

How Gen Z shopping behaviors can influence retail media

Article

Gen Z consumers are tech-savvy digital natives that feel more comfortable searching for products on social platforms like TikTok over traditional search engines like Google. Even when they're shopping in-store, they employ technology to help them, browsing mobile phones and using self-checkout to make the shopping experience more seamless.

Here are five insights into how Gen Zers discover, research, and buy products, and what that means for brands and retailers who want to reach them via retail media.

1. Amazon isn't the end all, be all

The Gen Z behavior: Nearly half (47%) of Gen Z shoppers say they're actively trying to shop less on Amazon, per Mintel data. In addition, 60% of Gen Z shoppers agree that **Amazon** is too powerful and 39% are tired of hearing about it.

However, there's also evidence to suggest that Amazon still plays a powerful role in the Gen Z shopping experience.

- 45% of Gen Zers say they typically start their product searches on Amazon, per CivicScience.
- Over half (55%) of teens say that Amazon is their favorite ecommerce site, per Piper Sandler.

The retail media lesson: Gen Z consumers are serious about curbing their Amazon use, it's important for brands to diversify their retail media spending outside of the ecommerce giant and invest in channels where Gen Z wants to spend their time (and money).

2. A social presence is non-negotiable

The Gen Z behavior: Amazon isn't the only platform stealing search share from traditional search engines. Gen Z is more likely to turn to social networks than search engines when looking for information about a brand, product, or service, per GWI.

- The top reason Gen Zers turn to social search is because they can get the information they want quickly, per our July 2023 survey.
- Gen Z also appreciates that social search is convenient and returns relevant, visual results.

But even if consumers aren't searching for something specific, social can prove to be a useful discovery tool. Over two-thirds (67%) of consumers ages 16 to 24 say they have been informed about a product or service by a social media video made by a user that organically entered their feed, per a November 2023 survey by 5WPR.

The retail media lesson: If brands want to reach Gen Z, they have to be on social. Paid search ads should be highly visual and succinct, whereas organic content should focus on how the product fits into consumers' everyday lives.

3. Use in-store technology to aid and engage

The Gen Z behavior: Despite being the first generation of digital natives, Gen Z shops pretty equally both online and in-store, per ICSC's The Rise of the Gen Z Consumer report.

- Of the 97% of Gen Zers who shop in-person, 30% say they do it to get products immediately, while 28% say they shop in-store to see, touch, and try products.
- Gen Z also values quick and easy checkout experiences, as well as quick and helpful customer service.

Gen Z consumers are tech-forward, using their phones and in-store tech throughout their shopping journey.

- 93% of Gen Z Target shoppers **browse its app or website while shopping in-store**, Roundel senior vice president and president Sarah Travis said at our "Attention! Trends and Predictions for 2024" summit last year.
- 53% of Gen Z and millennial shoppers **prefer self-checkout** over traditional manned registers, according to a recent survey by NCR Voyix.

The retail media lesson: Gen Zers aren't afraid to use in-store technology, as long as it helps them shop quicker or smarter. Retailers can leverage this with in-store media solutions like Ulta Beauty's smart vending machines (which provide samples in exchange for customer data) or smart carts that streamline the checkout process.

4. Ads are not necessarily the enemy

The Gen Z behavior: Gen Z consumers are notorious for **calling out brands** with inauthentic or shady marketing campaigns. But that doesn't mean they're unreceptive to ads. It just means brands need to understand what kinds of ads and placements work best.

- 98% of Gen Z consumers say video is their preferred type of digital marketing content, per Adobe Express survey data cited by Chain Store Age. In addition, Gen Z respondents were the most likely of all generations to think user-generated content was the most authentic and trustworthy.
- Over half (58%) of Gen Zers don't like advertising that interrupts the content they're watching, per an NCSolutions survey cited by Supermarket News.

- Gen Z pays the most attention to social media ads, with 37% saying that video ads on social, in particular, have the most influence on what they purchase, eat, shop, or watch, per CivicScience.

Younger consumers are also more receptive to **shoppable ads** than older generations, per an August 2023 survey from Acxiom conducted by MTM.

- 38% of consumers in the US and the UK ages 16 to 34 have seen or purchased an item through shoppable content and ads on search, versus 28% of 35- to 54-year-olds and 9% of consumers 55 and older.
- Over a quarter (27%) of US and UK consumers 16 to 34 have also seen or purchased an item through shoppable content and ads on social media, compared with 19% of 35- to 54-year-olds and 7% of those 55 and older.

The retail media lesson: This further underlines the importance of social and video content when it comes to grabbing Gen Z's attention. It also signals that Gen Z is open to shoppable content. But whether it's in-store or online, brands need to think about how ads can enhance the user experience, not detract from it. Otherwise, Gen Z consumers may feel annoyed and come away with negative brand associations instead of good ones.

5. Highlight where your products bring value

The Gen Z behavior: Like the general population, Gen Z has struggled amid rising prices, particularly Gen Z teens who haven't entered the workforce yet. This is good news for discount and dollar stores, as Gen Zers seek more value for their money.

- 48% of US Gen Z consumers say they shop most frequently at discount and off-price retailers like T.J.Maxx or **Walmart**, per a March 2023 ICSC survey.
- 25% say they frequent dollar or variety stores the most.

Gen Zers are also exploring more private label options. Over two-thirds (67%) say they are extremely or very aware of store brands, while 64% say they buy store brands always or frequently, per a survey by the Private Label Manufacturers Association cited by Chain Store Age.

The retail media lesson: Retailers and brands should consider how they're positioning products at lower price points, specifically those with private labels. Target is adding to its private label lineup of low-priced goods by expanding its up&up household essentials brand and introducing a new budget brand with most items under \$15.

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