



Beyond the crocs & TikToks.

How Gen Z are shopping.

afterpay ↻

We've learnt a lot about Gen Z.



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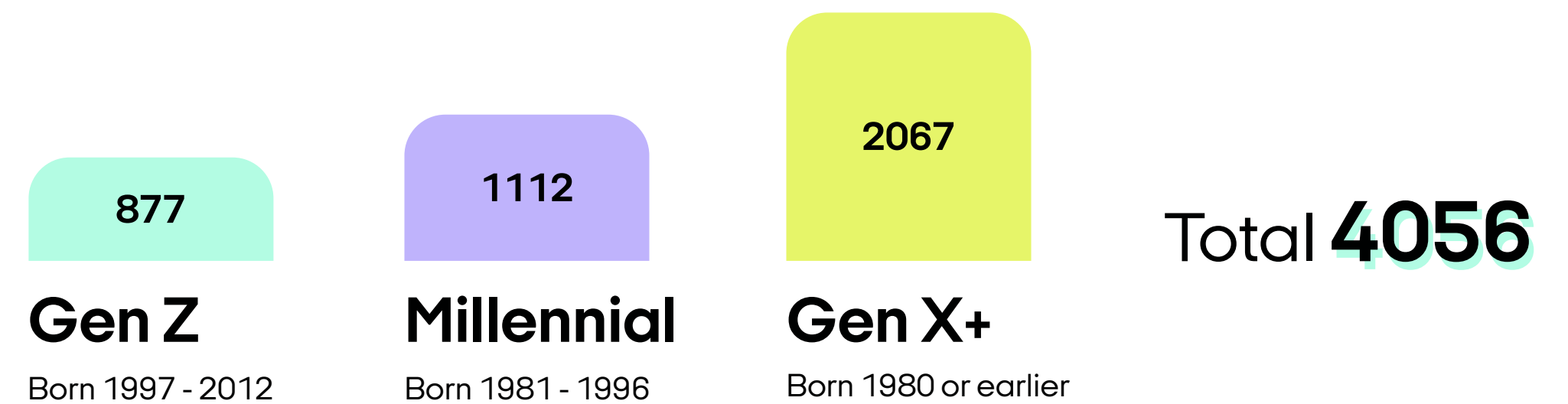
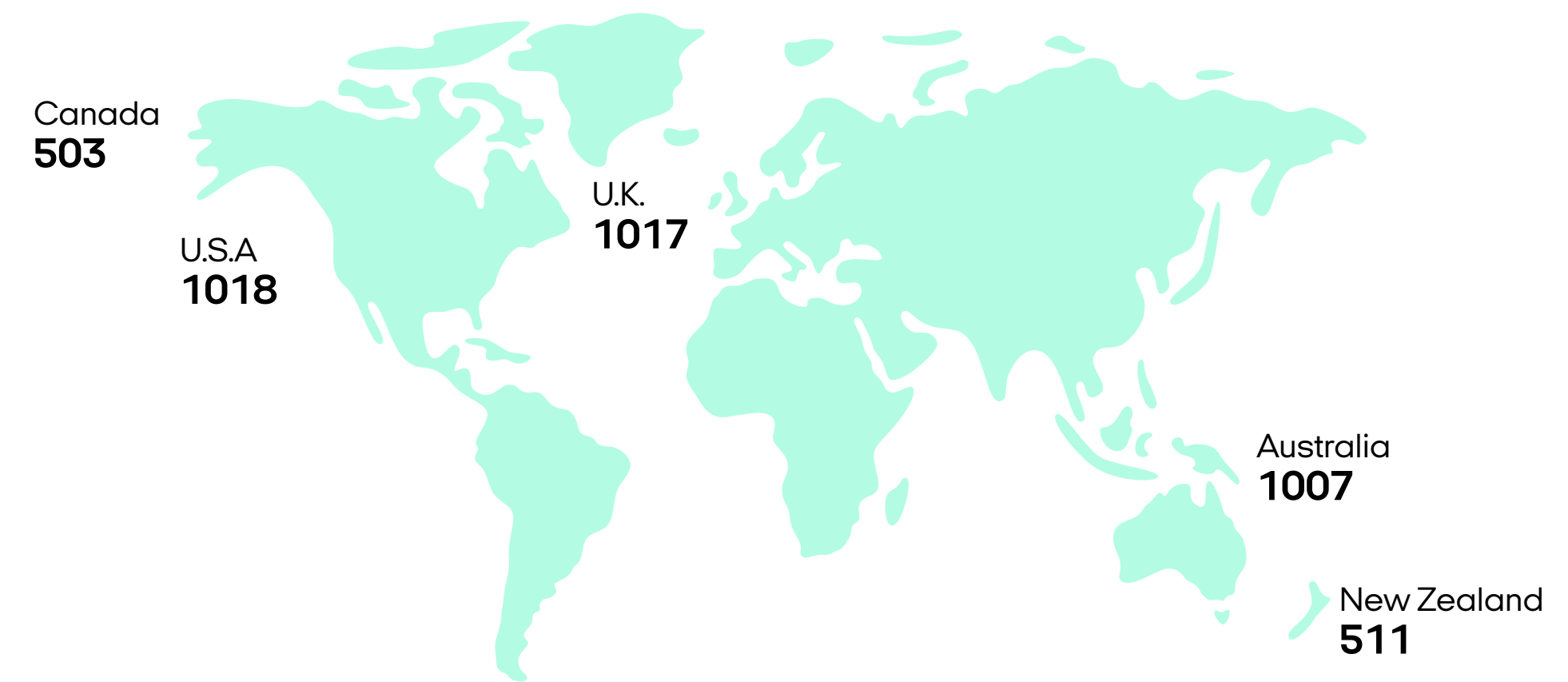
Who we surveyed.

This report explores how Gen Z are changing retail - by driving new trends, acting on their beliefs and values, and shopping more flexibly.

The data in this report is based on a quantitative study of **4056** consumers from Australia, New Zealand, U.S., U.K. and Canada.



Location:



Intro.

Today's Gen-Z consumers have experienced several lifetimes' worth of once-in-a-generation events. Inflation, wage stagnation, global warming, housing unaffordability, pandemics and existential military threats.

In the face of all that, they are forging their own path - navigating challenges around equality, ethical and inclusive business and retail practices, cryptocurrency and technology.



So when someone asks the question "how are young people shopping?" the answer is "it's complicated."

Getting to know and understand how Gen Z shops is important for retailers who want to meet the consumer demands of Gen Z. This report outlines the preferences that underpin Gen Z's retail choices - shedding light on this optimistic, technologically native, ethical, social and purposeful generation.

Who are the gens?



Gen Z



Aged 10 - 25

Born 1997
- 2012

Millennial



Aged 26 - 41

Born 1981
- 1996

Gen X+



Aged 41+

Born before
1981

Get to know Gen Z.

Born between 1997 and 2012, Gen Z are finding their feet in the world. They are not quite as curious as millennials but are native technology users, especially when shopping.

Gen Z generally enjoy shopping and like to buy eco-friendly and sustainable products. They also like to cut out the middleperson - preferring to shop directly from brands themselves - a key difference to other Gens. They are also trend oriented - using social media and technology to keep up to date on the latest trends.

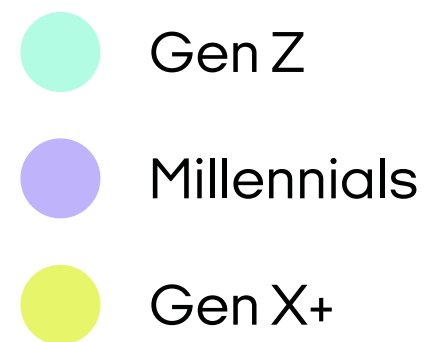
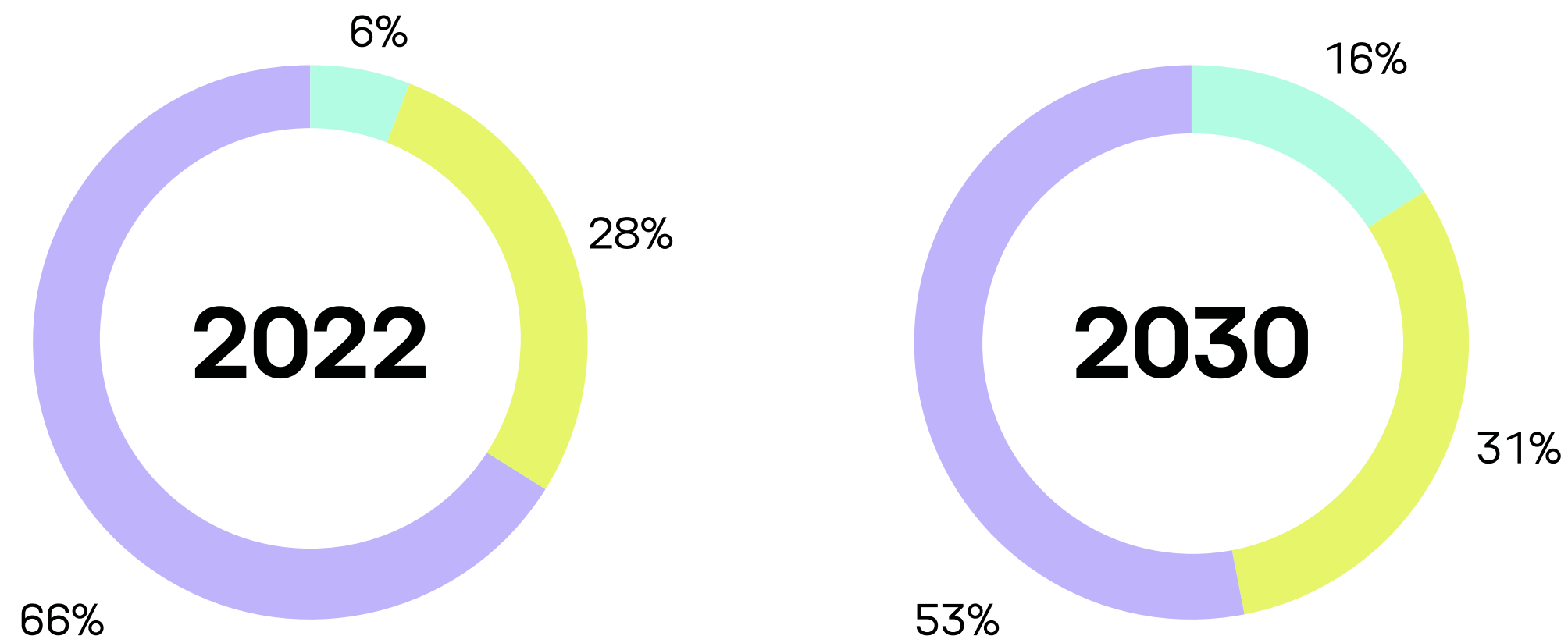


Statement	Gen Z	Millennial	Gen X+
I'm one of the first people to try new products	32.6%	41.3%	21.8%
I like to use technology when I shop	70.2%	69.3%	44.1%
Shopping is a chore	32%	34%	30%
I buy eco friendly and sustainable products when I can	56.7%	53.8%	49.5%
I prefer to purchase directly from brands, rather than from other stores	41.2%	36.4%	18.6%
I like to keep up to date with the latest trends	53%	53.6%	32.7%

