RETAIL INDUSTRY INSIGHTS FOR TODAY’S RETAILERS AND CPGS

THE NEXT GENERATION OF RETAIL
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We often look at what is impacting the future of retail, but in this exclusive Retail Perceptions report from Interactions, the global leader in experiential marketing for retailers and brands, we look at who is going to have the greatest impact on the retail industry. Generation Z, the group born after Millennials, now makes up 25 percent of the entire U.S. population, making them larger than any other living group. This cohort of constantly-connected, multitasking, technologically-savvy do-gooders is getting ready to turn the retail industry on its head.

Over 70 percent of parents say their Generation Z children influence buying decisions about apparel and family meals. Beyond influencing family decisions, thanks to their own allowances and jobs, Generation Z already possess $44 billion in spending power. By 2020, Generation Z will make up 40 percent of the population in the world’s biggest markets, including the U.S., Europe, China, India, Brazil and Russia.*

From the in-store experience to shopping online to the power of social media, the proprietary findings in Interactions’ The Next Generation of Retail reveal the habits, preferences and influences Generation Z already has on the retail industry.

METHODOLOGY AND DEMOGRAPHICS

In May 2016, Interactions Marketing collaborated with Peanut Labs, a global sampling platform that offers users direct access to tens of millions of consumers and business professionals to conduct a representative sampling of 2,011 members of Generation Z, specifically those between the ages of 14 and 19 years old. The proprietary findings in this report detail their shopping habits, preferences, and serve as a guide map for retailers to engage and interact with the world’s fastest growing consumer group.

*Sources Forbes, Strategy&
**Generation Z: Shopper Diagnostic**

Habits and preferences of today’s teenagers

**Weekly Spending Money**

- **33%** $50-$100
- **28%** Under $50
- **24%** $101-$200
- **11%** $201-$400
- **4%** Over $400

89% consider themselves price-conscious shoppers

62% prefer to spend their money on an experience over purchasing something material

55% say their parents give them an allowance

52% have part time jobs

They are decisive on where they spend money each week:

- **Food**.................................80%
- **Clothing**............................67%
- **Experiences with friends**.......47%
- **Music/books/magazines**.......41%
- **Electronics**......................40%
- **Beauty products**..............37%
- **Car or transportation**..........32%
- **Savings**............................30%
- **Jewelry**............................20%
- **Contribute to charity**.........7%

Receiving text messages is the #1 preferred method for communicating with retailers and brands:

1. **Text**
2. Images
3. Email
4. Video
5. In person at the store

Only 19% say they currently find out about new products via text notifications from retailers
# Social Media and the Shopping Experience

One social media powerhouse dominates in every area of life for the next generation.

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<th>Pinterest</th>
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**Of Social Media Users...**

- **63%** expect retailers to have a social media presence.
- **60%** prefer to shop at a retailer than connects with them on social media over one that doesn’t.
The Power of Social Media
How social influences shopping behaviors

What Gen Z prefers RETAILERS share on social media

- 78% New products
- 62% Discounts/promotions/coupons
- 50% New trends
- 46% Upcoming in-store special events
- 24% Online events (e.g. chat with the experts)
- 19% Product information – (how a product is made or where materials are sourced)
- 16% Employee recommendations
- 15% Information on charities the retailer supports
- 11% Company personality/company culture

The popularity of researching product information on a retailer’s website (56%) is nearly identical to researching on social media (58%). This means your presence on social channels is just as important, if not more than your website. With social you have a platform to post, respond and react 24/7.

What GEN Z will share on social media

- 65% Product Quality Reviews
- 46% Positive customer service experiences
- 33% Product availability
- 30% Discounts/promotions
- 28% Negative customer service experiences
- 23% Diversity of products
- 18% Special events

82% say that opinions of others on social media have led them to shop at a retailer they had never shopped at before

77% browse social media to look for ideas on what products to purchase

69% have visited a retailer’s store as the result of that retailer’s social media post
IN-STORE SHOPPING EXPERIENCE

Even with the world at their fingertips, Generation Z prefers shopping in store

64% would rather shop in-store than online

Top 5 Components of an In-Store Shopping Experience

1. A clean store
2. Friendly and knowledgeable store associates
3. A positive checkout experience
4. The use of technology in the shopping experience
5. Availability of customer feedback channels

75% prefer to shop at retailers that provide an engaging in-store experience

77% prefer unique products over popular ones

62% prefer to have questions answered by store associates over reading product displays

67% prefer shopping at a retailer that offers self-checkout over one that doesn’t
IN-STORE VS. ONLINE
Bricks trump clicks for overall experience as well as category-specific purchases

WHERE GENERATION Z PREFERENCES TO SHOP

- **Food**
  - In-store: 79%
  - Online: 21%

- **Health & Beauty**
  - In-store: 32%
  - Online: 68%

- **Shoes**
  - In-store: 66%
  - Online: 34%

- **Cell phones**
  - In-store: 59%
  - Online: 41%

- **Jewelry**
  - In-store: 57%
  - Online: 43%

- **Clothes**
  - In-store: 42%
  - Online: 58%

- **Computers**
  - In-store: 49%
  - Online: 51%

- **Games**
  - In-store: 43%
  - Online: 57%

Top 5 Factors in Making a Purchase

1. **Price**
2. **Quality**
3. **Brand name**
4. **Social responsibility of brand/retailer**
5. **Environmentally friendly product**

80% browse in store when unsure of what to purchase
LOCAL, BUT NOT SO LOYAL

Generation Z appreciates community, but will their devotion become extinct?

While 59% prefer to shop at local retailers over big box retailers, 72% would be more willing to shop at national chains if they had more of a local presence in their community.

Generation Z shoppers say they’ll gladly switch where they shop and what brands they buy:

81% will switch from their favorite brand if they find a similar product at a higher quality.

72% will switch from their favorite brand if they find a similar product for a lower price.

47% have stopped purchasing their favorite brand after finding out they didn’t produce environmentally friendly products.

79% say their preference is for a quality product, not necessarily a name-brand item.
TECHNOLOGY, TRUST AND RETAIL

75% check a store’s app while they’re shopping for special offers before finalizing purchases

67% check store apps on a regular basis outside of shopping to see if there are any discounts

83% trust product information shared by other shoppers more than they trust marketing advertisements

75% would rather shop at a retailer that accepts mobile payments over one that doesn’t

68% research before purchasing at least half of the time

59% avoid shopping at retailers that have been hit by security breaches and

78% trust retailers to keep their personal information safe

51% Look for the best price

16% Compare with other products

15.5% Want the highest quality product

15.5% Read product reviews
Interactions is the global leader in innovative retail solutions and experiential marketing for retailers and brands.

Our workforce of more than 45,000 associates creates and produces nearly 3 million consumer events every year.

Interactions’ integrated sales and marketing programs engage shoppers in-store and outdoor, provide insights into shopper behavior and customer service, and enable retailers and brands to make smarter business decisions and drive significant sales increases.

Founded in 1988, the company has offices around the globe and operates in North America, Europe, South Africa, Australia and Asia.

For more information, visit interactionsmarketing.com.