



Five Effective Tactics Retailers Are Leveraging To Reach Gen Z



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Introduction

Generation Z (Gen Z) is the newest emerging consumer-demographic group, born from the mid-1990s through the mid 2000s. According to a Bloomberg analysis of United Nations data, Gen Z will soon comprise 32 percent of the global population.

This means that retailers who have been focusing on millennials (31.5 percent of the population) should begin actively working to understand this emerging group and accommodate their preferences—especially since they are now becoming productive members of the workforce with substantive disposable income.

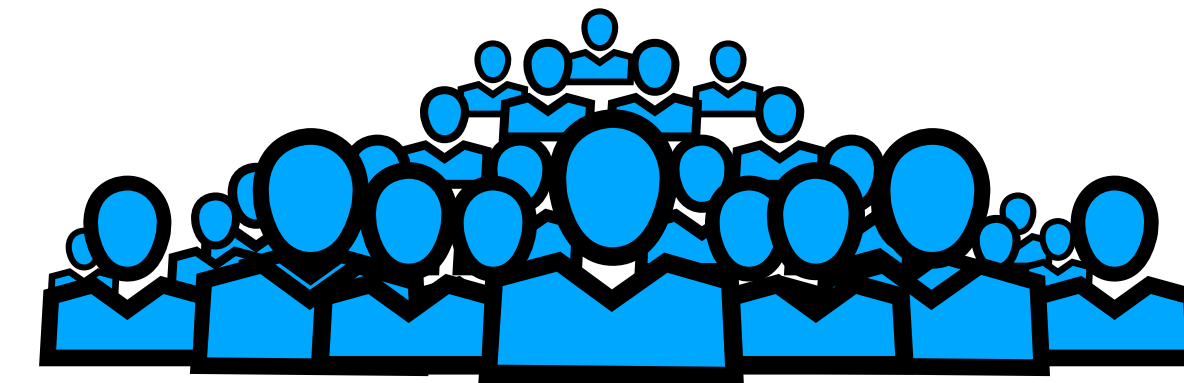
Gen Z

Gen Z will comprise **32%** of the global population by 2019





We asked
1,000
U.S. Gen Z young adults
(ages 18-22 yrs. old)



Zebra Analytics™ recently released the results of its Gen Z Consumer Survey, which included more than 1,000 U.S. Gen Z young adults, ages 18-22 years old.

The results provided a clear look into what Gen Zers—the first generation to grow up alongside integrated technology—expects as both consumers and members of the workforce.

The following pages will detail five key tactics that retailers are, or should be, employing in order to capture and engage this growing consumer group.



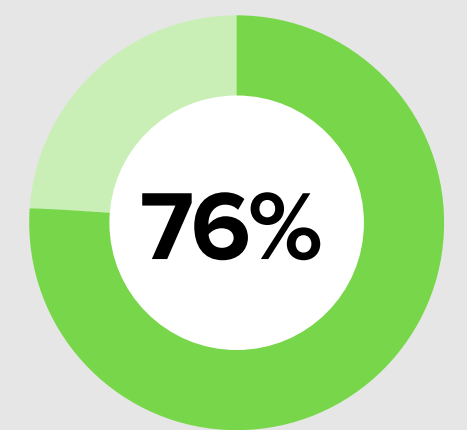
Tactic #1

Making the store a shopping destination

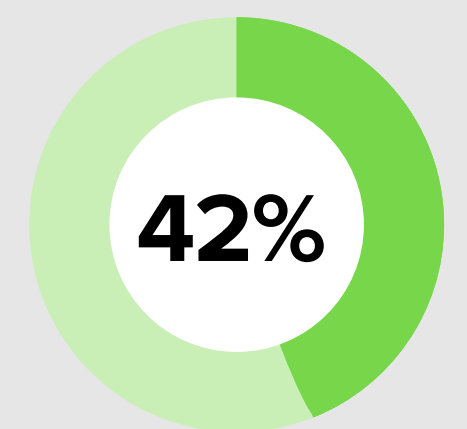
The survey found that the in-store experience plays a key role in Gen Zers' shopping journeys. An overwhelming 76 percent of respondents indicated that they shop in-stores; and interestingly, nearly half (42 percent) actually preferred to shop in-stores versus online.

Despite the fact that Gen Zers grew up as digital natives, they clearly still value the in-store experience.

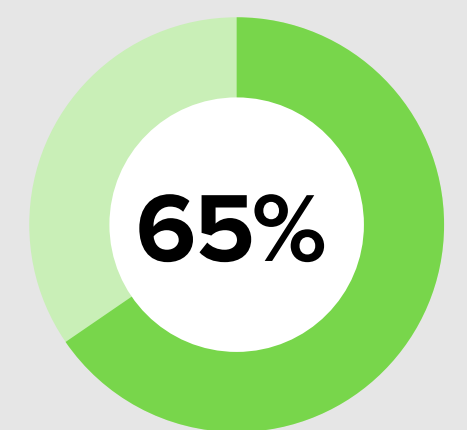
In store vs online



Gen Zers pick stores as a shopping destination



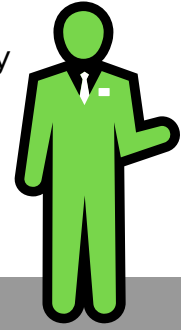
nearly half prefer to shop in-stores over online



would rather return an item to a store than return it via shipment

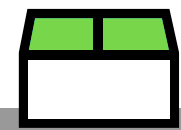
Retailers

that prioritize product assortment and quality in-store service will win out with Gen Z



65%

of Gen Zers would rather return an item to a store than send it back through the mail



This means retailers that prioritize product assortment and quality in-store service will win out with Gen Z.

