

Z-commerce

5 myths about how Gen Z shops

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Where Gen Z goes, news follows. Everyone has their eye on this generation because they are the future. But sometimes the news following them carries more fiction than fact. And how they shop is no exception. The headlines that grab us are often “they are impulsive,” “they’re young and careless,” “they’re scroll shoppers,” or “their \$360 billion in global spending power means they have a lot of disposable income.” These stereotypes can derail the truth about Gen Z shoppers.

The fact is, Gen Z is careful and sensible. In marketers’ effort to pigeonhole Gen Z, we often underestimate and undervalue who they are and the impact they can – and are already having – on our world and the world of commerce, or rather Z-commerce. Z-commerce doesn’t come with the same rules of engagement as commerce past. But it also does not adhere to the commonplace myths and generational stereotypes we outline below.

MYTH 01

Brick & mortar is dead to them

Growing up with every technological advancement has taught Gen Z as much about tech’s limitations as it has its advantages. However, brands tend to underestimate Gen Zs analogue desires and needs. Their preference isn’t always online and in fact, they still very much value what real live stores have to offer. 55% of Gen Z prefers to shop in store according to the Hubspot *2023 State of Consumer Trends Report*. Many are using the store for functional reasons – a necessity (checking fit and fabric, in-store pick-up or

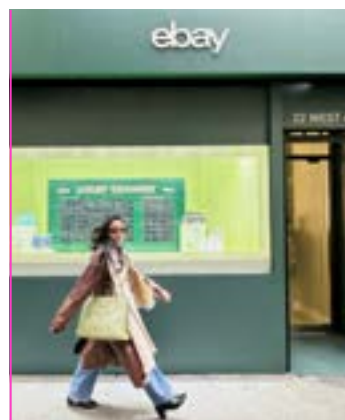
easy returns) vs. a leisurely or entertaining experience. Equally as important is what the store says about the brand – they are watching and noticing. Is it inclusive? Do they only offer straight sizing? Are the associates overbearing? These things say as much about the brand as its advertising. Brands need to treat everything as a branding opportunity.



Implication:

Connect the dots from store to digital

Brands have mostly focused on one side of the shopping equation – how to drive in-store traffic from digital traffic, but the journey is no longer a one-way street. To align more closely with the consumer journey, and keep the connection between digital and IRL circular, brands should include digital cues throughout the store and merchandise (e.g., QR codes on tags). Also, enrolling customers for text messages is a key way to keep the connection alive post store visit.



Giselle Huasipoma

MYTH 02

They are huge online impulse buyers

As “viral commerce” and “TikTok made me buy it” took off over the past 18 months, many marketers began to think of Gen Z as constant impulse buyers – thumbing through TikTok one moment and double-clicking Apple Pay the next. While our Gen Z Lab members confirmed they do make impulse purchases, they are not that frequent.

It’s true that Gen Z is always “shopping” online, but their continual browsing and adding to cart does not mean they are going to tap the “complete order” button anytime soon. The Gen Zers we interviewed described how they would add dozens of items to cart across brands and then revisit later – deleting most. Unlike impulse buying, this behavior scratches the itch of shopping without impacting their wallets. It also provides them with a feeling of control.

Of course, impulse buying happens from time to time. But it is not a blind purchase. They will make an impulse purchase if they trust the brand and the item is at the right price.



Implication:

Conversion is a long game, measure it as such. Brands tend to measure the success of a campaign in terms of conversion per visit within a short period of time vs conversion per person over a 3-month period. People often need 3-7 touchpoints with a brand before making a purchase. Given that Gen Z is not buying at first blush, don’t measure results with a 1 look = 1 purchase equation.



MYTH 03

They only shop niche, boutique, sustainable brands

We’ve learned just how discerning Gen Z can be in the choices they make. They value sustainable brands; they would prefer to support their local stores and their owners, and they are certainly evaluating what to

buy based on how a company treats their employees. Even though they are willing to pay a little bit more for these things, brands need to ensure that those are not so far out of reach that they are unattainable. Because of this, they are not only shopping niche, boutique brands but also – they are on Amazon just like the rest of us. Their ultimate desire? Values driven brands at a value. They don’t want to compromise one for the other. If they feel like they have to, when they DO have a choice, they will swiftly switch.