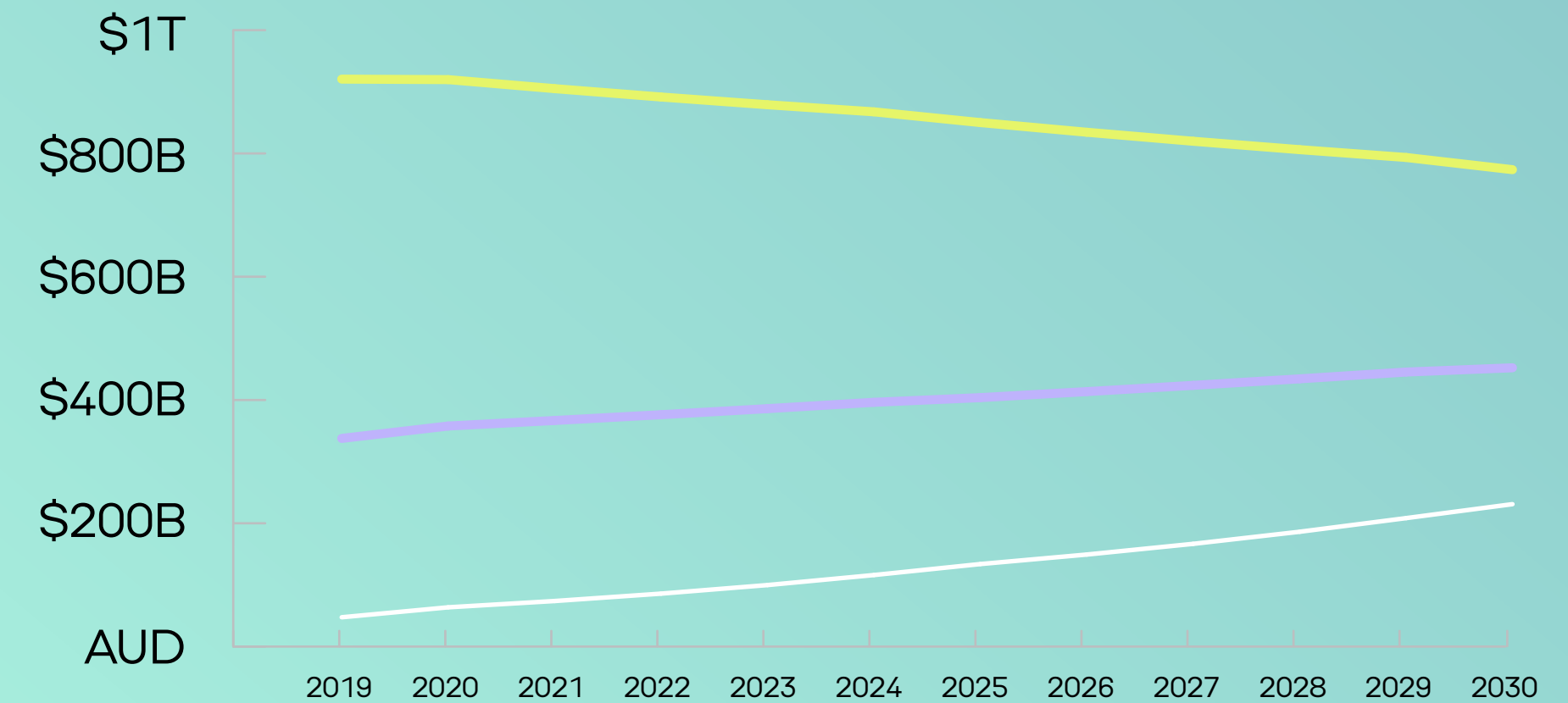
Financial feels.



Global share of retail spend.



Millennial and Gen Z share of spend will increase to 48% by 2030.

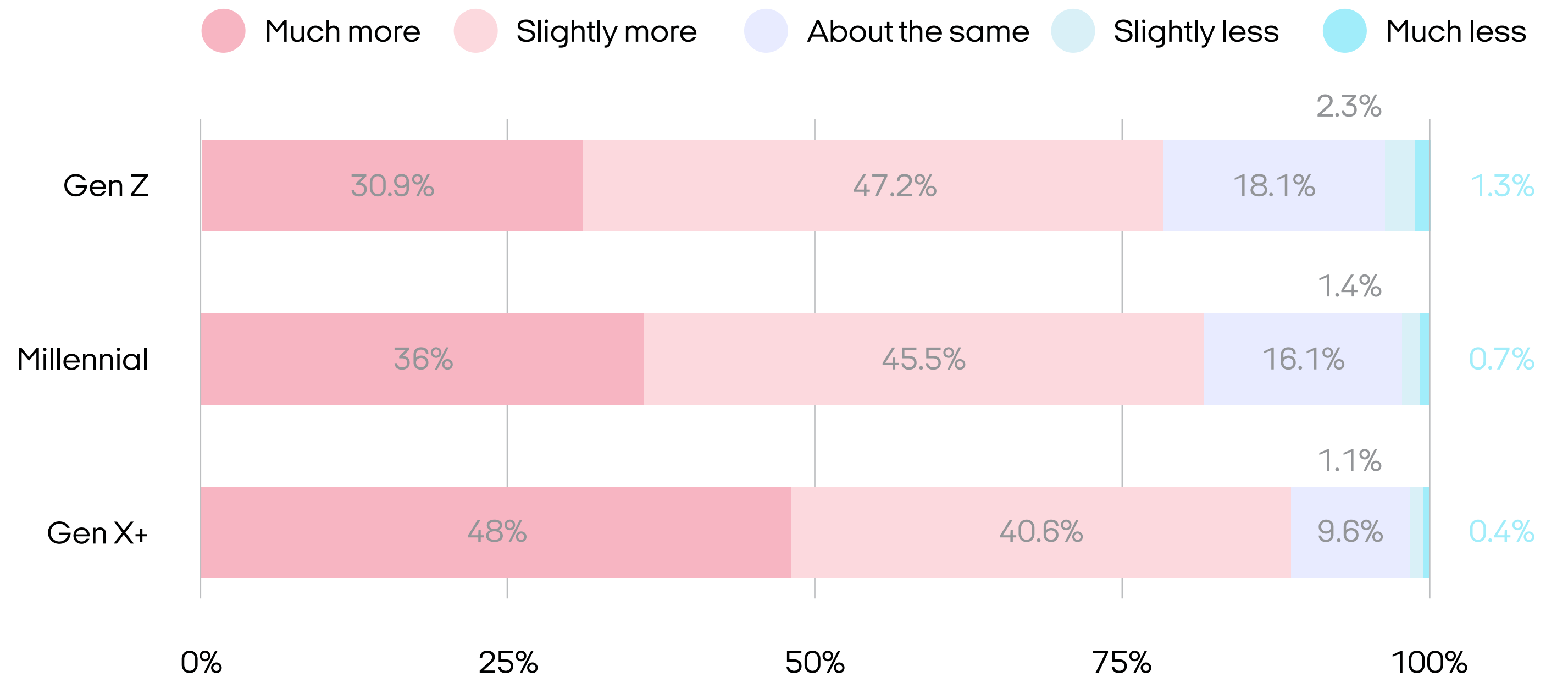




Not getting too deflated.

Young consumers know they are facing a difficult economic environment with **78%** of Gen Z expecting prices to rise over the next 12 months. It's really the older generations that have less optimism for the year to come, maybe because they have experienced inflation before.

How do you think the price of everyday items will change over 12 months?
[Groceries, clothing, electronics etc]

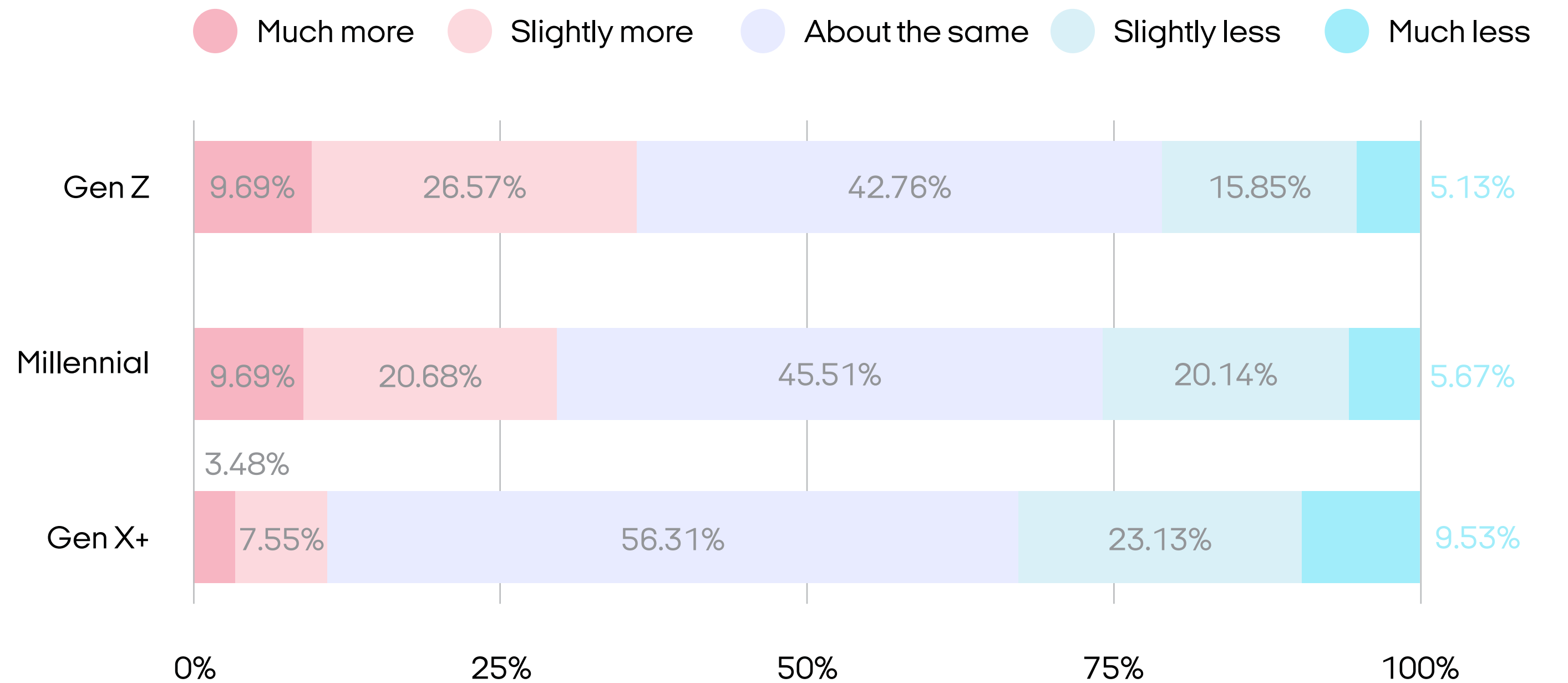


The optimism of youth.

Gen Z are the most optimistic of all generations with only **21%** expecting to do less shopping over the next year. Some might call that naivety, but we think it's a resilience that is becoming typical of Gen Z.



How much shopping do you think you'll do over the next 12 months?



The kids feel like they'll be alright.

Gen Z is on the cusp of becoming a major player in the global economy and will be taking bigger and bigger bites out of the vast market share of consumer spending enjoyed by millennials. This cohort has seen their parents forced to navigate multiple significant economic crises, and the oldest among them have started their careers during a commerce-upending global pandemic. Despite all this,

across many metrics, we continue to see a near-linear relationship between age and optimism about the future, with younger generations being more upbeat across the board. Adults that have only recently aged into the labor force are disproportionately lower income as they are just getting started in their careers. But they also have more of an appetite for risk and their prime earning years

are ahead of them. This means that Gen Z feels more confident about the future than people in older cohorts, and this optimism translates into less concern about inflationary pressures and more bullishness about their own future spending. With indicators like consumer sentiment and inflation, expectations are half the battle. Maybe we should all take a page from the Gen Z book.



