

RETAIL

## Younger consumers crave extensive personalization, digital offerings

May 25, 2021



Gen Z welcomes digital offerings including gamification and livesreaming. Image credit: Snap, Inc.

By KATIE TAMOLA

The shopping trends for millennial and Gen Z consumers that excelled throughout the pandemic may be here to stay.

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Consumers under 35 are consistently seeking digitization, personalization and brand authenticity. Speaking at the [FT Business of Luxury Summit](#) on May 19, experts from Boston Consulting Group, Snap Inc. and Tmall discussed the landscape of millennial and Gen Z spending, how brands are heeding new preferences, and what the experts believe will always remain.

"During COVID-19, it was basically an acceleration of trends we've seen before," said Felix Krueger, partner and associate director of fashion & luxury at Boston Consulting Group. "The trends are not temporary but rather here to stay.

"What we saw really leap forward was everything we've already seen before, but it was the speed [at which the trends accelerated] that was never imagined before," he said. "Digitalization, personalized interactions, the importance of brand values, the sense of community and belonging, especially in those times where you are way more isolated then also new business models like reselling with a trend towards sustainability."

What the young people want

Boston Consulting Group found that younger generations, including millennials and Gen Z, experienced the highest financial impact due to the COVID-19 pandemic, with about 50 percent of that population expecting reduced incomes. Comparatively, about 25 to 40 percent of older generations experienced reduced incomes.

Although heavily impacted, young consumers are ready to shop once again.

Christina Fontana, fashion and luxury director at Tmall reverberated the trends that Mr. Krueger listed when speaking about young consumers in China.



*Tmall is the ecommerce gateway to luxury brands entering the China market. Image credit: Alizila, Tmall*

In a combination of digitization and personalization, every Tmall user receives a personalized homepage, designed around their interests and curiosities. Ms. Fontana spoke about how many younger consumers in China are using these trends to even further express themselves.

Many younger consumers are looking for the same things including transparent brand values and sustainability practices, but experts believe it is imperative to individualize.

"There are lots of different constituents in Gen Z, and each one has their sort of DNA," Ms. Fontana said. "So what's very important is that the brand is reaching out to their consumers, with the right message for the right consumer."

Ms. Fontana also spoke of how China serves as an excellent example digital exploration.

"In China, these are ecosystems that allow the technology to really explode," she said. "Brands have the opportunity to see what's working in China, learn how to play with it to open their mind and to let them do something that.

"It'll be an opportunity for brands to learn in the east and bring it to the west."

Young consumers are not only looking to express themselves but also to communicate with one another. Platforms like Snap Inc. have seen massive growth.

Every day, five billion snaps are sent on the Snap Inc. platform. Before the pandemic, there were about 220 million users of the platform, and there are now about 280 million.

Brands are realizing how younger consumers are using Snap to communicate with one another, and they want to make their presence, and offerings, known.

"We have every day 200 million daily active users, engaging with augmented reality," said Geoffrey Perez, global head of luxury at Snap Inc. "So that's 200 million potential consumers and luxury consumers who are going to experience a product and assess the quality of a product.

"The fact that you can try on through augmented reality is something that brings a lot of value, both to the user, and to the brand."

Farfetch and Prada are some of the first brands to tap into Snap's newest AR try-on capabilities, as the company continues to expand its digital offerings and features.

Gaming, values and experiences wanted

Gaming has also experienced a boom in the luxury sector, with disparate brands implementing skins and avatars in popular games and mediums.

On the Tmall platform, avatars are referred to as virtual idols. Users use virtual idols as a means of expression but can also shop exact looks from their own or others' avatars.



*Gucci is one of the brands that has most eagerly embraced gaming. Image credit: Gucci*

"My friends can see how I've dressed myself, my friend can buy my outfit directly online with one click, as they're thinking oh, I love your outfit and boom it's in their cart at home," Ms. Fontana said.

Snap Inc.'s Mr. Perez reverberated the benefits gaming offers brands in terms of getting their products in the line of vision for consumers, ultimately inspiring later purchase.

"Gaming is also now accessible to everyone," he said. "We want to make gaming participative, we want to make them play to increase the connectivity."

The [State of Mobile 2021](#) report from App Annie highlights the opportunities brands now have in utilizing gamification with in-game partnerships, and the benefits of doing so. Gamification continues to give brands the opportunity to reach new audiences while implementing features that represent the cores of their brands ([see story](#)).

Millennials and Gen Z do appreciate online offerings, but experts believe the desire for in-person shopping will never fully dissipate.

While online shopping is vastly appealing, many find certain aspects of in-person shopping preferable, as some consumers still want to physically feel and see an item before committing to purchase.

In-store shopping is still desired, as 68 percent of U.S. consumers are buying products in-store at least once a week, compared to 42 percent of consumers making weekly online purchases. Sixty-nine percent of U.S. consumers are likely to buy a spur-of-the-moment item while shopping in-store compared to 52 percent being likely to engage in the same kind of purchase online ([see story](#)).

"Nothing is going to replace the store," Tmall's Ms. Fontana said. "We go to stores because we like the experience.

"We go there with our girlfriends in the afternoon to share looking at something, we will go with friends to buy something," she said. "I mean it's part of what we like to do as people, I think what's fundamental is putting the person in the center of this experience."