

Generational Shopping Behavior: How Gen Z Shops



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Introduction

Many businesses embrace the adage of “meeting consumers where they are,” but not all consumers shop in the same way. Indeed, as buying power shifts to younger generations, brands and retailers must continually evolve their understanding of consumer needs and shopping behaviors.

Take Generation Z. While a lot of assumptions are made about this generation, how they actually shop might surprise you.

Raised in a digital, always-on world, Gen Z has more product choices than every other generation before it, and more ways to purchase those products. Amid such an abundance of choice, Gen Zers are looking for ways to stand out from the crowd, to find products that reflect not just their style but their values, and they are doing the research to ensure they are informed consumers.

Gen Z also expects the process of discovering and purchasing products to be as seamless as possible. Importantly, seamless doesn't necessarily mean digital. Unlike members of older generations, Gen Zers actually prefer shopping in person, though they blur the lines between the digital and physical worlds.

Those are just some of the insights revealed by a comprehensive consumer study conducted by L.E.K. Consulting that explored shopping patterns of Gen Z, millennials, Gen X and boomers. This special report is focused on the purchasing tendencies of Gen Z, yet it is built on a rich foundation of data that spans the preferences and habits of the other demographic cohorts as well. This extensive dataset offers a panoramic view of the shifting consumer landscape across categories and generations. If you'd like to learn more about this data and the shopping habits of Gen Z and other generations, please [contact us](#).

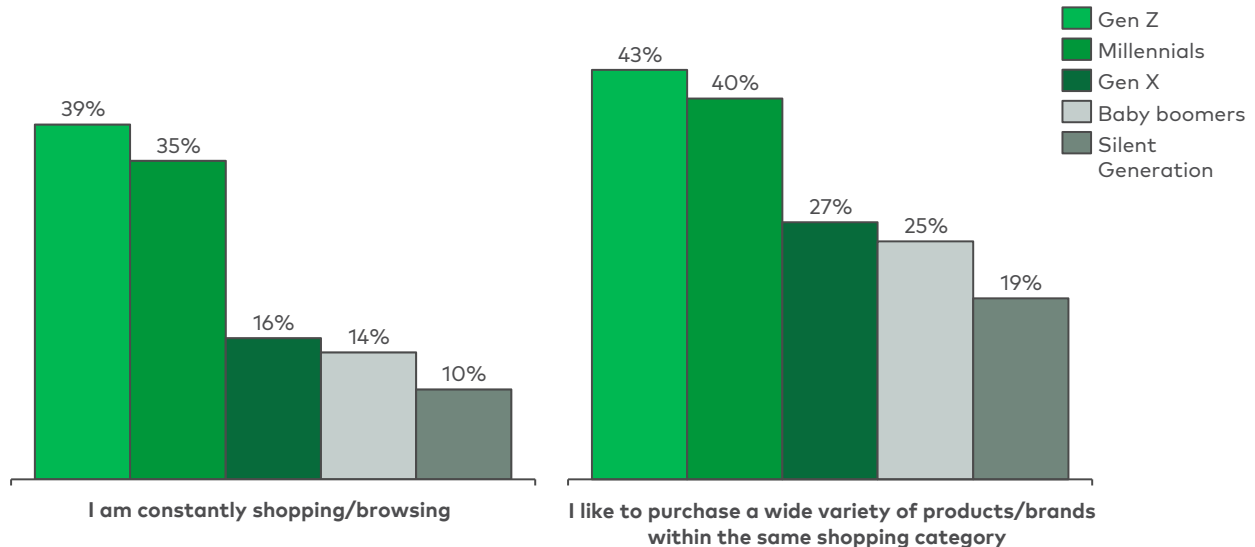
How Gen Z shops

What we know: Gen Z is constantly discovering and shopping

As the first "digitally native" generation, Gen Z has grown up deeply entwined with digital technology, engaging in activities like working, shopping, dating and socializing predominantly online. This connectivity means that more than any other generation, Gen Z is perpetually in "shopping/browsing mode." Some 40% of the Gen Zers we surveyed indicated they are constantly shopping, compared with 35% of millennials and 15% of Gen Xers and boomers. Although such an "always on" approach means that Gen Z is highly engaged, it also means this generation is constantly being bombarded with the next new product or brand.

Gen Z has demonstrated its willingness to open up its wallet to emerging players: 43% of Gen Zers surveyed indicated they like to purchase a wide variety of products/brands within the same shopping category. But while Gen Z can be brand loyal, it isn't complacent and instead is constantly searching for the next best thing (see Figure 1).