Felipe Chacón

Economist, Block

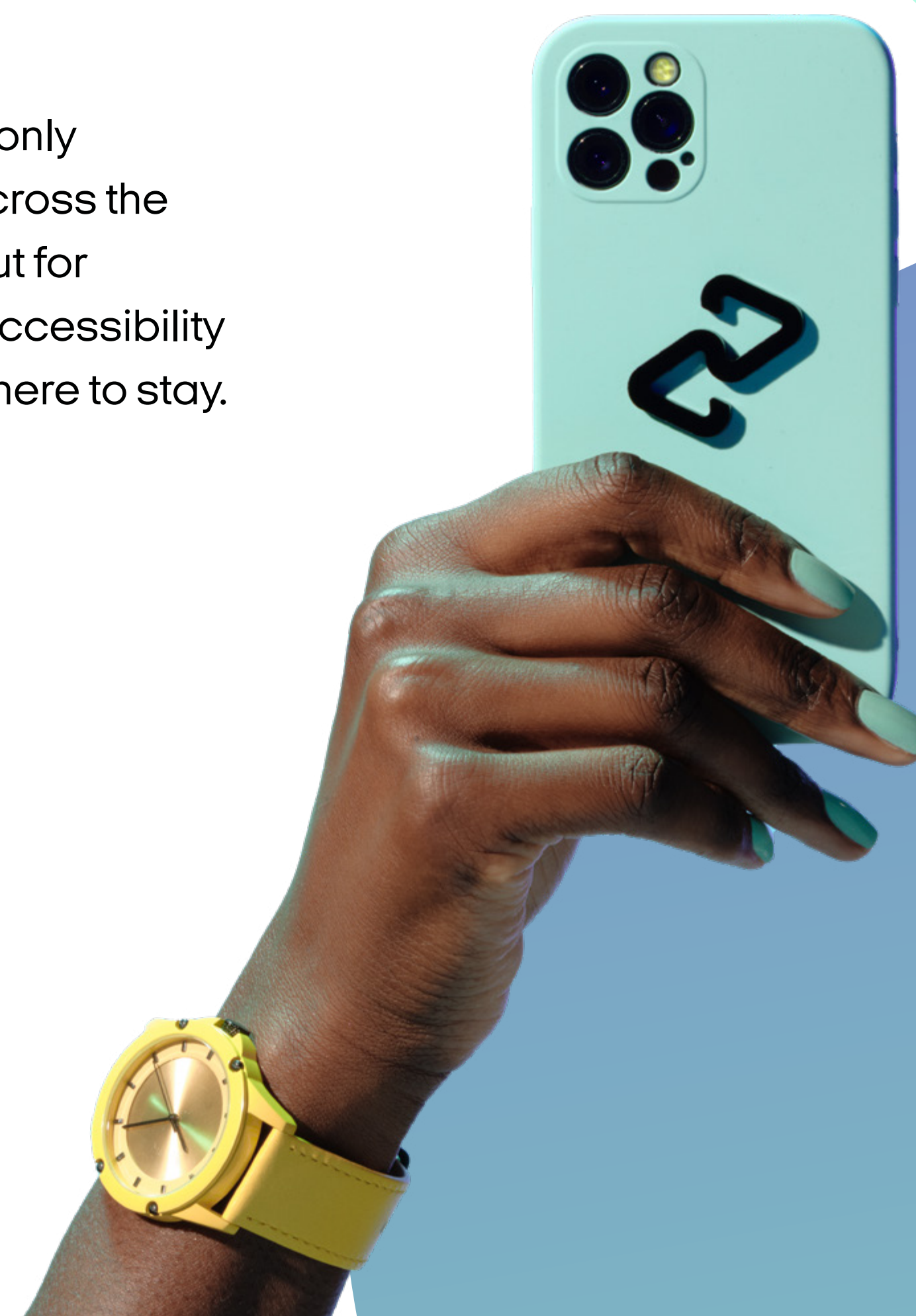
How do Gen Z shop?



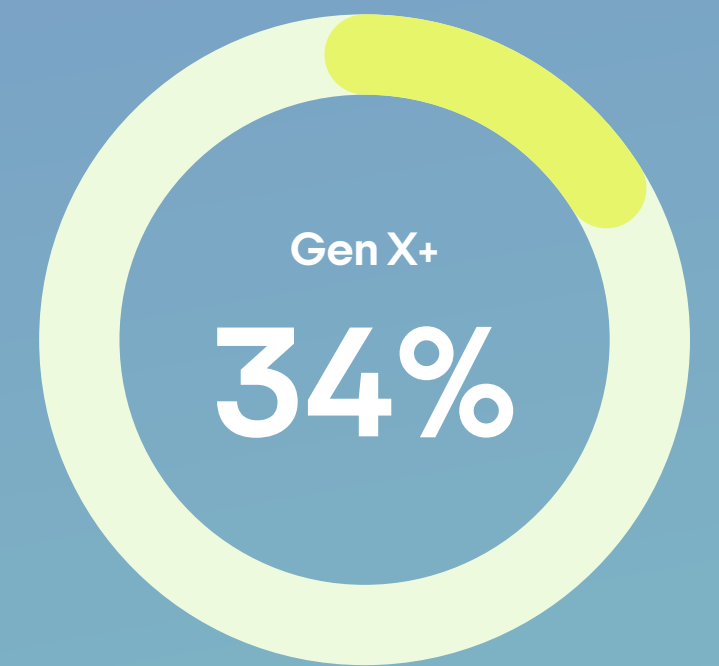
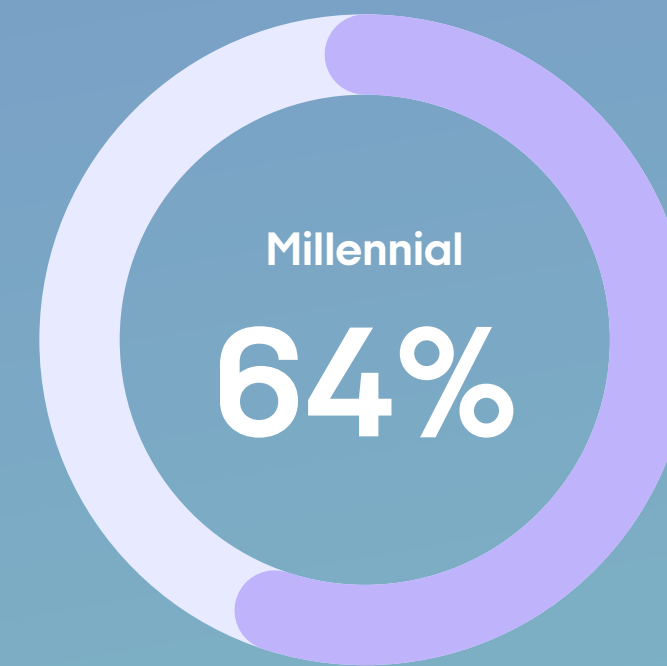
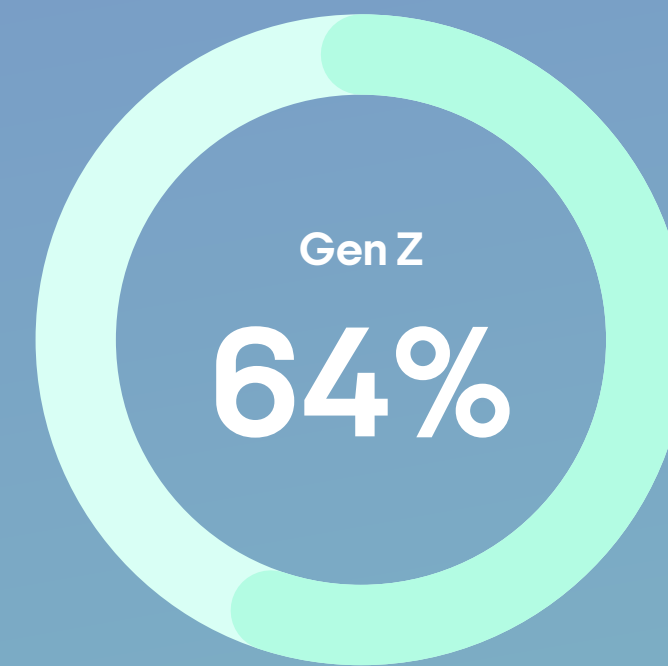


IRL or URL?

Online shopping became the only shopping channel for many across the world during the pandemic. But for Gen Z, the convenience and accessibility of online shopping means it's here to stay.



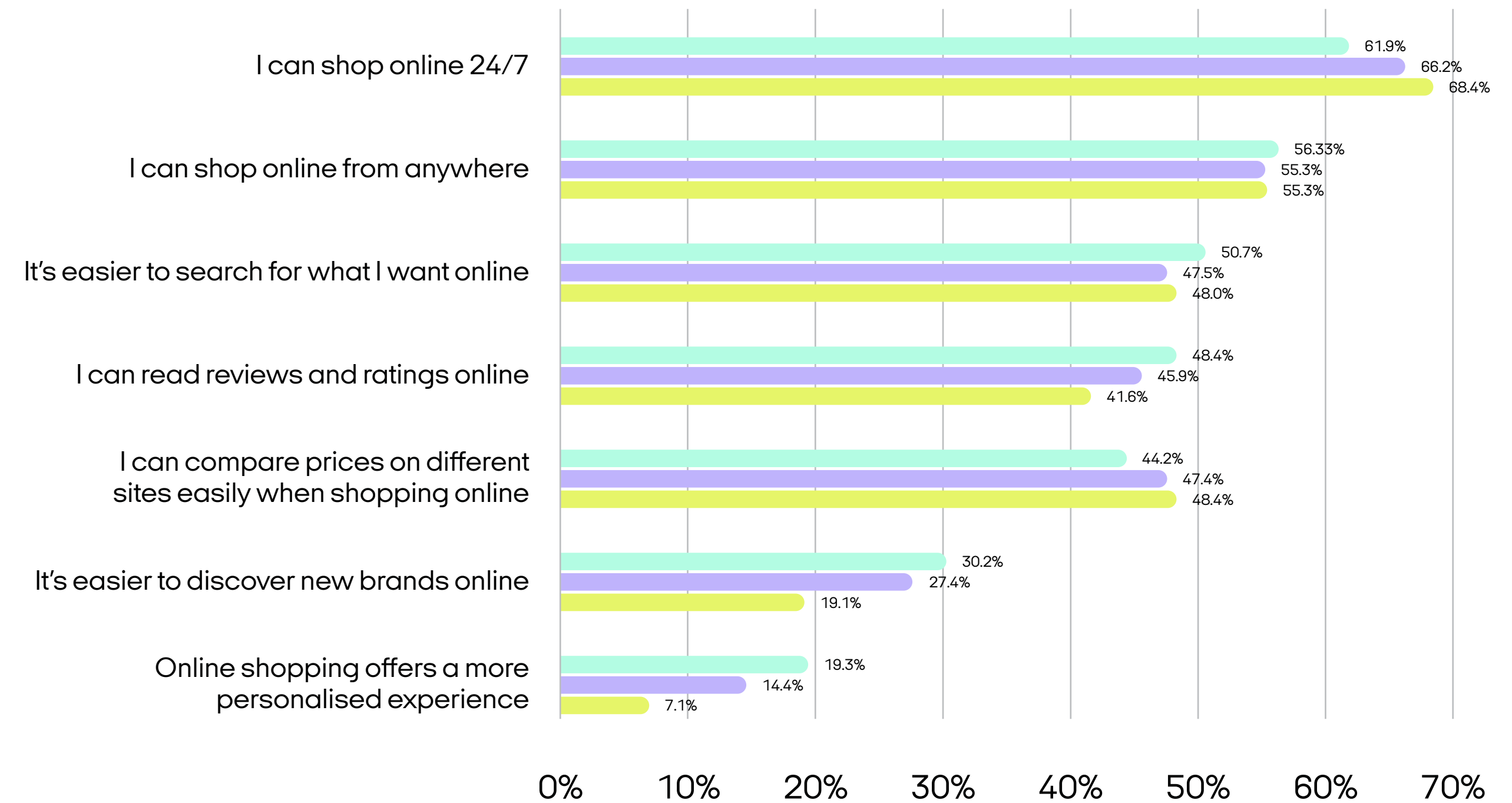
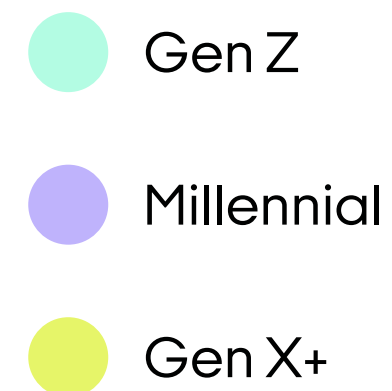
Prefer online shopping vs in-store:



Why online?

