

Report Urges Retail Tactics For Tapping Gen Z Spending Power, Influence

Farla Efras, president of HRC Retail Advisory, highlights key findings from consumer survey.

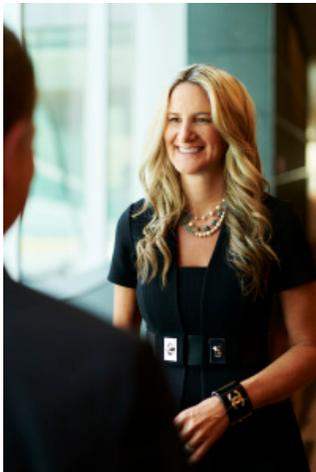
BY ARTHUR ZACKIEWICZ

By 2020, Generation Z will be 40 percent of the U.S. population and if retailers want to leverage the spending power of this demographic cohort, understanding their behavior and preferences will be key.

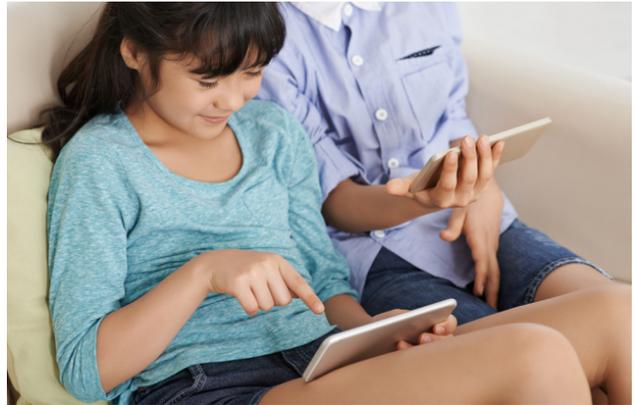
Moreover, the differences between Generation Z and other generational cohorts will require retailers and fashion apparel brands to approach them differently, according to HRC Retail Advisory's latest research report titled, "The Emerging Generation Z Powerhouse."

Farla Efras, president of HRC Retail Advisory, said in a statement that retailers "must be nimble in order to effectively appeal to Generation Z consumers."

"Resonating with this group at a young age can have a huge impact on retailers' long term consumer retention and brand loyalty," Efras explained. "Social media and digital advertising will be dominant in marketing strategies targeted to Generation Z, but retailers must adopt these mediums in interactive ways to inspire and engage this emerging generation of consumers."



Generation Z are currently aged between 10 and 17. HRC Retail Advisory conducted a survey of over 3,100 participants — parents and Generation Z itself — from the U.S. and Canada to extract "their attitudes, shopping habits and influences driving their purchasing decisions." Many of the findings were surprising to the researchers.



For example, Efras told WWD she was "pleasantly surprised to find that Generation Z has a preference for shopping at malls — and that gives us hope."

Efras described Generation Z as having "digital in their DNA" and that they were raised with the Internet. Still, "Generation Z is still going to the mall to shop," Efras said in the report. "While approximately 60 percent of all survey respondents said they visit a mall or shopping center at least once a month, a whopping 72 percent of Generation Z respondents said they visited the mall at least once a month and stayed for at least an hour, visiting 4.4 stores on the trip."

The researchers also discovered that Generation Z-ers are not browsers, "as 60 percent of these high frequency visitors go to the mall with a clear intention of making a purchase for themselves."

But who and what influences their purchase decisions? Efras said the research showed that this generation cites their own friends as the most influential force. As a result, Efras said retailers should "reconsider the implications of their selection of spokespeople to represent their brands."

"A majority of Generation Z respondents (62 percent)

deemed friends as the most influential party on their buying decisions,” Efras said in the report. “Athletes came in a distant second at 14 percent, with Bloggers/YouTubers closely following at 13 percent.”

Those polled noted that celebrity and singer endorsements ranked lowest, coming in at 6 percent and 7 percent respectively.

Efras said that 89 percent of Generation Z respondents “also said they would be more likely to enter a store based on where their friends shop.” This preference represents a cultural shift compared to prior generations who tended to embrace celebrity endorsements across a broad swath of product categories from apparel and beauty to electronics and packaged goods.

Another notable finding in the report is the influence of Generation Z on household purchases.

“Generation Z has a strong voice and expects to be heard, especially when it comes to what their parents are buying,” Efras explained. “A significant 82 percent of parents surveyed admitted that their children have some influence over purchasing decisions, while 93 percent of the Generation Z respondents say they have influence over certain categories such as clothing, footwear, accessories and cosmetics.”

Regarding online shopping, Efras said the findings

showed that half of Generation Z shops online at least once per month. “Of those making online purchases within the last 12 months, 77 percent stated they have purchased something from Amazon, and 34 percent have purchased something from eBay,” the report noted.

In regard to social media, Efras said 54 percent of respondents visit YouTube daily. “This is a significant deviation from Millennials who named Facebook as their most visited social platform,” the report said. “About 50 percent of Generation Z visits Facebook daily, with Instagram and Snapchat falling behind at 34 percent and 29 percent respectively.”

Efras told WWD that Generation Z also “craves creativity and personalization.” She noted that retailers and brands need to communicate with them “in their language,” which could mean using emoticons, for example, in marketing campaigns. Moreover, the content that resonates most with Generation Z is easily digestible, funny, opinionated and distinct, Efras said.

Efras said to better reach and serve Generation Z, they need to “depict them as diverse” and “communicate more frequently in short bursts.”

Also key is to communicating about social issues and causes as well as values that Generation Z deems important.