The most successful retailers go a step further toward making their stores a destination by adding new services like restaurants and designer pop-ups to entice consumers. By transitioning from just another store to a neighborhood hangout, Gen Z shoppers are encouraged to spend more time (and money) at the location. Many of these retailers have also invested in their omnichannel strategies, enabling buy online pickup in-store (BOPIS), and buy online return in-store (BORIS). A simplified return process is a great strategy to attract Gen Zers, as 65 percent of survey respondents said they'd rather return an item to a store than send it back through the mail.

In addition to its convenience, this strategy has the added benefit of bringing more customers into the store for potential upselling and impulse buying. Prescriptive analytics can determine which employees are best at cross-selling and upselling and should be scheduled alongside newer associates for cross-training. This solution can also inform retailers what assortments, promotions, and other factors will increase in-store sales.





Tactic #2

Appealing to emotions to drive sales

Once shoppers are in the store, retailers should be prepared to act on upsell and cross-sell opportunities. Gen Z shoppers are an emotionally driven demographic, often gravitating towards products that appeal to their feelings.

In fact, 67 percent of Gen Zers noted that the most influential factor in deciding to add more items to their shopping baskets is their emotional state at the time.

This is good news for retailers, because it means that Gen Z shoppers can be emotionally influenced to make impulse buys.

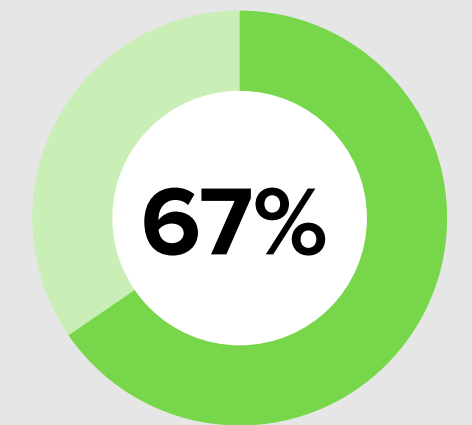
The most successful retailers understand and leverage this with in-store messaging, displays, and promotions designed to trigger an emotional response.

Survey results further showed that 73 percent of Gen Zers are influenced to add to their carts by both in-store and online advertisements.

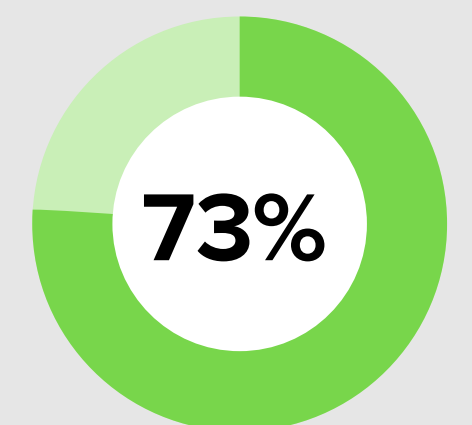
Loyalty, marketing, and ecommerce data can all help determine which advertisements and displays will resonate most strongly with Gen Z customers.

It's also important for retailers to align their online and in-store shopping experiences to ensure that both channels offer the same quality customer journeys.

Emotional shopping

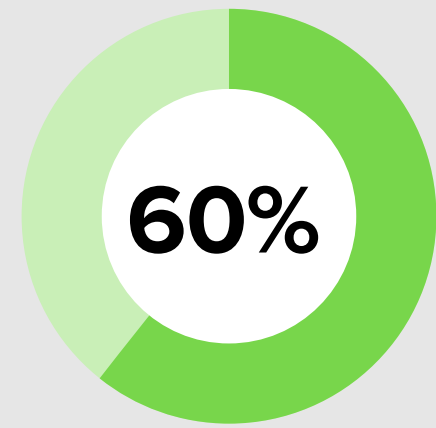


Of Gen Zers note that the most influential factor in deciding to add more items to their shopping baskets is how they feel