It's not surprising that a generation who grew up on social media values being able to search reviews and ratings online and compare prices and products easily.

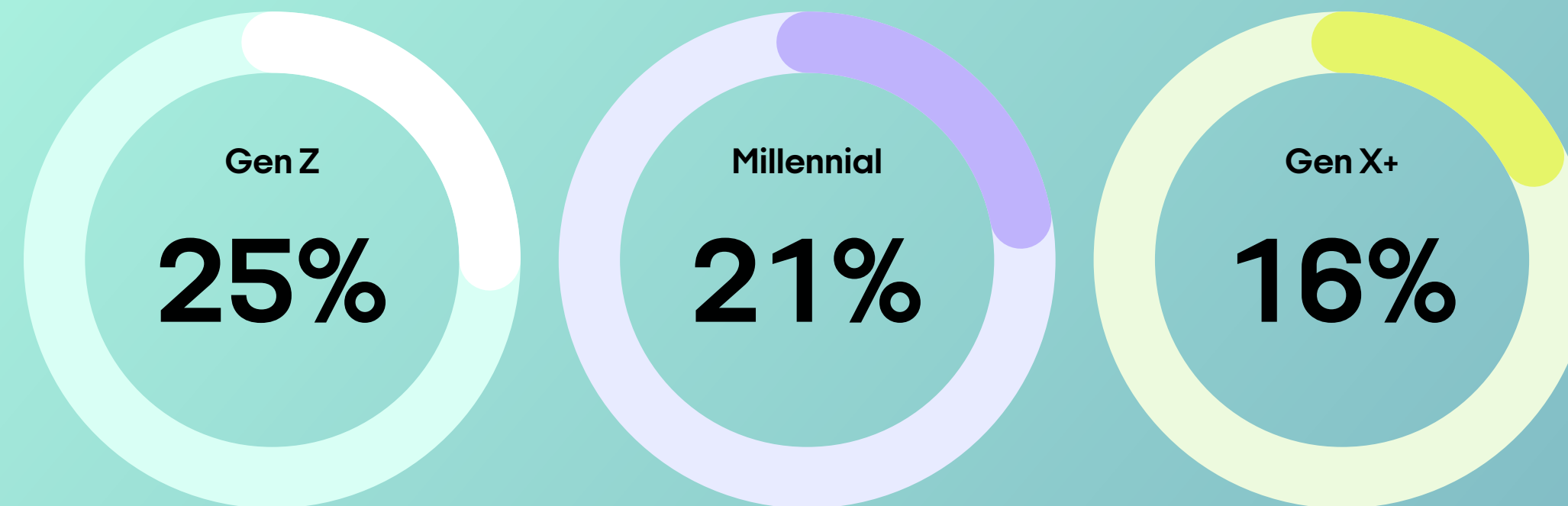
Plus, it's available 24/7 from your living room.



What's in-store for retail?

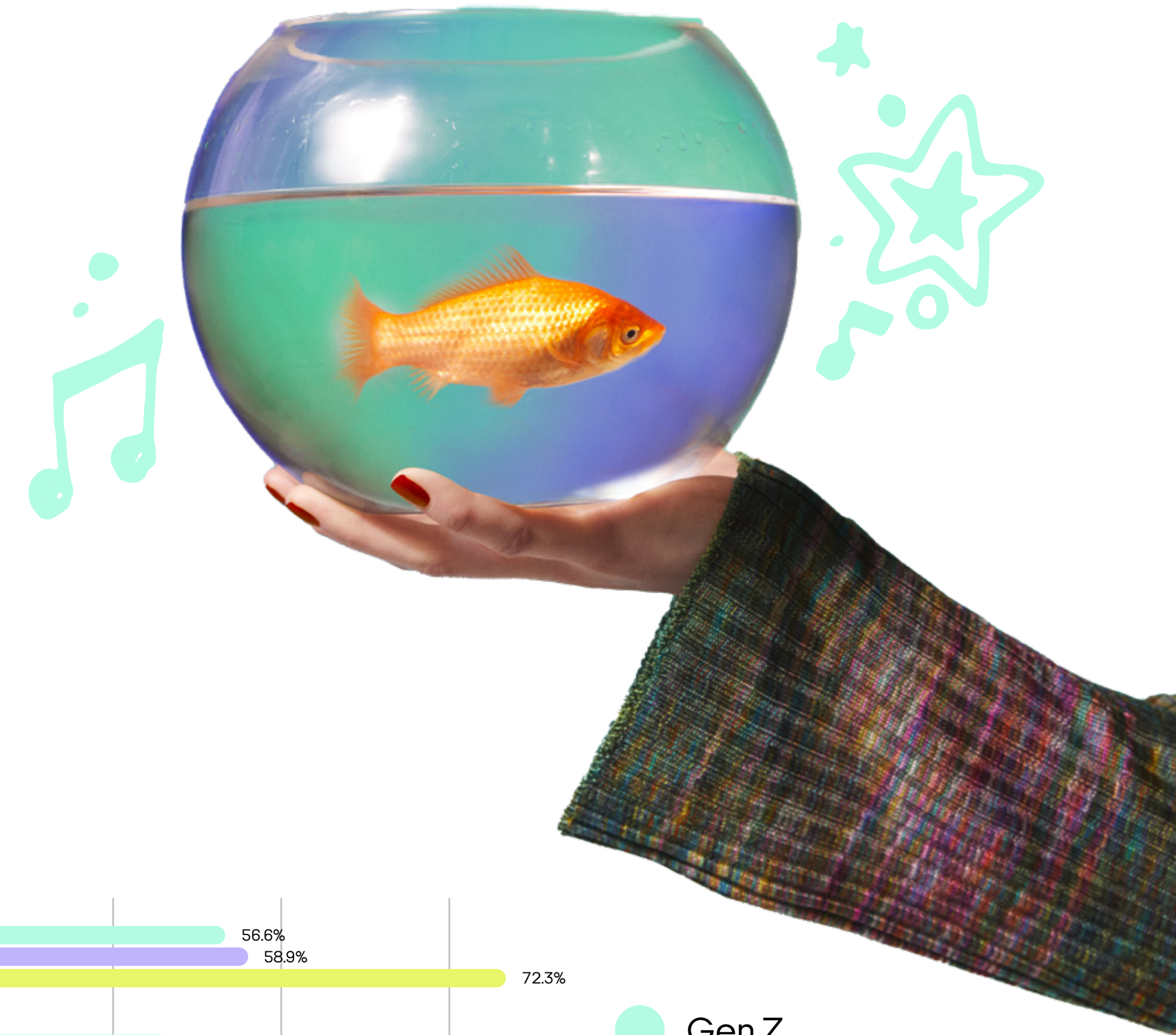
Despite the popularity of online shopping, Gen Z is leading the charge back to in-store, with almost **one quarter** of Gen Z saying they expect to increase how much in-store shopping they do over the next year.

Will you shop in-store more often in the next 12 months?

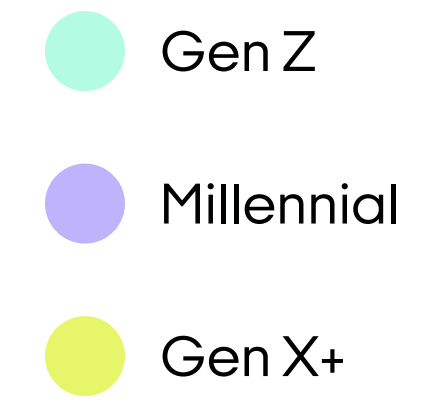
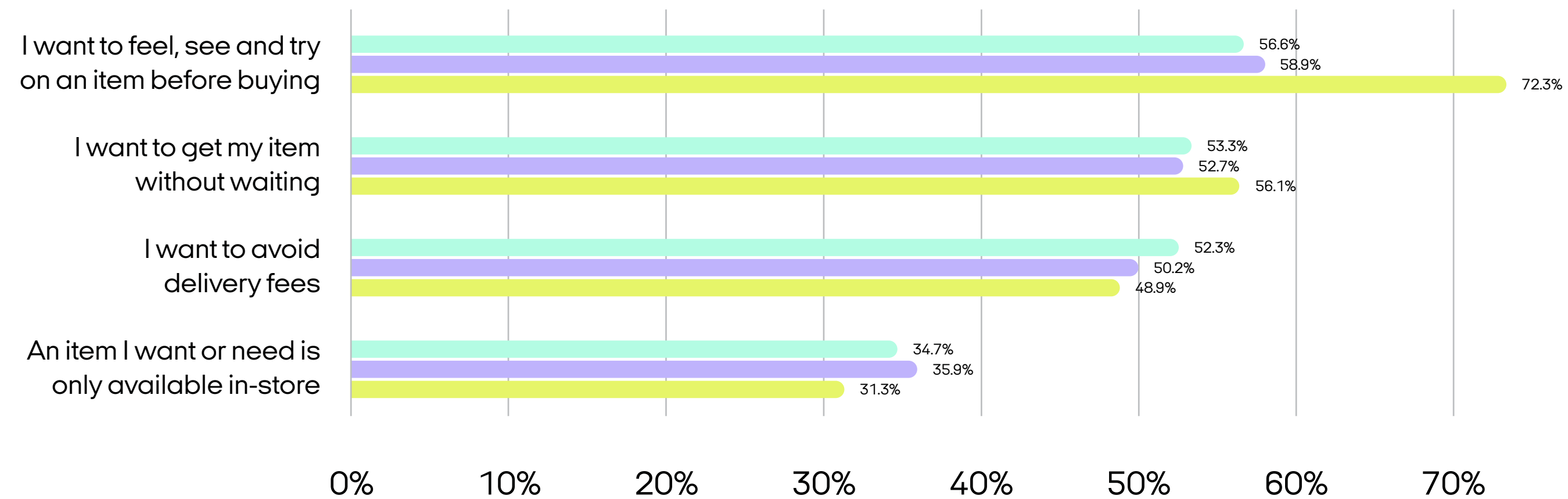


In-store's 'it' factor.

While many Gen Zs cite increased product availability [35%] and access to exclusive discounts [27%] as reasons they shop in-store, the primary reason 57% of Gen Z consumers prefer to shop in-store is to feel, see and try before they buy. While Gen Z feel strongly about this, they are following in the footsteps of older generations with 72% of Gen X and older preferring to try before they buy.



