

RESEARCH

Gen Z women most brand loyal: report

February 11, 2020



Gucci has succeeded in courting the increasingly important Gen Z and millennial audience. Image credit: Gucci

By DIANNA DILWORTH

Ninety percent of Gen Z and millennial consumers buy apparel and accessories from the same fashion and accessories brands, suggesting that, contrary to popular belief, they are actually brand loyal.

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The findings, from a new study by Compose[d] that analyzed interviews with 500 Gen Z and millennial consumers across the United States, showed that the majority of them purchase fashion and accessories from the same brands, and 75 percent self-identify as brand loyal.

"For young consumers, purchasing power is a buffet," said Jason Parkin, president and chief creative officer of Compose[d], New York. "They're sampling retailers, brands, shopping incentives and commercialism for the first time.

"It takes a few years for brand affiliations to form," he said. "The reputation that Gen Z and millennials are not brand loyal is a byproduct of older consumers becoming less complacent, and the explosive growth in outlets for brand discovery."

Compose[d] is a digital and creative services agency focused on retail, fashion, beauty and lifestyle. Clients include Shiseido, Coty, *Teen Vogue*, Clarins, Gagosian and FashionRocks.

Gen Z women stay with brand

Per the report, women shop the same fashion and accessories brands at least 70 percent of the time, with 73 percent of Gen Z and 66 percent of millennials doing so.

Gen Z women are the most loyal, with less than 10 percent saying that they consistently shop different retailers for fashion and beauty.

This finding suggests that despite their reputation, Gen Z and millennials will return to brands that offer appealing products and services. This is good news for luxury brands looking to target this audience.

"Luxury brands are in some ways better positioned to earn loyalty when there's established heritage and coveted reputation at play," Mr. Parkin said.

"Most importantly for young consumers, they need help defining the brand within their culture," he said.

Influencers and good storytelling can help younger audiences understand the current relevance of a legacy luxury brand.

"This is best manifested through talent collaborations, social narratives and experiential initiatives," Mr. Parkin said. "They need to see themselves reflected in the brand, e.g. that feels like me,' that person inspires me,' I value how their product is made.'

"Luxury brands have a great ability to make consumers feel like they're a part of something exclusive, special, even communal, and they should lean into those narratives," he said.

Have purpose

Authenticity is a core consideration factor for this audience. Luxury brands that want to connect with consumers should be hyper aware of their purpose.

Seventy-six percent of millennial and Gen Z consumers said that it is a major oversight if a brand does not give back to charities or social causes. It would determine whether they would buy from that company.

Indeed, this demographic is gaining significant purchasing power, so brands should ensure that their narrative and brand messaging support their purpose.

A brand's purpose and its cause marketing efforts should be communicated via its marketing and discovery channels. This message should be particularly clear on Instagram and YouTube, where many brands are telling their stories and customers are listening.

The report revealed that four out of five respondents said they prefer to shop brands that give back.

However, only 5 percent of those surveyed said this was a major trigger for the brands from which they currently purchase regularly.

Additionally, per the report, Gen Z is 23 percent more likely than millennials to seek out sustainable products, and 76 would pay more for a sustainable item.

"There's social currency in giving back," Mr. Parkin said. "Gen Z consumers have grown up in a culture that praises purpose-driven behavior. Brands that feed the desire young consumers have for doing their part' earns them a step towards loyalty.

"Purpose marketing, however, can be a tightrope to walk, as Gen Z and millennials have evolved into savvy consumers," he said. "Only brands that make a commitment to be more than what they sell, will win."

Affinity triggers and discovery channels

The majority of millennials and Gen Z consumers (71 percent) want to see a real person like themselves using or wearing a product in marketing.

Forty-one percent of millennials and 52 percent of Gen Z seek out unique apparel and accessories to avoid seeing others in the same items.

Fifty-six percent of consumers say price is an initial factor when making a purchase, but curiously 90 percent say they will spend more on items that are better quality.

When it comes to discovery channels, surprisingly old-school physical marketing channels including out-of-home advertising and in-store marketing have a greater impact than Snapchat, Facebook, Twitter or Pinterest, influencing 35 percent of these demographics.

Still, Instagram and YouTube are the dominate channels for both generations, with Gen Z skewing a bit higher.

Fifty-eight percent of Gen Z and 34 percent of millennials discover products on Instagram, and 56 percent of Gen Z and 32 percent of millennials use YouTube to discover new brands.

Twenty percent of Gen Z will lose interest in a company if they do not like their Instagram account.

"Loyalty is also more than a matter of affinity," Mr. Parkin said.

Compose[d] defines four loyalty-making hallmarks. The first is quality, which translates into how a product makes a consumer look or feel. The second is culture, which aligns with a consumer's lifestyle. Third is value, or return on

purchase. Finally, there is accessibility, such as a frictionless point of purchase.

"These are essential in winning over Gen Z and millennials consumers," Mr. Parkin said. "Many brands who have struggled, or outright failed, were not able to get this mix right."

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