

ANALYSIS

Generation Z is a group shrouded in marketing mystery, but its ways of dealing with the world are likely to determine the direction in which shop interiors and retail experiences are headed. **John Ryan** investigates

Generation Z's impact on the shopping experience

Generation Z must surely be the end of demography as we know it. Beyond this loosely defined group what comes next? There has been 'Gen X', apparently the group that came immediately after the post-Second World War baby boom. Then, predictably, came 'Generation Y', for which read 'millennials' (a group whose members were born sometime before or just after the millennium).

Now comes Generation Z, who are a somewhat unknown quantity. Ask when Generation Z began and the answer could be anything from just prior to 2000 to some time after. Ask what characterises it and opinions also vary, but most observers seem to agree that Gen Z likes and uses the internet – a lot.

The problems really begin when it is considered that Generation Y also seems pretty keen on all things digital – and so the confusion reigns.

Generation Z stats

- By **2020** Generation Z will account for **40%** of all consumers
- The average Gen Zer has an attention span of **eight seconds**
- Gen Zers spend on average **7.6 hours per day** socialising with friends and family
- Gen Zers use **five screens** on average – a smartphone, TV, laptop, desktop and iPod/iPad – compared with three for millennials

Source: cmo.com

It is, however, fairly safe to say that Generation Z (GZ) means the latest cohort of young people who are extremely well versed in the ins and outs of virtual worlds.

From a retailer's perspective therefore, this group matters. This is the future and the habits of GZ and its ways of dealing with the world are likely to determine the direction in which shop interiors and retail experiences are headed. The first thing to be determined therefore is what GZ actually is and what it likes.

Understanding Generation Z

According to Howard Saunders, the New York-based trend analyst and commentator on retail futures, Generation Z is best characterised as a group whose members have very short attention spans and an almost umbilical attachment to their mobile phones – which they acquire at a much younger age than their predecessors.

Fine, but being attached to a handset seems increasingly universal. It is GZ's propensity to put digital and the virtual ahead of the real world, according to some theorists, that should be ringing alarm bells for retailers. Follow this line of thinking and every signed-up GZ member will be viewing the world on a screen or else roaming the streets guided by a handset, while FaceTiming and doing a little online browsing at the same time as looking at where to go this evening.

According to research undertaken by advertising agency McCann Erickson, GZ is in search of three things: "justice", "authenticity" and "commune", and technology is a unifier. The conclusion drawn from this is that technology, and particularly the mobile phone, is viewed by GZ as a sixth sense that enables it to make sense of the world.

And yet they themselves do not perceive such advanced technology as anything special,



"True digital natives have 'on demand' expectations for everything"

Howard Saunders

according to Guy Smith, head of design at Arcadia and the man largely responsible for the way Topshop, among other emporia, appeals to GZ. "Technology is completely unimpressive to them. They use tech in the same way as they might switch on a light, because they've grown up with it. You might be impressed by a screen, they are not," he explains.

Smith makes the point that GZ has less disposable income, but it does have more time on its hands. This means that when GZ goes shopping, more time will be spent in store and that more advice, whether on or offline will be sought prior to a purchase being made. Or put another way, GZ lacks confidence and the internet is one way in which that confidence can be gained.

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The shopping journey
Generation Z's path to purchase can be broken down into five phases

Discovering

They begin by identifying potential purchases

Browsing

Next they scan social media, price-check across websites and make digital scrapbooks

Decision-making

Planning store visits and seeking approval from their peers is key, delaying gratification in case something better comes along

Buying

Generation Zers have no shame in using bargain websites to pick up a good deal

Show and tell

After purchase, they will immediately connect with their peers via social media



Experience matters

So does this mean that shopping as an activity is set to be abandoned by the 'youth' when inexperience and ready availability online are coupled together?

Smith thinks not: "I think that Generation Z are just like any other group and that they'll continue to do what we all do, which is to shop using a bit of both [physical shopping and online shopping and research]."

"My mum is well into her 70s and she wouldn't think of going down to John Lewis without first checking it out online and she's not atypical."

It is a view supported by Saunders: "True digital natives raised on smartphones and social media have 'on demand' expectations for everything." But that does not imply a disconnect with the real world – it's just that an online prism may be the basis of discovery for GZ.

How can retailers engage with a demographic that puts laptops and mobiles first and where a multiplicity of messaging online means that conventional in-store advertising and promotion may carry little weight? It is likely that it will be a matter of playing them at their own game and working in a way that will be readily understood.

A time of change is on the horizon – one that will mean alterations for many traditional high street retail models and store interiors. The positive, however, is that physical shopping by

GZ looks likely to continue and whether it is trawling the aisles abetted by online advice, in-store terminals or push notifications, there is much that existing retailers will be able to do to ensure their continued relevance.

Many leading retailers are already setting a precedent by merging the digital and physical worlds. Debenhams, Halfords, Argos and Superdry have partnered with real-time information service provider Yocuda on a data platform, which allows store staff to see customers' former transactions at the point of purchase while providing digital receipts for shoppers that retailers can update in real time.

In the furniture sector, Sofaworks has joined forces with customer engagement specialist Intilery to pilot a real-time behavioural tracking tool that sends customers personalised offers while they shop in stores. Meanwhile, in the maternity market, Mamas & Papas' new store in Westfield London utilises in-store terminals as virtual sales assistants which present the shopper with a series of questions. For Jonathon Fitzgerald, chief commercial officer, it is vital shoppers are given advice that they can use and which they have control of.

What is clear from these examples is that retailers are already well on the way to blending online shopping habits into bricks-and-mortar retailing – something that the unique shopping habits of Generation Z will accelerate and refine.

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