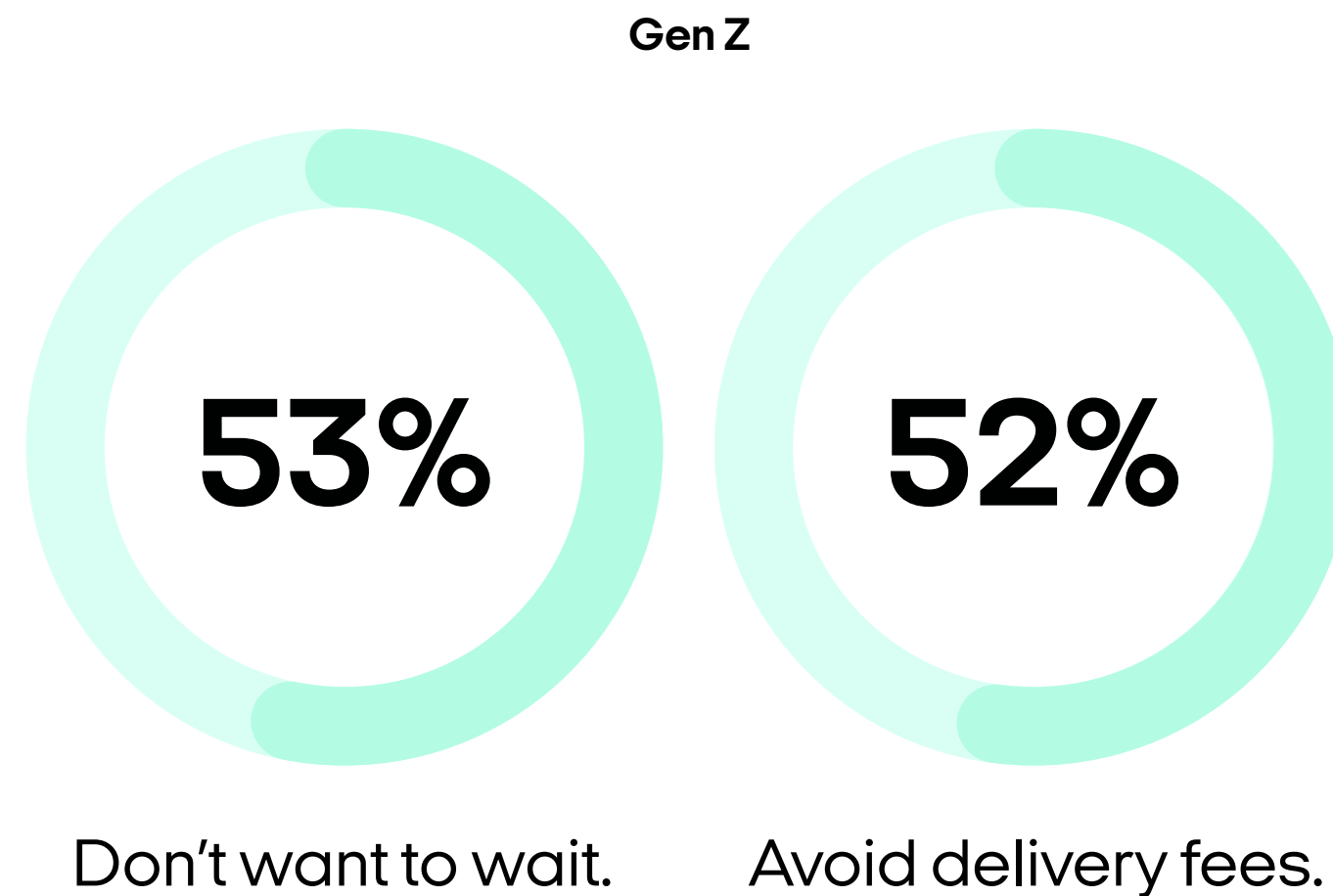
Which of the following are the most convincing reasons to shop in-store.



Delivery = delay?

“Kids these days. They want everything right now. It’s instant gratification” - My Grandfather [this quote is a work of art, not reality]

Every young person has heard something like the above. And well... it’s true. **Over half** of young people shop in-store to avoid waiting for delivery. But next time you hear a Gen Z or Millennial being accused of needing instant gratification don’t forget that **56%** of Gen X and older shop in-store to avoid waiting for delivery [more than Gen Z and Millennials].



Delays are not the only criticism of delivery, with **52% of Gen Z** consumers shopping in-store to avoid delivery fees.

Supply chain commentary.

The global COVID-19 pandemic highlighted to most of us the global nature of fashion supply chains. As the pandemic lingered and the world 'shut down', products were no longer delivered with their usual frequency or regularity. Brands and consumers alike found themselves waiting months for goods that used to arrive in days or weeks. The impact was quite dramatic in the Australian fashion market because more than **95% of the clothing Australians buy is made overseas.** As a result of this supply chain shock, more brands

are investigating on-shoring production, and consumer behaviour has changed as well. Consumers have learned to avoid disappointment by seeking fashion that is **made in Australia** and prefer to buy direct from the label rather than via a retailer – anything to shorten the distance and time between production and wardrobe. As these trends are compounded with increased consumer demand for sustainable fashion, the need for **clear, concise, traceable, and ethical supply chains is more important than ever.**



Dr Lisa Lake

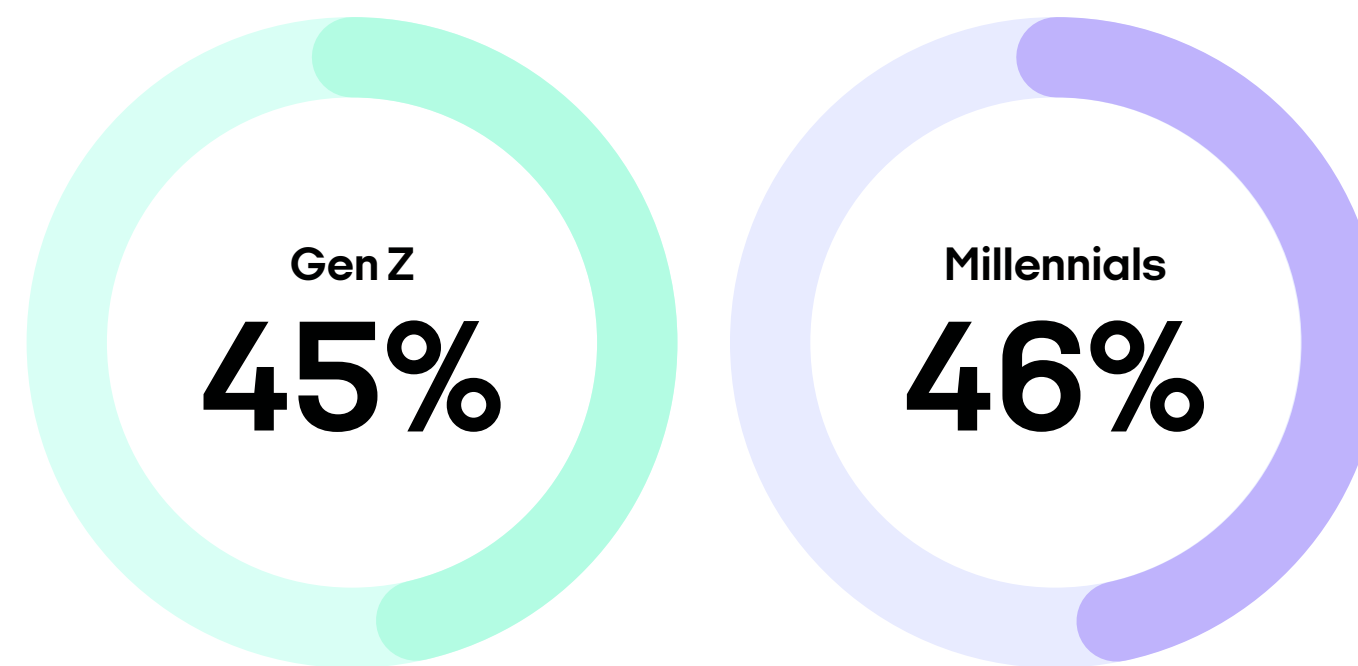
Centre of Excellence in Sustainable Fashion + Textiles UTS

Voice shopping?

The next big trend in shopping is one that you may not see coming - but you'll be hearing it.

Almost half of young shoppers have voice shopped in the last 12 months, compared to just **one quarter** of older shoppers. Complete with a built-in personal assistant, platforms like Amazon's Alexa, Apple's Siri and Google Assistant are the young, busy multitaskers' dream.

Quick, easy, and all without the press of a button.



Have voice shopped in the past 12 month.

Explainer:

Voice shopping allows shoppers to browse for and purchase items by verbally interacting with a smart device.





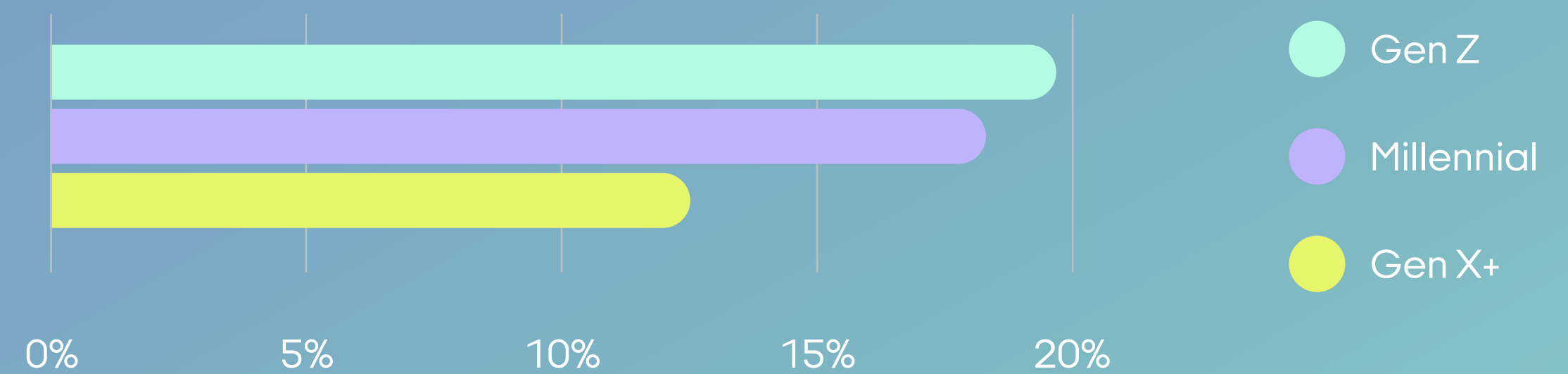
Cash, card or app?

Almost **1 in 5** Gen Zs have abandoned a purchase in the last 12 months because their preferred payment method was not available.

For many Gen Zs this preferred payment method is buy now pay later ('BNPL') with **58%** of Gen Zs using BNPL in the last 12 months.



Cancelled a purchase because preferred payment method was unavailable.

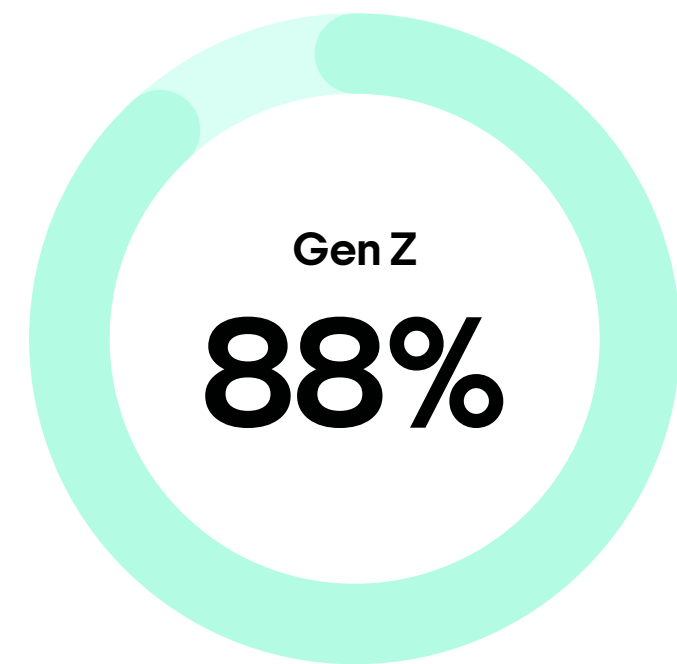


Social media shoppers.