FIGURE 1
Shopping/browsing frequency and purchasing behavior by generation



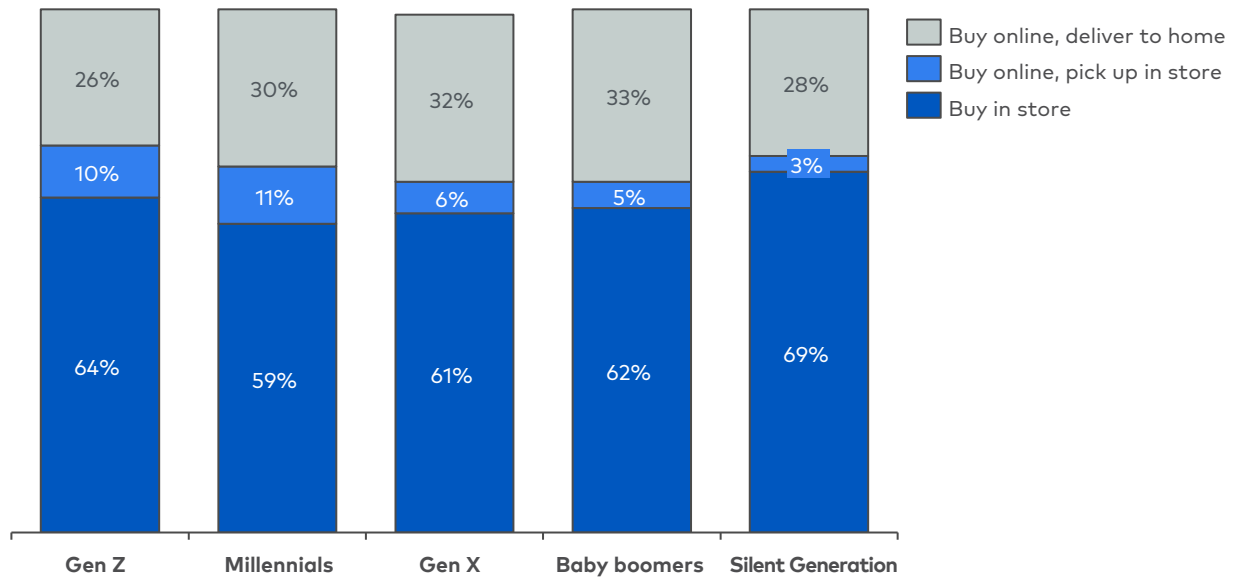
Source: L.E.K. research and analysis

What to do about it: In order to reach Gen Z, brands and retailers need to cut through the noise. You have a matter of seconds to communicate your unique value proposition to this consumer, and this requires crisp articulation and compelling messaging. Be sure to make it personal – Gen Zers are much more likely to open an email, watch an ad or click on a link that feels targeted and relevant to them. Luckily, these digitally engaged consumers are creating a rich set of data that allows companies to more easily understand their needs and effectively target those needs. Marketing to Gen Z isn't a one-way street, but a conversation.

What we know: Gen Z still visits physical stores

Despite all this digital engagement, Gen Z still places a high value on brick-and-mortar shopping. Among survey respondents, 64% of Gen Zers expressed a preference for in-store shopping, more than millennials, Gen Xers and boomers (see Figure 2).

