

Generation Z is the Driving Influence on New Consumer Spending Patterns

The retail marketplace is facing significant changes as we are in the midst of a generational shift in consumers who have vastly different expectations of how they want to interact with retailers. As Generation Z begins to gain a foothold in the consumer spending environment and Millennials mature, their expectations are transforming the retail landscape. In order for retailers to remain competitive they must begin to develop a balanced approach to serving Baby Boomers and Generation-X (who still have the vast majority of the spending budget), while positioning themselves to best serve the emerging and future consumer segments for longer term success. Farla Efros (President, HRC Retail Advisory) has been a vocal advocate for retailers to cost-effectively adapt to the needs of future generations of consumers to remain relevant in the market, while ensuring they do not alienate the generations that are still producing the vast majority of their sales today.



Study Demographics

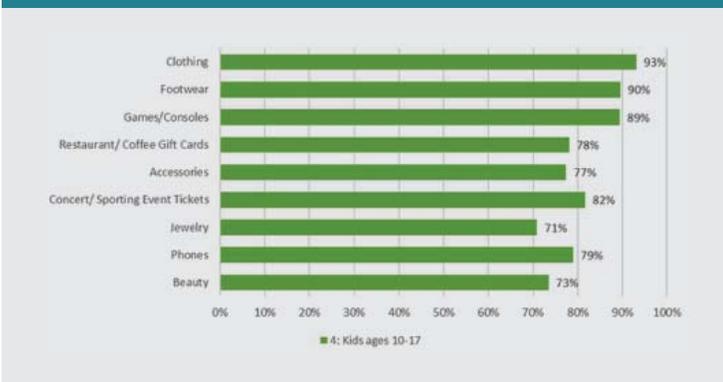
- 3,100 survey participants from US and Canada
- 4 groups were studied: Millennials, Millennial parents, Generation-X parents, and Generation Z (Kids ages 10 to 17)

In order to shine a light on the attitudes and shopping behaviors of Millennials and Generation Z, HRC Retail Advisory recently completed an extensive consumer research study focusing on the implications to retailers of the emerging and future generations.

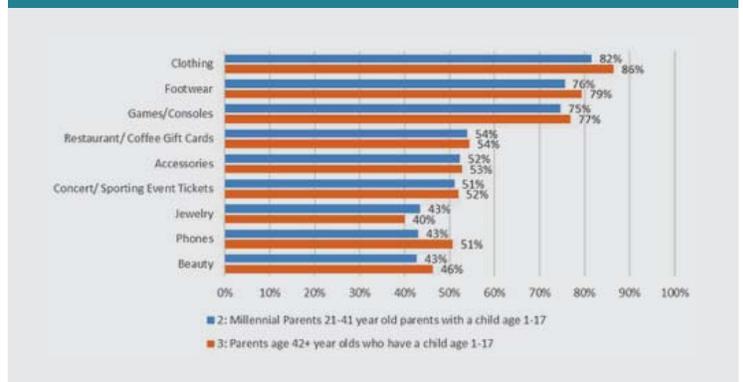
Key Findings:

Generation Z is the driving force in households. More than 75% of children aged 10 to 17 (Generation Z) say they have at least some influence on their purchases, and more than 50% of Millennial and Generation X parents agree their children do influence their decisions in most buying categories. **More than 75% of parents say their children have at least some influence on buying decisions in the clothing and footwear categories.**

Kids who say they have at least some influence on their parents buying decisions



Parents who say their children have at least some influence on their buying decisions

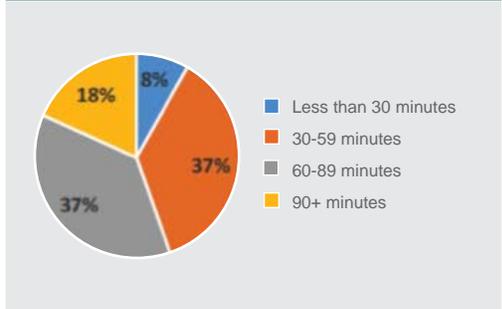


Malls are not dead. Although several mall retailers are struggling, more than 60% of all survey respondents say they visit the malls/shopping centers at least once per month. In fact, **72% of both Millennial Parents and Generation Z say they visit the malls/shopping centers at least once per month.** Additionally, frequent visitors averaged over four stores per trip, with 56% saying they stay for over an hour.