“Shopping is not so black and white. I won’t immediately splurge on items - even if I’ve shopped the brand before. I’ll always think twice so I know my hard-earned money is going towards something valuable. I love supporting small businesses where I can - especially if it’s a larger purchase.”

- Giselle Huasipoma, Gen Z



Implication:

When Gen Z feels backed into a choice between value and values, they may choose value in the short term, but there will be lasting trust implications. Brands should take care to balance both value and values – this banks trust in the future of your brand so that when they aren’t so pressed for money, they will remember you for your integrity and ethics.



MYTH 04

They crave splashy innovative experiences

There is no doubt that creating an engaging retail experience is an important part of brand loyalty and differentiation. However, what defines “engaging” for Gen Z may not be as futuristic as we imagine. In fact, 45% say technology is not the solution to most problems.

When we spoke with Gen Zers, they were more interested in how they were treated by associates than interactive digital displays or AR/VR enabled dressing rooms. They want to feel welcomed and

also have their space respected unless they ask for help. When it comes to online shopping, they gravitate towards “established” digital features like reviews, price comparison, and persistent carts versus AI chat bots or Metaverse shops.

“I’m not interested in the metaverse mainly because I haven’t seen a true incentive to engage with it. The metaverse reminds me of Roblox, Minecraft, and other avatar-like games. Gen Alpha is at the center of all of this - they will determine the true value of the metaverse.”

-Giselle Huasipoma, Gen Z

A sense of comfort (welcoming versus splashy) and control (reviews and price checking) were the theme. They enjoy shopping in and of itself and are not seeming to crave additional entertainment with the experience.



Implication:

Build trust, not shiny objects

Gen Z is not “just like us” ... but they are less different than we assumed. They are more focused on the essentials (quality, price, service, reviews) than the frills (chatbots, metaverse stores and VR displays). To that end, brands should shore up how they are building trust and connections that will last longer than a TikTok – which is 21-34 seconds on average. Building this muscle now with not only help to build connections with Gen Z, but the upcoming Gen Alpha as well.

MYTH 05

Influencers are for awareness, not commerce

Influencer commerce is key to Gen Z. While a lot of the Gen Z shopping news is hype and stereotypes, one headline rings true. Gen Z purchases are strongly impacted by influencers. Almost 50% of Gen Zers make purchases based on influencer recommendations.¹

In our conversations, we found that most purchases inspired by influencers followed a self-directed path. A Gen Zer would see something an influencer was wearing or using and then search for it independently. A common journey was saving posts to TikTok collections then searching on Amazon later.

“I love having control over my shopping habits. My favorite way to do this is to add posts to my endless virtual collections of beauty, fashion, furniture and more. Platforms like TikTok and Instagram help me do just that!”

-Giselle Huasipoma, Gen Z

While direct clicks to purchase from sponsored influencer posts are increasingly popular among Gen Z, they tend to be more in the millennial price range/consideration set.

¹Klarna, Shopping Pulse 8/22



Implication:

Leverage influencers to fuse awareness, engagement and commerce

Influencers are key for increasing awareness and driving conversion among target audiences. Their posts, typically more engaging than a brand’s content, can seamlessly connect to purchase, thereby flattening the funnel and shortening the journey.

IN CONCLUSION

The lens all brands should apply to their Gen Z thinking

One of the easiest traps a brand can fall into is treating any generation as a monolith. Gen Z is no exception. While they have many similarities – their sensibility, their limited disposable income and belief-driven buying behavior – this is also a large generation that spans from young teens starting high school to young adults starting their first jobs. There are significant differences within Gen Z related to their shopping behaviors. Younger Gen Zs tend to value the retail shopping experience more as a social activity they do with friends. Older Gen Zs tend to curate their influencers a bit more closely and their purchase choices are shaped by those same influencers and creators they trust.

It’s important for retailers to understand specific nuances in behavior related to their category, and their target’s life stage as much as their age. For Gen Z in particular, they are going through some significant rites of passage. Those things are incredibly influential on their needs and wants and ultimately how they shop. Brands not only need to adjust their commerce strategies to connect with Gen Z writ large, but also accommodate for life stage as much as age. They need to evolve their shopping experiences to stay relevant. Gen Z is influencing changes in the workplace, politics and digital. It is inevitable they will shape how we shop in the future as well.

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