FIGURE 2
Preference for in-store shopping by generation



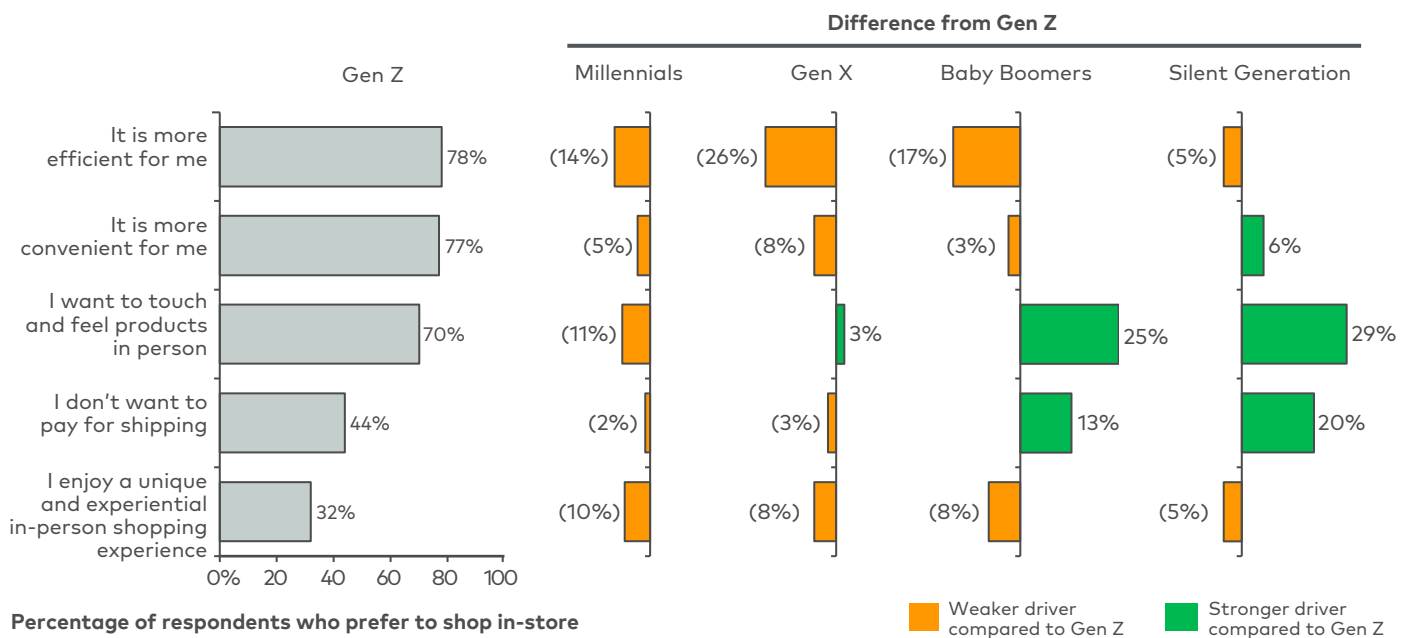
Source: L.E.K. research and analysis

While other generations were more likely to cite shipping costs or a need to touch products in person as the rationale for shopping in-store, Gen Z’s channel preference largely comes down to whatever is most convenient/efficient for a given purchase. These consumers are used to having information, products and services at their fingertips and will pursue whatever path to purchase is most seamless.

At the same time, Gen Z still values the **experience** of shopping in person, whether with friends or simply to browse, and is most amenable to unique experiential offerings. Despite their cravings for simplicity and instant gratification, Gen Zers don’t want shopping to be just transactional – they want it to be an enjoyable activity (see Figure 3).

FIGURE 3

Primary reasons of in-store shopping preference, Gen Z vs all other generations



What to do about it: Gen Zers make no distinction between the digital and physical realms. When trying a product in-store, for example, Gen Zers will simultaneously turn to online reviews and user-generated content for further insights. This multifaceted, nonlinear purchase path means brands and retailers must deliver a seamless offering across online and brick-and-mortar platforms. It's not enough for channels to be connected; retailers and brands need to provide a single unified experience across the entire value proposition, from content to assortment to checkout (e.g., buy now, pay later across channels, fast mobile pay) all the way through to after the purchase (e.g., returns, live-chat customer support, order and size history).

What we know: Gen Z seeks to be informed

It has been well documented that Gen Zers want to shop for, wear and eat products whose brands reflect their individual values. They want to ensure they're buying items that meet their expectations of quality, value and authenticity and to make every purchase count. At the same time, they also know they can't trust everything they see in an advertisement or read on the internet. Simply put, Gen Zers want to be informed consumers; in fact, 92% of Gen Z shoppers do research before making a purchase — the highest rate of any generation.

What to do about it: Appealing to values-driven Gen Z shoppers isn't about crafting fluffy marketing messaging to suggest that your business cares about more than profits; instead, it's about developing an authentic brand personality that you can stand behind. Further, the key attributes of your offering, including price, must be communicated strategically across a multitude of consumer touchpoints. You don't need to have the same price in every channel, but you must be intentional about how you price across channels so you could justify it to a well-informed Gen Z consumer.

Who is winning Gen Z?

Given how Gen Z likes to shop, which retailers and channels does Gen Z prefer? Luckily, there isn't a one-size-fits-all answer. Indeed, depending on the category, a range of brands and retailers are reaching Gen Z effectively and in their own way.

