

What Retailers Need to Know About Gen Z

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Gen Z is set to shake up the retail market just like millennials did when they first acquired their purchasing power. Gen Zers ages 16 to 21 in the US spend an estimated \$143 billion a year, according to a 2018 report from Barkley, which defined the overall cohort as 7- to 21-year-olds. (This does not include the money spent on Gen Z by parents or the indirect spending influence they have on overall household spending.)

Gen Zers have never known a life without the internet, so figuring out where to reach them and how to sway their purchasing decisions can be difficult for retailers that have just gotten into the swing of targeting millennials.

We took a deep dive into the research about this generation and came up with the top four things retailers need to know about them.

They l-o-v-e Amazon

Gen Zers have the (digital) world at their fingertips, and they expect retailers to operate with the same speed and convenience as smartphones do. Amazon fits that bill, so it is no wonder that 64.3% of 18-to-24-year-old females polled said they bought clothing on Amazon in the past six months, according to a November 2018 survey by CPC Strategy. A little under half of those females said free and fast shipping

was the No. 1 reason for clothes shopping on the platform—a key detail that retail operations teams should be aware of.

The need for speedy delivery has maintained high importance among customers; 58% of those ages 18 to 20 said they would pay more than \$5 for 1-hour deliveries, per multinational data from Accenture in 2017.

But they prefer shopping at brick-and-mortar stores

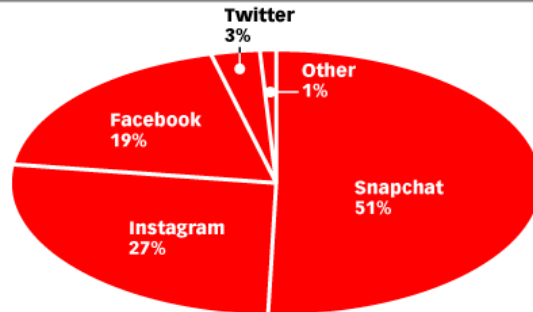
Despite all the Amazon love, over two-thirds of consumers ages 13 to 21 surveyed by the National Retail Federation (NRF) said stores were their preferred purchasing channel. Much like teens before them, the habit is born out of a desire to spend time with friends. Of the 1,000 18- to 24-year-olds surveyed by Comscore in November 2018, 44% said that shopping with friends was their reason for going to stores.

Instagram and Snapchat are in, and Facebook is most definitely out

Another reason Gen Zers like to spend time in stores is so they can post their experience on Instagram or Snapchat—retailers can be sure they won't be posting about it on Facebook. While a little over half of 13- to 17-year-olds said they were on the platform, just 10% reported it was the site they used most often, according to Pew Research polling in May 2018. Snapchat takes that honor: 51% said it's the platform they use most, a Common Sense Media report found. Instagram was second in line to Snapchat; we forecast that 46.1% of 12- to 17-year-olds in the US will use Instagram by the end of 2019.

Which Social Media Platform Do US Teens Use the Most?

% of teen social media users, April 2018



Note: ages 13-17; numbers may not add up to 100% due to rounding
Source: Common Sense Media, "Social Media, Social Life: Teens Reveal Their Experiences," Sep 9, 2018

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When they aren't on social networks, they're on YouTube

As demonstrated by their attachment to Instagram and Snapchat, Gen Zers are all about the visuals and spend massive portions of their time on YouTube watching their favorite stars. Polling in H1 2018 by Pew Research found that of 13- to 17-year-olds, 89% of males and 81% of females were YouTube viewers. Of the 2,587 respondents ages 14 to 23 surveyed by Pearson/Harris in August 2018, 47% said they spent at least 3 hours per day on YouTube.

Despite their digital habits, the internet is not the best place to reach them

Gen Zers already feel like they get too much information on their phones and don't appreciate an advertiser adding to that overload with a notification. According to an April 2018 EMI Research Solutions survey, 41% of 13- to 18-year-olds said they felt overwhelmed by the number of notifications they got, and 60% said their friends are addicted to their phones.

If they do come across advertising in one of their favorite platforms, they tend to like it more if it seems authentic. Some 77% of US teens told Inmar Research they liked ads "that show real people in real situations." This desire for authenticity makes the use of paid Hollywood-type celebrities inconsequential. "A brand has to put real customer testimonials on their YouTube pages," said Heather Watson,

consulting and behavioral insights lead at the Center for Generational Kinetics. “They don’t want photoshopped or airbrushed people.”

Underlying all of their behavior is the fact that Gen Zers are still young and don’t have brand preferences set in stone quite yet. Not dedicating adequate time and resources to making them fans of your brand is a bad idea, and marketers need to be thinking about their Gen Z strategies before this generation reaches the stage of real buying power.