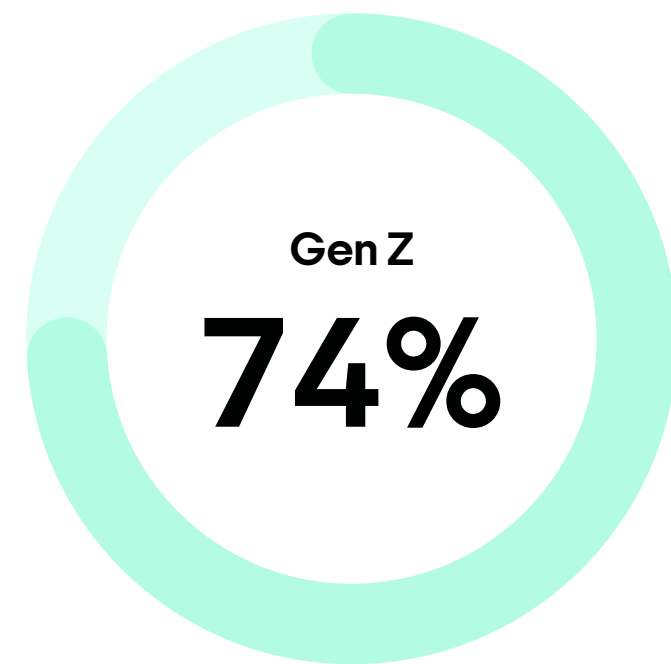


Virtually social.

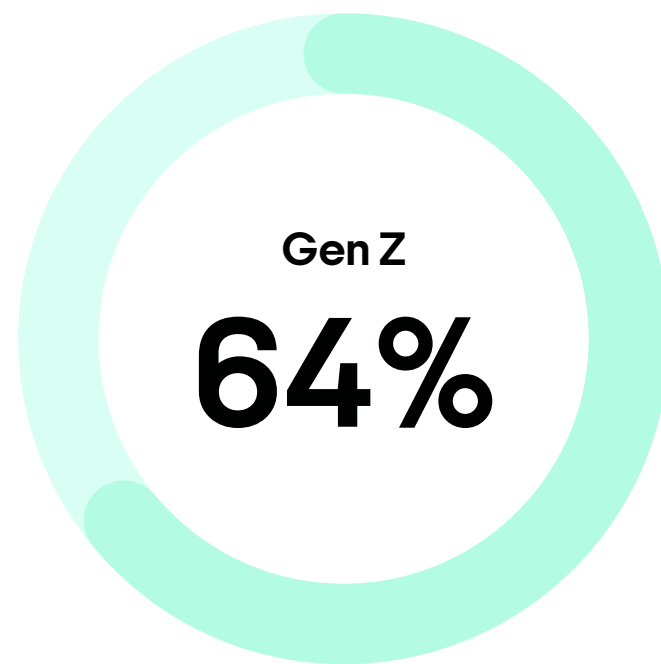
Gen Z are digital natives - they were born into the age of smartphones and social media and can navigate streams of digital information with ease and fluency.



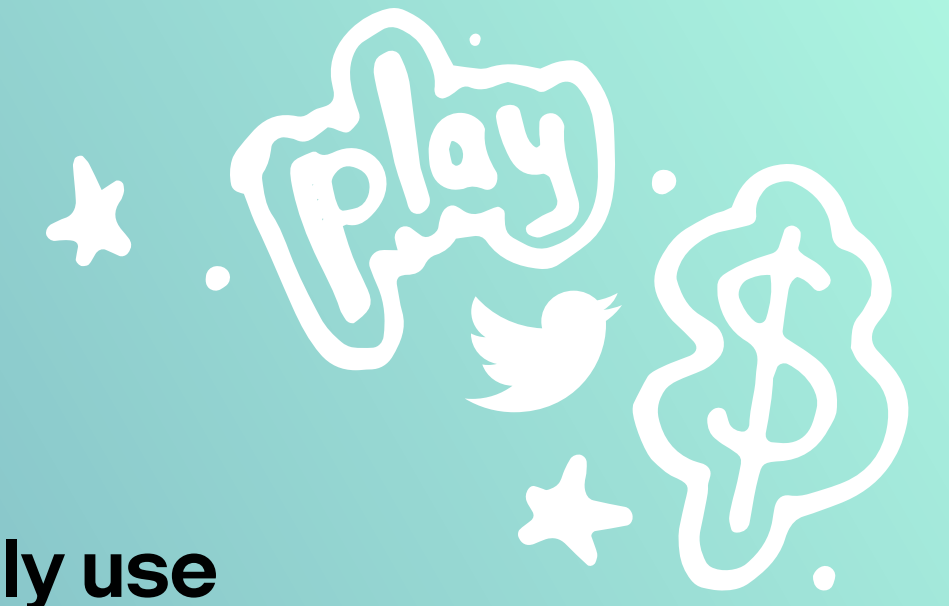
Use at least one social media platform multiple times per day.



Use at least two social media platforms multiple times per day.



Use at least three social media platforms multiple times per day.



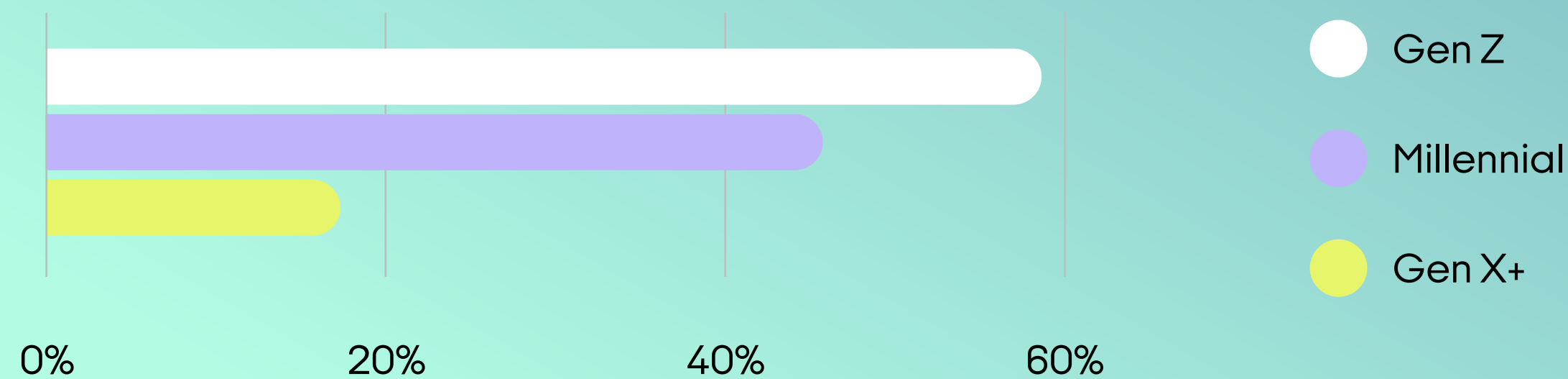
Gen Z daily use over the past 12 months.

1. Instagram **71%**
2. YouTube **65%**
3. Snapchat **59%**
4. TikTok **57%**
5. Facebook **54%**

#Trending.

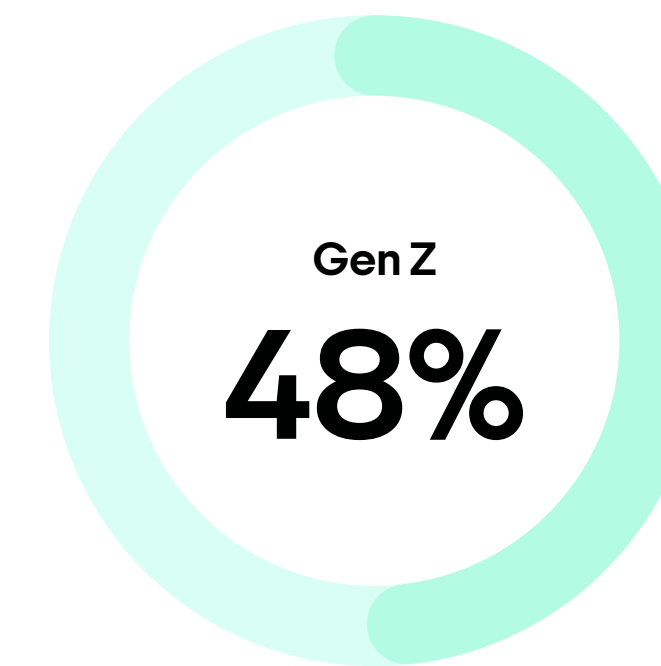
Gen Z don't just love social media - it's a crucial part of their lives. It's a means of communication and constant networking; a way to socialise and purposefully build identity; a way to follow and influence trends; learn new skills; and maybe most importantly - it's a source of inspiration, especially for shopping.

Browsing social media for shopping inspiration.



#tiktokmademebuyit

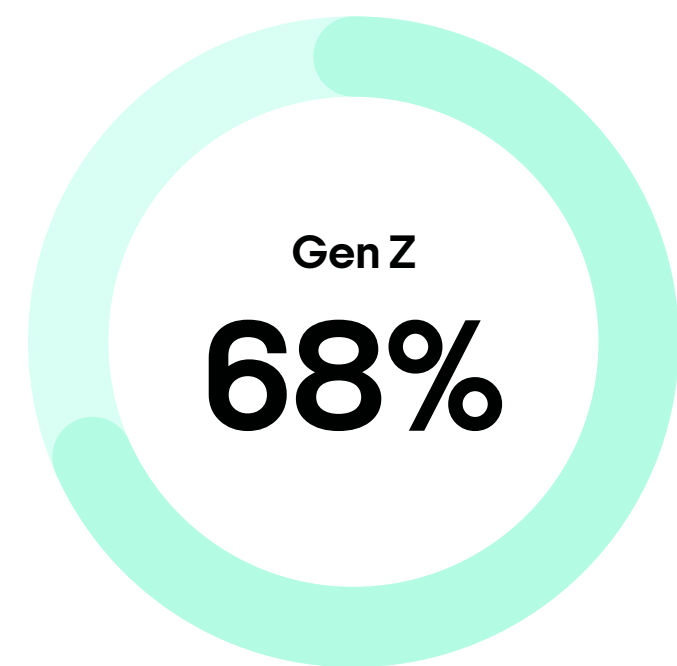
Social media's pull doesn't stop at inspiration. It has significant conversion power, with almost half of young consumers willing to purchase a product based on an influencer's recommendation. Factor in some platforms' direct purchasing offerings and it's clear that social media has become a powerhouse across the entire consumer shopping journey.



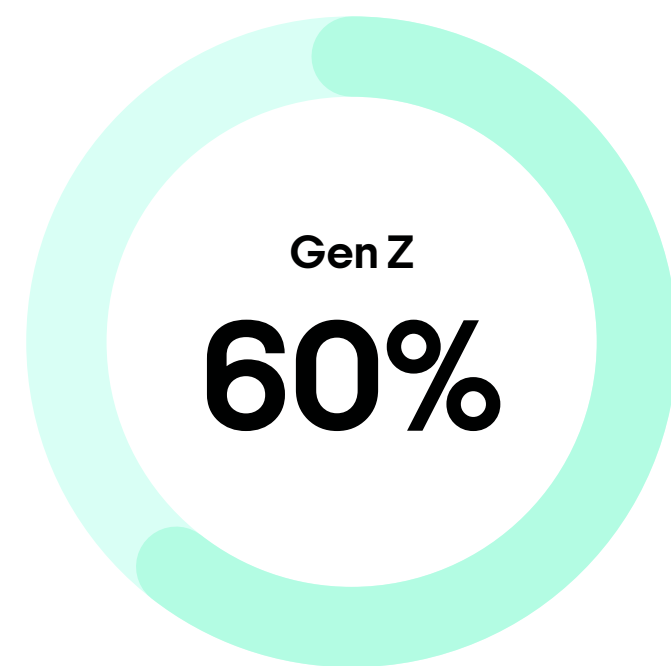
Would buy a product based on the recommendation of an influencer.

Savvy...

