



GEN Z AND MILLENNIALS
LEAVING OLDER SHOPPERS
AND MANY RETAILERS IN THEIR

DIGITAL DUST

REDESIGNING RETAIL FOR THE NEXT GENERATION: GEN Z ACCELERATES THE MILLENNIAL DIGITAL TREND

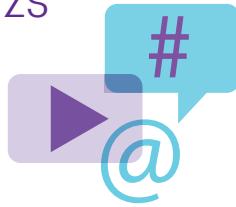
Just as retailers begin to gain clarity on what makes Millennials tick, a new generation is emerging that widens the digital divide even further. Meet Gen Z: categorized as consumers age 20 and younger. When it comes to digital shopping, they build on the attitudes and expectations first identified among Millennials.

Accenture's global research reveals that within

this new cohort, video-rich YouTube represents the go-to online choice for shopping, although many also turn to other social media beyond traditional online mainstays, such as Instagram and Snapchat. The differences and evolving similarities between Millennials and Gen Zs will have a profound impact on retailers worldwide, as companies attempt to reach the two most digital generations yet.

NEXT GEN: CATCHING UP WITH THE "ZS"

Where Millennials pushed the digital envelope for retailers, Gen Zs stretch it even further. For example, the two generations don't frequent the same URLs. In fact, our research shows that social media has a significantly greater impact on Gen Z shopper purchasing behaviors than it does on Millennials, and this younger generation are expressing a greater willingness to buy products and services via the channel.



While currently less affluent than other generations, Gen Zs are nonetheless impulsive shoppers. Compared to older Millennials, nearly 60% more say they made a purchase just because they wanted to buy something or because they randomly saw an item they liked. While they might shed this impulsiveness as they mature, it could also become a key attribute when they gain more discretionary spending power. Additionally, reflecting their digital experiences with other purchases such as airline tickets and restaurant or hotel bookings, when they see something they like, they want to buy it immediately, and retailers must find ways to accommodate them.

GEN Z IS MORE OPEN TO NEW CONCEPTS

While there isn't a significant difference in age with the younger Millennials, Gen Z shoppers are far more likely to experiment with new services that retailers provide.

Voice-activated ordering

73%

Gen Z shoppers say they are currently using/can't wait to try/probably will try in the future



Automatic replenishment programs



71%

of Gen Z shoppers are interested in this service

They are especially interested in services that make shopping easier and faster. For example, compared to both older and younger Millennials, they exhibit greater interest in renting fashion, furnishings, home goods, consumer electronics and appliances. They are also far more ready to order these items (rented or purchased) using concierge services like Apple's Siri, Google's Assistant or Amazon's Alexa artificial intelligence platforms.

We also found that Gen Z shoppers have a greater inclination to adopt monthly curated subscription programs such as Birchbox or Trunkclub for their fashion, consumer electronics and health and beauty products.

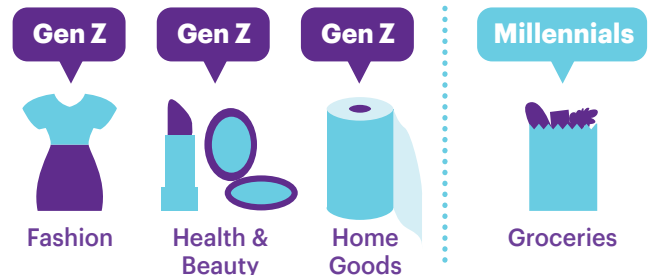
WHAT'S DIFFERENT FOR RETAILERS?

It seems likely that Gen Z will accelerate and amplify many of the hurdles retailers currently face in serving Millennials, including the impact on purchasing channel preferences, how shoppers choose what they purchase, and their effect on pricing, brand loyalty and the need for speed.

Stores still have a role to play. While Gen Z shoppers are making a strong shift online to make their purchases, some bedrock retailing elements remain intact. Among Gen Zs, the majority still prefer visiting stores to make their purchases.

Gen Zs act differently both in stores and online compared to Millennials. Higher percentages make visiting a store a multi-media/multi-channel event. More of them engage with sales associates, comparison-shop on mobile devices in the store, and ask friends and family about purchases (either in person or remotely via social media, texting or mobile devices). They're also more likely to interact with in-store, self-service digital information sources.

Generation more apt to purchase this type of product online:



What's influencing them at the moment of truth?

