

3 ways brands can adapt to Gen Z's evolving shopping habits

Article

Gen Z favors a range of product discovery methods, cost-conscious spending patterns, and flexible payment options. Here are three crucial insights and actionable strategies to help brands capture Gen Z's attention—and dollars—this holiday season.

1. Gen Z strays from traditional search engines

“[Gen Zers] are not starting on Google. They’re starting where they’re spending time, which is on social or on Amazon,” our analyst Arielle Feger said on a recent **“Behind the Numbers: Reimagining Retail”** podcast episode.

- 58% of US Gen Zers start their online product searches on Amazon, while 43% start on Walmart.com, according to a February 2023 Jungle Scout survey.
- The same study found that 43% of Gen Zers start their product searches on TikTok, compared with the 19% of the overall population that claims to do the same.
- In response to changing search behaviors, Google recently released a new tool that enables users to create AI-generated images, which then help populate similar-looking or related products.

Use this data: Consider ecommerce sites not just as a place for conversions, but as a product discovery engine.

2. Gen Z is conservative with spending

“Gen Z says they want to keep spending, but actually the data shows that they are cutting back a little bit,” our analyst Catherine Ollinger said. “They’re not immune to what’s going on in the economy and the price-sensitivity.”

- Nearly three-quarters (73%) of Gen Z consumers say they’ve changed their spending habits due to inflation, per Bank of America.
- Self-reported spending by teens dropped 1% YoY—a decline that hasn’t been seen since before the pandemic, according to Piper Sandler.
- “We’re also seeing [Gen Zers] switch to off-price brands more so than other generations,” Ollinger said.

Use this data: Make sure marketing messaging emphasizes value and affordability, and lean into discounts and deals to resonate with younger audiences.

3. Gen Z is partial to flexible payment options

“A lot of Gen Zers are jumping onto buy now, pay later [BNPL] because they either don’t want to embrace traditional credit cards or don’t have the credit yet,” said Feger, who expects the

service to become even more popular for holiday shopping.

- More than a third (37%) of **US Gen Zers have used a BNPL service** to make at least one recent purchase, per September 2023 Morning Consult data.
- 27% of Gen Zers would forgo a purchase if BNPL was not an option, according to PYMNTS.com and i2c.
- This year, almost half (48.1%) of US Gen Z digital buyers will be BNPL users, accounting for 21.9 million people, per our June 2023 forecast.

Use this data: Avoid leaving money on the table by integrating BNPL services, and consider highlighting flexible payment options on high-trafficked webpages—not just at the checkout.

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