First, of course, there is Amazon. Amazon speaks to Gen Z's need for convenience, personalization and a seamless experience. Predictably, Amazon performs best with Gen Z in consumer durables and has slightly lower relative utility in groceries and other consumables. But what was once a website for specific product categories or value merchandise is now a major player in most shopping journeys.

Other Gen Z winners are the direct-to-consumer channels of brands themselves, particularly in footwear and apparel. Gen Z consumers are comfortable doing their own research and curation (versus relying on a department store to do that for them) and will go directly to brands they want to support (see Figure 4). Notably, Ulta Beauty is a standout with Gen Z in the beauty and personal care category. Ulta's efforts to support sustainable beauty (through its Conscious Beauty line), expand accessibility (through its partnership with Target) and provide exclusive stocking of several digital-first beauty brands (e.g., Bubble) all appeal to Gen Z's desire for values-driven products without the need to sacrifice convenience.

FIGURE 4
Gen Z's average utility score, by category and retailer

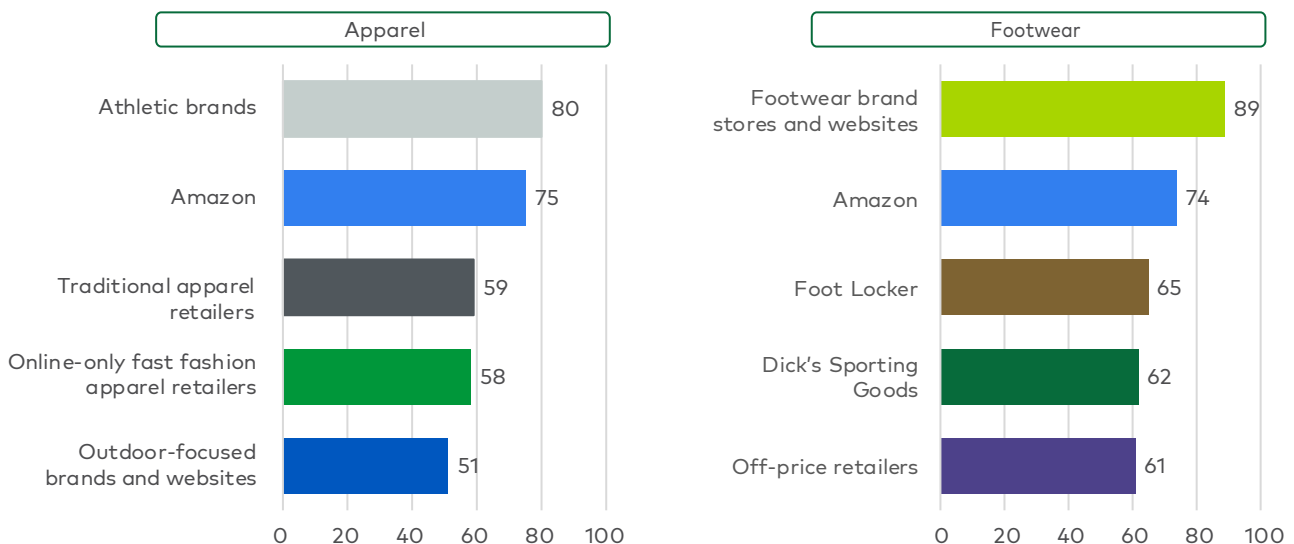
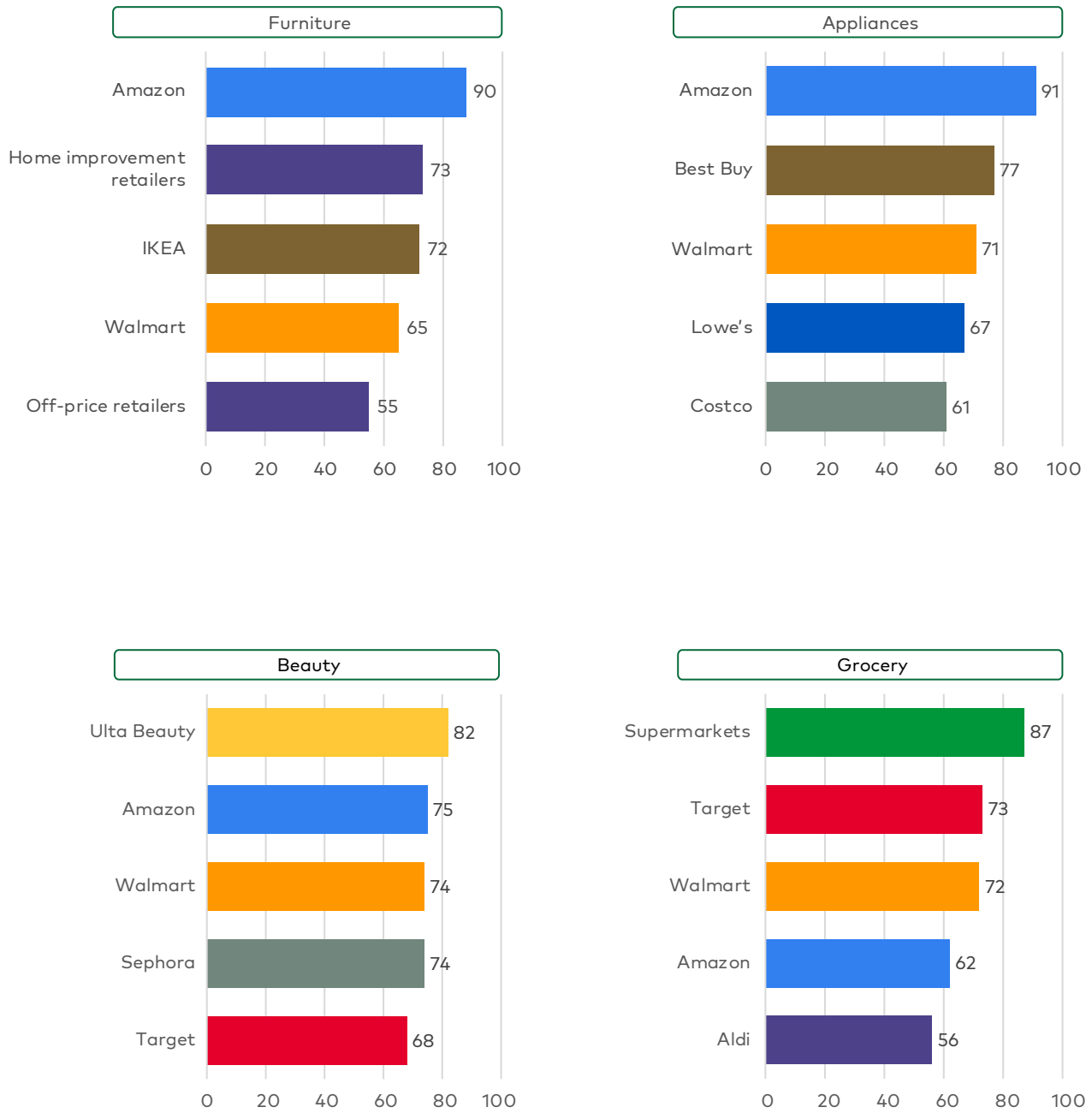