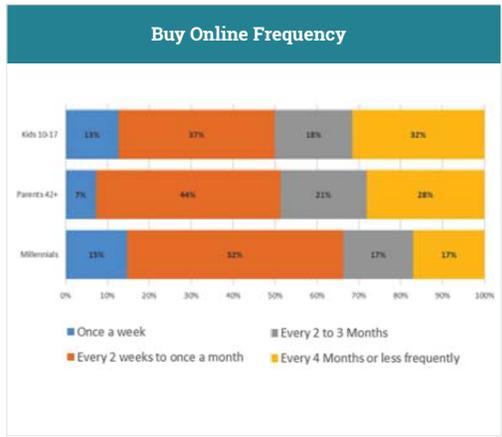
Respondent Group	Frequent (>1/month) Mall/Shopping Center Visitors	0-30 minutes	30-59 minutes	60-89 minutes	90+ minutes
Millennials without children 21-41 year olds		13%	42%	30%	15%
Millennials Parents 21-41 year olds with a child age 1-17		7%	34%	41%	17%
Parents age 42+ year olds who have a child age 1-17		9%	35%	38%	18%
Kids ages 10-17		5%	35%	38%	22%
All Respondents		8%	36%	37%	18%

Respondent Group	0-1	2	3	4	5	6-9	10+	Average # of stores per visit
Millennials without children 21-41 year olds	8%	17%	20%	15%	20%	12%	8%	3.7
Millennials Parents 21-41 year olds with a child age 1-17	2%	12%	18%	16%	20%	20%	11%	4.3
Parents age 42+ year olds who have a child age 1-17	8%	15%	21%	20%	16%	14%	6%	3.7
Kids ages 10-17	3%	8%	18%	17%	19%	19%	15%	4.4
All Respondents	5%	13%	19%	17%	19%	17%	11%	4.1

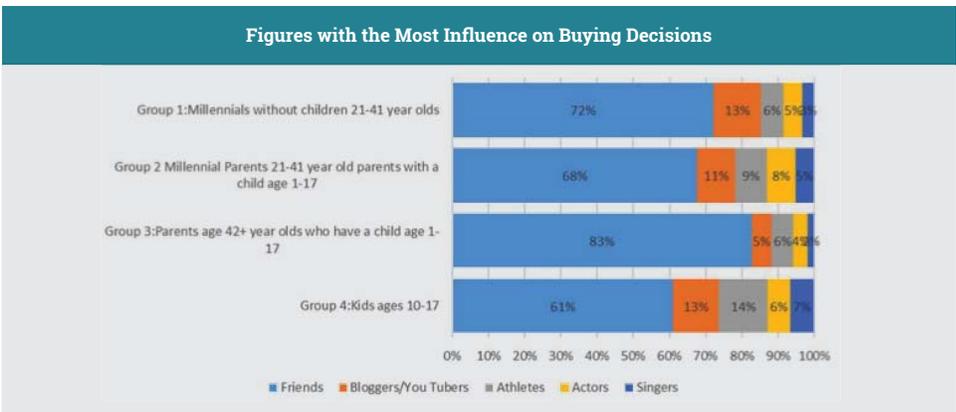
Time spent at the Mall/Shopping Center
Frequent (>1/month) Visitors