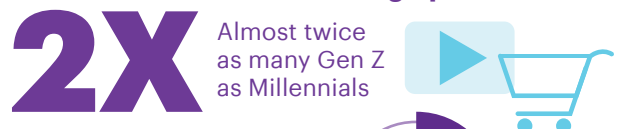
Like Millennials, Gen Z shoppers mostly buy items based on three factors: receiving the lowest price, seeing products in stores, and reading reviews. However, Gen Z consumers place a greater emphasis than Millennials on listening to friends and family and turning to social media for inspiration before deciding what to buy.

Gen Zs are also more inclined to consider the number of "likes" a product or service receives on social media, and the opinions of trusted bloggers.

Buy on social media, can't wait to use or are willing to try in the future



Turn to YouTube before making a purchase



Solicit purchase opinions from friends and family



of Gen Z shoppers say they will

A need for speed. Gen Zs crave speedy deliveries much more than Millennials do. In fact, many more of them will cancel an online order if delivery timing is ambiguous, and fewer are willing to wait for free deliveries. They want to schedule their deliveries and ideally get it that same day. And, they are more willing to pay extra for these conveniences:

Percentage of Gen Z shoppers who say **they'd pay more than \$5 for one-hour deliveries**



Gen Zs are feedback fanatics. Gen Zs will also tell you what they think. 40 percent said they provide feedback often or very often compared to about 35 percent of Millennials. The most popular method they use: writing reviews on retailer websites. They're also more likely to offer feedback via Tweets or posts to Facebook and Snapchat.



CHARTING GEN Z DIFFERENCES ACROSS THE GLOBE

It's clear that, like Millennials, Gen Zs are using technology available to them in their quest to purchase the perfect product in the perfect way. Yet, there are several significant differences depending on where they live.



While it's no surprise shoppers in **China** prefer to shop online and leverage social media to shop significantly more than the global average, they're also far more interested in the ability to engage with an online sales associate.

In **Europe** there remain significant differences. For example, when asking shoppers whether they are willing to buy things via social media. Compared to the global average: shoppers in Sweden are almost twice as willing to buy. Yet in Germany, less than half.

But even among English-speaking countries, there is a stark difference. For example, **Australians** are very interested in renting fashion items, yet this doesn't sound appealing to **Canadians**. And in the **United States**, shoppers still have a strong preference for in-store shopping.

IMPLICATIONS FOR RETAILERS

Gen Z is emerging as a global consumer force. Retailers need to understand the ways these shoppers will differ from (and mirror) the Millennials, and whether the differences represent opportunities or challenges.

Don't abandon stores.

The store needs to be an experience that is an extension of the brand. Reimagine them to create a digitally connected, interactive and hyper-personalized physical shopping experience. Consider the ability of the sales associate to enhance the experience. The challenge for retailers is to move away from selling products and toward creating experiences and telling stories—finding innovative ways to participate.



Focus on "cool" social media.

Videos and pictures are becoming more important than text for younger shoppers. Social media plays a central role in their lives and the expectation of constantly changing stories is becoming the norm. Yet young people are quick to move to the latest channel, so being nimble is key for retailers.

Woo with experiences and speed.

Experiences should be something that Gen Zs will want to share. Consider partnering with 3rd party companies to enhance the customer experience. Coupling experience with speedy fulfillment will go a long way toward meeting this generation's expectations.



Overload on feedback.

Gen Zs value feedback from their family and friends, suggesting that retailers no longer own the review process. Brands should also look at collecting shopper product testimonial videos – an authentic approach that adds tremendous credibility. Social listening capabilities and making this a prominent PR focus will be critical.

Get closer to the customer.

Gen Z shoppers are open to new shopping models. This is a real opportunity for retailers to secure new customer data. And gleaning insights successfully can increase the lifetime value of each customer.





METHODOLOGY

Accenture surveyed nearly 10,000 respondents in 13 countries. Survey respondents come from panel data vetted by ESOMAR, which adhered to strict international guidelines for market research. The online survey limited respondents to consumers who shop in a multichannel way. For example, respondents must have shopped online and in stores in one of the following retail categories— apparel, consumer electronics, groceries, home goods and health and beauty. All shoppers also confirmed that they access the internet and their

smartphones as a regular part of their daily lives. Respondents came from Australia, Brazil, Canada, China, France, Germany, Italy, Japan, South Africa, Spain, Sweden, the US, and the UK. The survey equally weighted participants between Gen Z (18 to 20 years), young Millennials (21 to 27 years) and older Millennials (28 to 37 years).

Note: We are not allowed to survey minors, thus our Gen Z sample included only consumers between the ages of 18-20.

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