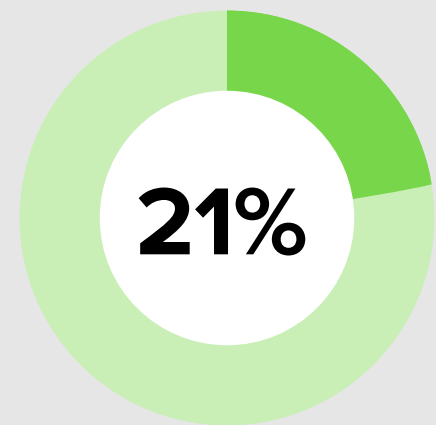


influenced to add their carts by both in-store and online advertisements

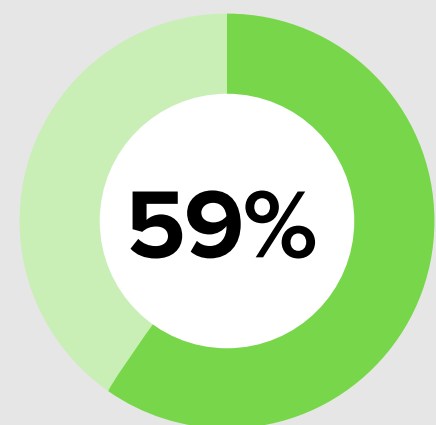
Out of stocks drive
Gen Z out of your store



Of Gen Zers check in-store
availability online before going
to the store to purchase



indicate that if they found an
item out of stock in-store when
the retailer's website said it was
available, they would never shop
at that retailer again



say that such a situation
would leave them
very frustrated

Tactic #3

Paying special attention to inventory accuracy

Winning Gen Z's loyalty requires exceptional inventory accuracy. The survey found that 60 percent of Gen Zers check a product's in-store availability prior to going to the store. Additionally, 21 percent indicated that if the website said an item was available and they went to the store and found it out of stock, they would never want to shop at that retailer again. Another 59 percent indicated they would be highly annoyed. Retailers simply can't afford to have 80 percent of their Gen Z customer base frustrated with their brand.

Retailers that leverage prescriptive analytics solutions hold a major advantage over their competitors in terms of accuracy. Prescriptive analytics pulls actionable insights from inventory data to inform retailers how to fix issues impacting accuracy, including shrink, vendor non-compliance, planning and allocation gaps, and more. The right solution will quickly deliver results like improved sales and margins.



Gen Z gives online reviews a thumbs up

64%

leave online reviews
(positive or negative)



Tactic #4

Harnessing online reviews

Just like millennials before them, Gen Zers pay attention to their online footprint.

They're a vocal demographic, particularly about their interactions with products and services. Retail is no exception—the survey indicated that up to 64 percent of Gen Zers leave online reviews about their customer experiences, whether positive or negative.

Retailers can use this trait to their advantage. Fashion retailers in particular are active on social media channels like YouTube and Instagram, looking for popular or influential people to whom they can send their products for review.

The influencers can then evaluate the samples for their audiences in the form of hauls, try-ons, unboxings, photoshoots, and more. These reviews provide a brand lift for both the retailer and the influencer.

Reviews are a rich source of information about where and how to improve a business, and the best retailers leverage that information with prescriptive analytics. Some solutions can perform sentiment analysis, which combs through textual data like reviews and comments to assess customers' perceptions (positive or negative) of a business in terms of satisfaction, pricing, quality, and more. The results are then translated into a "score" that retailers can use to identify specific improvement needs and take corrective action.





Tactic #5

Tailoring tasks for the Gen Z workforce

To stay relevant, retailers need to appeal to Gen Z beyond the sales floor. Survey results confirmed that retail is still a key provider of entry-level jobs for young Americans with 44 percent of survey respondents indicating employment in retail or grocery. What's more, 65 percent of these Gen Zers indicated frustration and discontent with antiquated processes in task management and reporting.

Gen Zers in retail frequently use reports as part of their everyday jobs. However, 40 percent claimed the reports they're given are too long and time-consuming. An additional 60 percent felt reports were too complicated to understand, and sometimes not even relevant to their jobs.

Relevant reports

44%

have worked
in retail or grocery



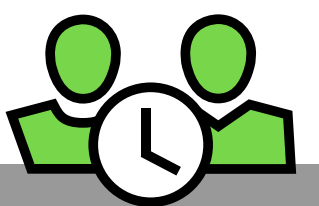
65%

are frustrated with outdated
processes



60%

say reports are over-complicated
and/or irrelevant



Tactic #5

Retailers need to invest in smarter task management solutions that allow Gen Z and other employees to work smarter and more efficiently.

As digital natives, Gen Z assume that Google will always be at their fingertips to provide them with the answers they need—but this isn't necessarily true. Instructions for setting up a promotion, stocking shelves, unloading a truck, and other tasks can't always be found on YouTube. As retailers employing prescriptive analytics have quickly realized, there are ways to guide Gen Z using smart tasks and prescriptive actions. This solution delegates tasks in the form of simple prescriptive actions, sending them to the appropriate responder in near-real time (e.g. "No sales for SKU #244; replenish from backroom stock").

Survey results reiterate the need for smart solutions that dispense simple, easy-to-understand action steps based on data analysis.





Conclusion

Winning the loyalty of the critical Gen Z demographic may seem challenging, but it doesn't have to be. Retailers are successfully attracting and managing them in a number of ways. Some smart investments in the right technology and an analytical understanding of Gen Z's expectations will capture the loyalty of this key demographic and drive results for retail.

To learn more about prescriptive analytics and how it can improve sales for retail, CPG, and grocery, head to zebra.com/prescriptiveanalytics

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