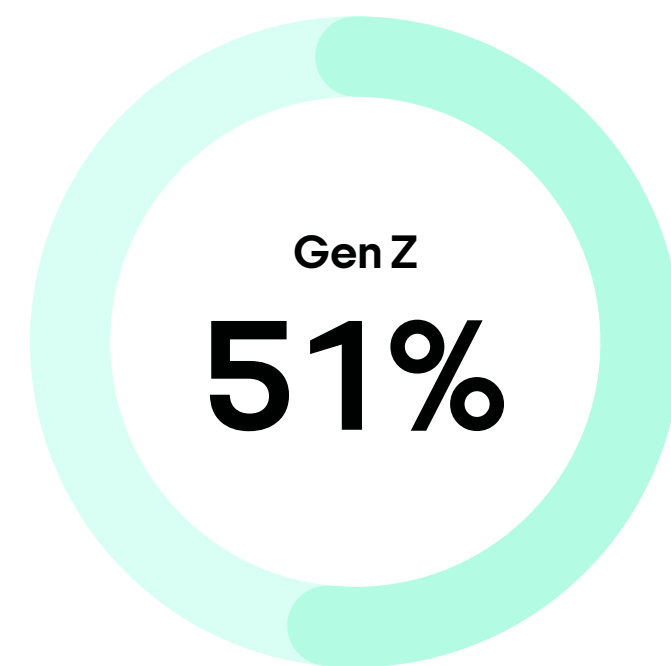
Gen Zs cite social media's importance in keeping up with the latest trends, being exposed to meaningful content, and accessible avenue to online shopping as reasons for use.



I can use it to keep up with local trends.



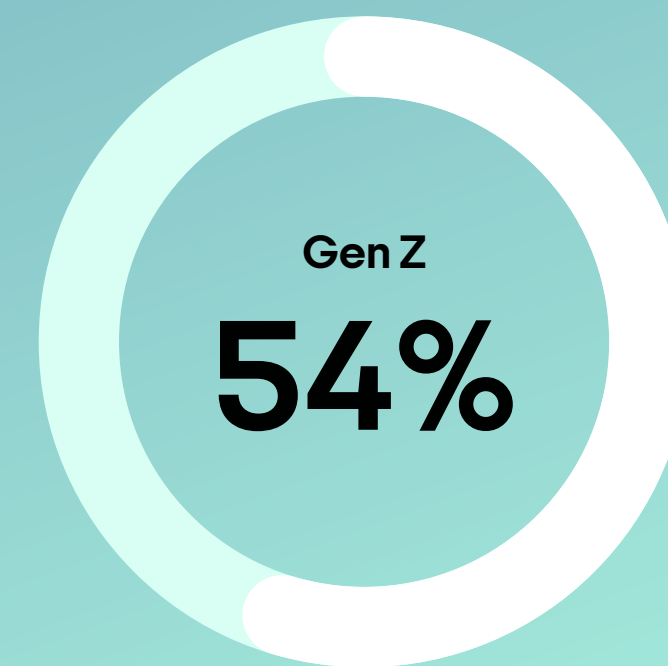
The algorithms help me see more of what matters.



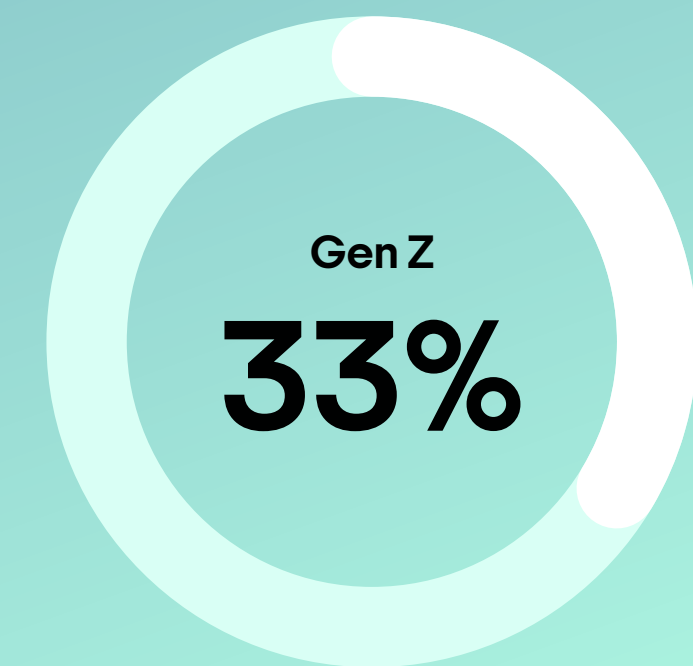
I like shopping directly on social media.

...but skeptical.

Despite all this, young consumers know that a curated social media presence is not a true reflection of real life.



I'm concerned about companies monetising my data.



I don't think influencers actually use the products they support.

Loyalty.





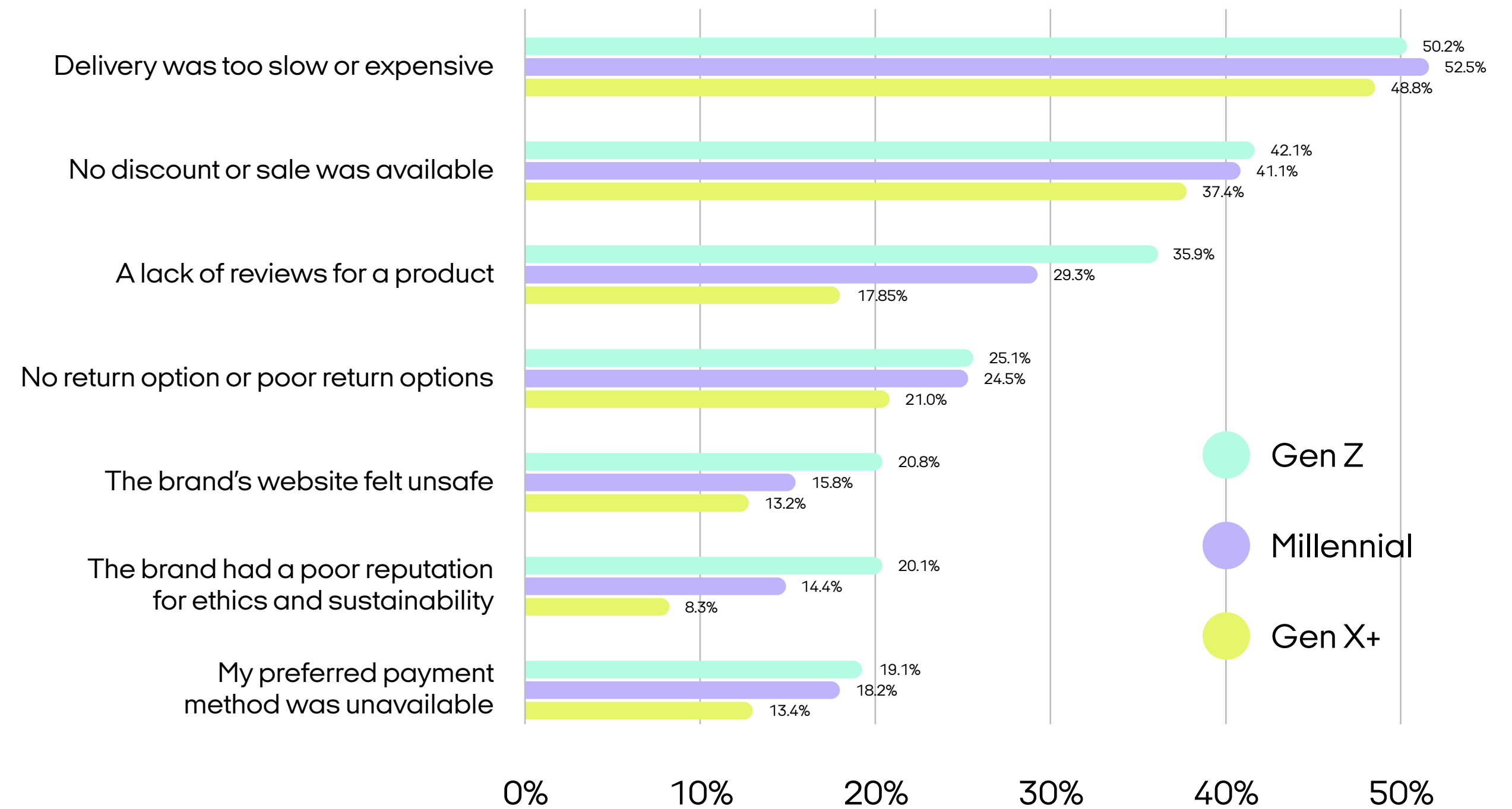
Reputation matters.

Gen Z are socially minded and forward thinking. They consider the long term impact of their purchases on others and will won't hesitate to abandon purchases that don't feel right.

And once Gen Z have made an informed decision about whether a brand's reputation checks out, their patience does too.

If anything is too slow, too expensive or too difficult at checkout, Gen Z are abandoning ship [and cart].

Reasons to not shop with a brand/retailer in the last 12 months:



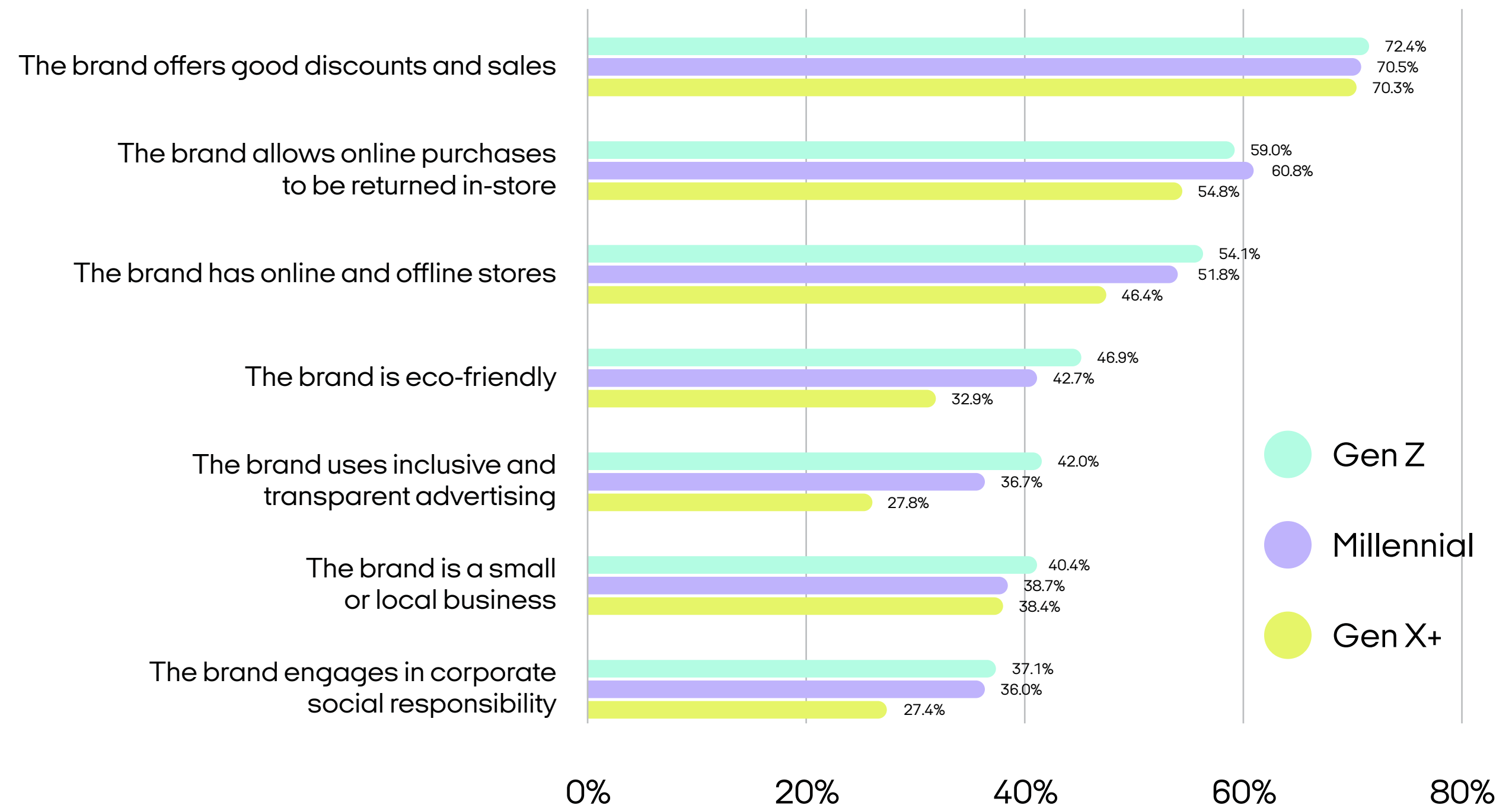
Back for more.

