

RETAIL

Personalization, unique products key to pleasing Gen Z

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Gen Z values in-store shopping. Image credit: Michael Kors

By SARAH JONES

Despite being digitally driven, Generation Z consumers value bricks-and-mortar shopping and tactile retail experiences.

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A new report from Criteo finds that while three-quarters of this up-and-coming consumer group prefer to shop online, 80 percent enjoy visiting physical stores when possible and 65 percent want to touch items before buying. Rather than eschewing traditional retail entirely for ecommerce, Gen Z is instead seeking bricks-and-mortar stores that incorporate technology and seamless omnichannel shopping.

"Gen Z values real-world retail experience, albeit augmented by technology, whether it is via desktop or mobile," said Jaysen Gillespie, vice president and head of analytics and data science at **Criteo**. "Gen Z-ers were children when smartphones and social media came to the forefront, and the new methods of connecting with each other have huge implications for marketers.

"While the smartphone is their remote control for life, they desire a world beyond the screen," he said. "They are more tactile than older generations and want to experience the world and products. Online shopping doesn't fully deliver on two of their desires: touch and instant gratification.

"In-store retailers who capitalize on Gen Z's preferences for real-world experiences will thrive. Brick-and-mortar brands and retailers will optimize their store fronts and enhance store display and design to appeal to the younger generation."

Criteo's report is based on responses from thousands of Gen Z consumers in the United States, the United Kingdom, France, Germany, Brazil and Japan.

Cross-channel consumers

Born between 1994 and 2002, Gen Z came of age surrounded by social media. Around half of Gen Z shoppers use Facebook, Instagram and Snapchat every day.

These digital natives bring this connected mindset to shopping, tapping into their social networks for help making

purchasing decisions.

While older generations still spend the majority of their time online browsing via desktop, Gen Z tends to use their mobile phones more often than computers.

A third of these shoppers' purchases are made on a mobile device, and 67 percent of consumers conduct research on their phones while they are in-store. They are also prone to comparison shopping, and they often visit multiple retailer sites when looking for an item.



Gen Z tends to use mobile devices in-store. Image credit: Neiman Marcus

Gen Z individuals are more apt than other groups to research online and buy in-store, with 34 percent tending to Webroom. However, they are also prone to “scan and scam,” buying items seen at one store from another retailer.

Despite their omnichannel habits, these shoppers do not use click-and-collect services as often, with only 17 percent buying online and picking up in-store.

When it comes to bricks-and-mortar shopping, 71 percent look to physical retail as a source of style inspiration. They most value store design and unique merchandise selections when shopping in-store.

Gen Z may prefer to shop online, but for a significant portion of this generation, the ecommerce experience is a let down, as close to four in 10 struggle to find what they are looking for. More than a third also say they are uncomfortable making online purchases.

What Gen Z is seeking in online retail are features such as quality product imagery, free return shipping and mobile optimization.

Personalization is also key, as 62 percent appreciate targeted online advertising for products.

At this point in their lives, Gen Z consumers are forming their opinions of retailers, and they are open to experimentation. Eight in 10 seek out new stores, and their loyalty is up for grabs.

"Gen Z is young and mobile. They crave novelty and experience, and want everything personalized — even ads," Mr. Gillespie said. "In order to deliver a personalized experience on all touchpoints, brands and retailers need to employ a data-driven approach to connect Gen Z customers with unique, on-trend products.

"The Instagram generation lives by visuals and expects their retailers to make experiences cool and aesthetic, show how products are used and feature them in their best light," he said. "To do this, retailers must improve the online experience and enhance store display and design.

"Other strategies, such as offering personalized experiences, limited-edition merchandise and uncommon products, are also paramount to capturing Gen Z's attention."

Emerging audience

Surprisingly, Generation Z is more likely to be interested in and buy luxury goods than their older millennial counterparts, suggesting that luxury brands should readjust how they view the strategic value of the two demographics.

This data comes from InMarket, which published a report called “From Gen Z to Boomers: Ranking Businesses Based on Generational Foot Traffic” seeking to lay out the different shopping habits of each generation. The data showed that Gen Z customers frequent luxury retailers more often than millennials, who prefer discount brands ([see](#)

story).

While those in Generation Z are mere years younger than millennials, the cultural and environmental factors surrounding this cohort have led to key psychographic differences between the two age groups, according to research from A.T. Kearney.

Born between 1998 and 2016, Gen Z is the largest consumer group in history, totaling 2.5 billion individuals worldwide. As these consumers come of age, marketers will need to take note of this generation's values and behaviors that are poised to disrupt some of the core tenets of luxury ([see story](#)).

"Gen Z has significant spending power, and they are at the forefront of the mobile commerce revolution, representing a crucial opportunity for luxury brand marketers as they develop lifelong relationships with the young audience," Mr. Gillespie said. "That said, luxury brands cannot neglect the importance of optimizing their Web sites and apps.

"According to our findings, over 50 percent of Gen Z indicated that retail Web sites and apps are more influential in the purchasing process than search, TV ads or online banner ads," he said. "Coupled with the fact that Gen Z spends more time on their mobile devices than any other generation, about 11 hours a week, luxury brands should make sure that their in-app path to purchase is as seamless as possible."

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