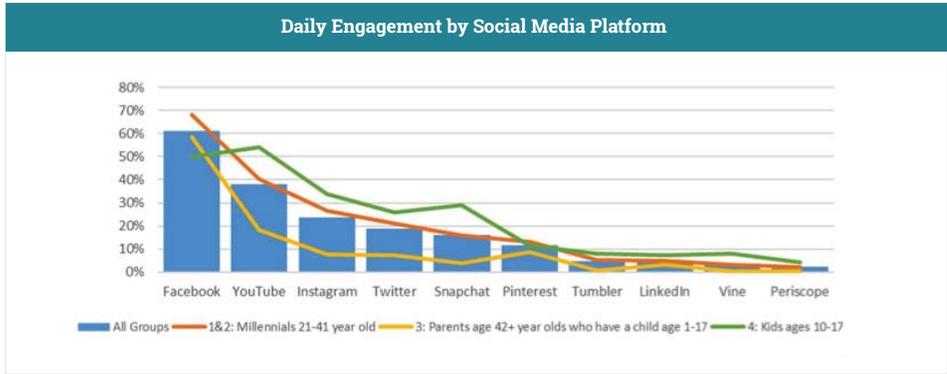
Online purchase frequency is highest among Millennials. 66% of Millennials say they place an online order at least once a month, a noticeable increase from the 51% of Generation X parents. Amazon is an ecommerce juggernaut. 79% of survey participants say they have made a purchase from the retailer in the last 12 months. Other popular sites include ebay.com, Groupon.com and Apple.com, respectively.



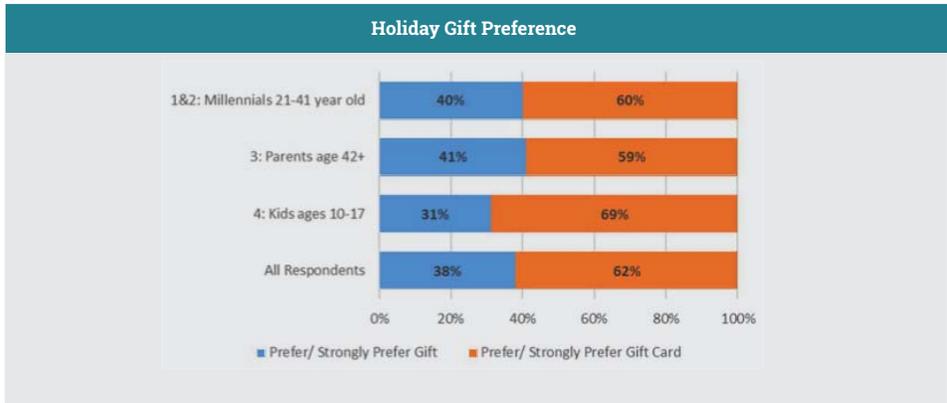
Friends and Bloggers seen as more influential than celebrities. Friends were considered the most influential in all groups surveyed. 12% of Millennials and 13% of Generation Z say that their buying decisions are most influenced by Bloggers and YouTubers compared to only 5% of Generation X parents. **Bloggers and YouTubers were deemed the most influential figures more often than athletes, actors or singers amongst Millennials and Generation Z.**



Social Media plays a big role in purchasing decisions. The influence of and engagement with social media as it relates to purchasing decisions cannot be overstated. **Approximately 50% of Millennial and Generation Z shoppers surveyed use social media while they shop.** Of social media time, most is on Facebook (61%), followed by YouTube (38%) and Instagram (24%).



Gift cards are at the top of everyone's wish list. Among all study respondents with a preference, **62% would rather receive a gift card than an actual gift.** Among Generation Z, this number climbs to 69%, further proving their desire to make their own purchase decisions. The majority of respondents, particularly parents, plan to include gift cards among their holiday purchases. Among Millennials that have children and earn more than \$150k per year, 96% plan to include gift cards in their holiday shopping.



Respondent Group	Less than \$24,999	\$25,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Millennials without children 21-41 year olds	61%	68%	73%	67%	68%	62%
Millennials Parents 21-41 year olds with a child age 1-17	68%	77%	83%	87%	88%	96%
Parents age 42+ year olds who have a child age 1-17	65%	77%	79%	86%	85%	81%



For more information about how HRC can assist your company to more profitably adapt to this omni-channel environment, please contact:

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