't have a clear path to earn more money. With fewer opportunities to earn a large amount of money comes a change in what people desire to have and acceptance of one's position. Without this acceptance, one faces daily frustration and depression. You may have experienced this in your own life, where you see someone drive past in an expensive car and you know you'll never be able to afford one like it. You just accept the fact that there are things out of your reach and choose other, more affordable options.

The middle class is disappearing in the United States as the younger generation takes over our world. They don't have the means to buy luxury anymore. The \$500 to \$2,000 sale that kept jewelry stores alive in the past has become a \$50 to \$200 sale. That's now an affordable gift for a generation that doesn't have the disposable income that the previous generations had, but it's not enough money to keep mom-and-pop shops in business.

The shift from luxury to lifestyle--an evening out at a restaurant, a day at a spa or a vacation--is not driven by taste alone but by economic factors. The millennials are not rejecting luxury goods as an act of rebellion--after all, every generation rebels against the previous one in some fashion--but because the opportunities for them to earn a wage that will allow them to purchase luxury no longer exist.

Our economy has been divided into the “haves” and “have nots” more than ever before. We have more millionaires and billionaires than our country has ever known and, at the same time, there are more people just getting by or not getting by at all.

To stay in business today, you have to reduce your expenses to be able to accommodate the customer wishing to make an inexpensive purchase or, if you have the means, upscale your business to accommodate the customer who is truly wealthy.

The millennials have moved away from the traditional jewelry of the past and they aren't coming back.

It's not that they can't be understood. It's that with the high expenses of life today--health insurance, college loans, the cost of going out for an evening--there just isn't enough money left to buy luxury goods, and as such they have shifted their values, and what disposable income they do have, to lifestyle purchases.