FIGURE 4 (CONTINUED)

Gen Z's average utility score, by category and retailer



Note: Utility scores are not comparable across categories, only across retailers within each specific category; L.E.K. determined consumer retailer preferences and utility scores through a MaxDiff analysis

Source: L.E.K. research and analysis

How to court Gen Z

The unique preferences of Gen Z shoppers necessitate a unique approach on the part of brands and retailers — and their investors. To successfully cut through the noise, establish trust and turn this generation of consumers into customers, you need to:

Be authentic. Understand your brand voice, positioning and intent in order to align the messaging, content, assortment, price and overall experience you provide.

Personalize to grab attention. Use the data and knowledge you have about your customers to engage them while shopping, at the right moment, rather than simply collecting data and then not using it in communications with them.

Make it seamless. Be consistent and available across the touchpoints where you engage with your customers — be where they are, and make it easy for them to engage with you.

Unify the physical and digital. Make sure the experiences you offer meld together — they don't have to be the same, but they need to be coherently integrated.

Be intentional about channel roles. Place intentional bets on each channel, and set a clear path toward the roles and objectives that align the investments you make with the experiences you provide.

Conclusion

Having grown up with more ways to shop — and more things to shop for — than every generation before it, Gen Z has a unique set of priorities that reflects its unique set of circumstances. From desiring seamless interaction between the off- and online worlds of shopping and discovery to choosing products based on not just their style but their values, members of Gen Z have raised the bar. To capture this generation, both now and for years to come, brands, retailers and their investors need to ensure they are meeting its needs every step of the way.

Our study provides insights into the preferences and behaviors of each generation, in multiple product categories. We invite you to connect with us to learn more about the Generational Shopping Behavior study and gain further insights into how each generation feels about your brand. Please don't hesitate to [contact us](#).

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