Gen Z will go the distance for discounts.
Who doesn't love a good sale?

They're also loyal to brands that allow them to return online purchases in-store - valuing convenience and flexibility.

Younger consumers are also focused on ethical issues - inclusive and transparent advertising, eco friendliness and corporate social responsibility - with greater numbers of Gen Z's citing these loyalty factors as reasons to keep coming back to the same brand.

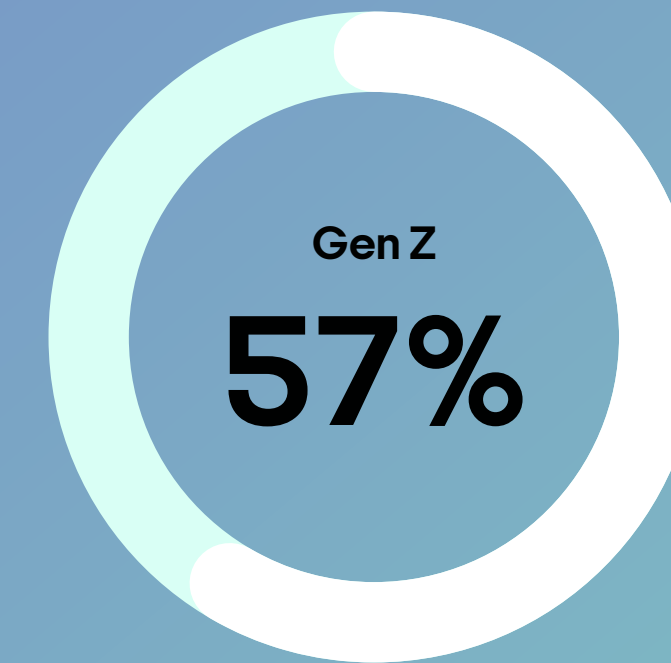
Reasons to purchase from a brand again:



Data-driven shoppers.

Gen Zs are data driven - at least when it comes to shopping and social media. **54%** of Gen Zs are concerned about social media companies monetising their data, while **57%** cite good data protection as a reason they keep purchasing from a brand.

Gen Z also aren't afraid to take action to protect their data, with **1 in 10** avoiding online shopping to protect their personal data.



More likely to shop from a brand if they protect personal data.



1 in 10

Will shop in-store to reduce sharing data online.

Sustainability & the future.

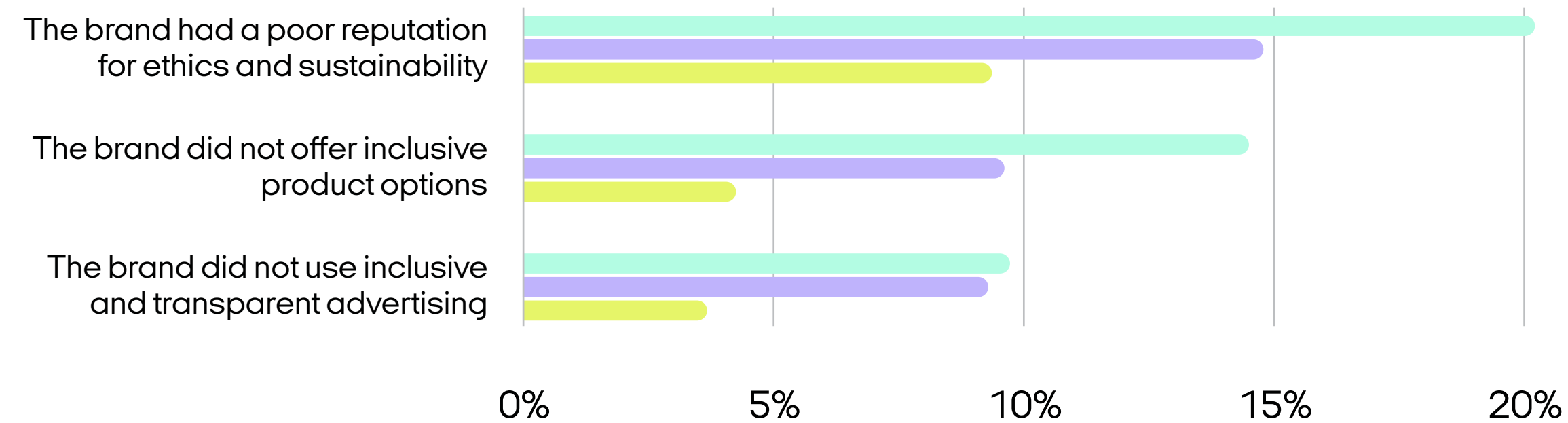


Forgive & forget.

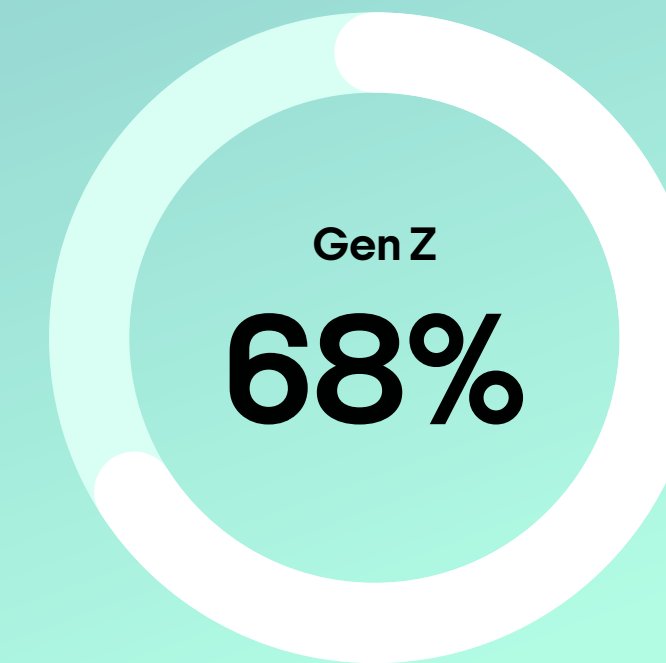
Consumers care deeply about sustainability with **57%** of Gen Z buying sustainable products when possible. Gen Z are also more likely to abandon brands who do not meet their ethical standards - **1 in 5** Gen consumers have abandoned a brand in the last 12 months based on that brand's reputation for sustainability and ethics.

- Gen Z
- Millennial
- Gen X+

Reasons that stopped you from purchasing from a brand in the last 12 months:



Although sustainability is a key factor in Gen Zs purchasing decisions, Gen Z don't hold grudges. Almost **7 in 10** young consumers are willing to forgive a brand who they previously abandoned - providing that brand changes their practices to be more sustainable and ethical.



Willing to forgive a brand who changes their way.

Sustainability in shopping and fashion.

And why younger people are so passionate about it.

Gen Z has grown up with climate change as a permanent presence in the media and the psyche. The 2021 Davos Labs Youth Recovery Plan demonstrates that Gen Z understands the connections between excessive consumption and climate change. Gen Z is more sceptical about conventional business logics, expressing openness to concepts like the “wellbeing economy” and other urgently needed alternatives to the

growth economy. Collaborative consumption in the form of clothing swaps and rentals is led by Gen Z, indicating diminished prioritisation of ownership. There are opportunities for business in diversifying from retailing products to retailing products and services, together and separately. The core values of a business, however, must align with the values of Gen Z: the generation places more value on actions than words.



Timo Rissanen

Associate Professor
School of Design, DAB, UTS

Well versed in the metaverse.

Explainer: The metaverse is a virtual reality space that allows users to interact with each other in a digital environment.

Now, the future.

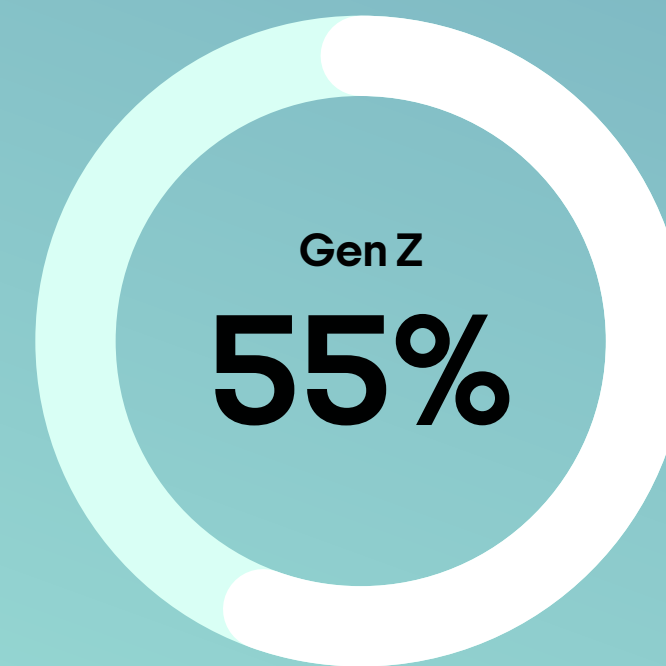
The future is here - and it's in 3D.

What started off as a whisper amongst cyberpunks, gamers and sci-fi readers has turned into a roaring modern day space race between multi-billion dollar corporations to see who can build the new reality.

The metaverse promises an integrated world that offers it all - from shopping to socialising to schooling - entirely from the comfort of your headset.

This interest further blurs the lines between the real and virtual, with over **73%** of Gen Z interested in buying real world items in the metaverse, and over **65%** interested in buying virtual items.

It may not be here yet, but the metaverse's future is real. 



Think the metaverse will be a part of every day life in the next 10 years.

But the metaverse is not without its controversy. Branded as unrealistic [the irony, anyone?] and unnecessary, it certainly has its detractors. However, these detractors don't include Gen Z. Over **55%** of Gen Z [and over **62%** of Millennials] think the metaverse will be an everyday part of life in the next 10 years.



What we have learnt.



Takeaways.

1. Gen Z are a generation of resilient optimists.
Despite a challenging financial and economic climate, Gen Z are prepared to weather the storm - and look good doing it. Retailers can expect Gen Z to keep up their commitment to shopping, using payment methods like Afterpay to manage their budget in tough times.

2. Shoppers across every generation value reading reviews about products.
Retailers should incorporate reviews into online and in-store offerings to increase purchase conversion.

3. In-store is not going away any time soon.
Shoppers still value being able to try before they buy - and delivery delays and costs are turning even more young consumers away from online shopping.



Final thoughts.



- 4. Alternate shopping methods are the new reality.** Voice shopping is already popular, while young consumers expect AR/VR and the metaverse to be the real deal.
- 5. Social media is everything for young shoppers** - and it's influencing their purchasing decisions and inspiration more than ever before. However, shoppers are increasingly skeptical of social media's use of their data and whether influencers are being authentic. It may be time for retailers to evaluate how they are using social media to advertise their products and ensure they are emphasising authenticity.

- 6. Sustainability is a sticking point for young shoppers.** Brands with poor reputations on sustainability and ethics are seeing abandonment by Gen Z. However not all is lost - Gen Z are willing to forgive and forget when brands change their approach and buy into sustainable and ethical practices.





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