



Zeroing in on Generation Z

Sustainability-conscious age group prioritizes convenience and 'digital discovery' but enjoys in-store experiences

Ever hear of vlogger Roman Atwood? Or singer Jacob Sartorius, who first gained fame lip-syncing on Musical.ly? “LOL UR old,” as any 12-year-old might text.

With unprecedented access to information and to digital communication tools, Generation Z finds its own heroes on YouTube and favorite social media channels such as Instagram and Snapchat rather than passively absorbing the adult-created pop culture of traditional television.

To understand and target this generation, retailers need to be on the platforms that tweens, teenagers and young adults actually use, observes Phil Lempert, a Santa Monica, Calif.-based retailing and consumer behavior analyst. “They’ve grown up on social media, so you have to be using social media to attract them and communicate with them,” he says.

Indeed, Mediakix, a Santa Monica-headquartered marketing agency, reports that 85 percent of Gen Z-ers use social media to learn about new products

By
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and 83 percent “trust product information shared by other shoppers on social media more than advertising.”

Born between 1995 and 2009 (or thereabouts), Generation Z already has access to \$44 billion in purchasing power, according to the National Retail Federation (NRF). The oldest members of Gen Z are college-age or recent graduates, individuals who are responsible for buying their own groceries for the first time in their lives. The youngest are at an age when they may relish going to a store on their own to buy snacks or a cold drink, a sign of their increasing independence. But even the vast majority who aren’t yet the primary grocery shoppers in their families wield considerable influence over purchasing decisions.

Gen Z encompasses a broad age range and it’s the most multicultural generation in U.S. history, with just 52.9 percent identifying themselves as non-Hispanic white. Such diversity notwithstanding, there are some commonalities private brand developers and marketers should be aware of.

Private Brand Marketing

Because technology is second nature to these individuals, it's a means rather than an end, points out Carol Spieckerman, the founder of Bentonville, Ark.-based Spieckerman Retail. Members of Gen Z use their smart phones and tablets as tools as they go about their daily lives. And that's good news for retailers with store brands, she says.

"Generation Z exhibits some retro habits," Spieckerman explains. "With digital connectivity being a given, this generation seeks out real world experiences and has a propensity to shop in brick-and-mortar stores."

Five hooks for reeling in younger Gen Z-ers

Middle schoolers don't do much grocery shopping by themselves, but they do have the cash and independence to buy soda and snacks on their own and splurge occasionally on a Frappuccino. It's not too early for grocery retailers to get this age group excited about their total brand and store brand products.

Here are five suggestions:

- 1 Be sure to have bike racks outside of your store entrances. These adolescents are too young to drive and do not like long walks.
- 2 Leverage the latest fun but harmless craze that involves a product kids can purchase. For example, during the 2016-17 school year, fidget spinning toys were all the rage. Hy-Vee, for one, was selling five brands of these spinning devices, all priced below \$10, over Memorial Day weekend. What will be the must-have item in 2017-18?
- 3 Thanks to YouTube, tweens and young teens love elaborate pranks. To the delight of their fans, several pranksters have posted videos of themselves stealthily building toilet paper forts at Walmart. Could you stage a fun competition in your store that might involve building a structure out of store brand paper products, whether a zany fort or a potentially useful end cap?
- 4 Children in this age range are do-it-yourselfers. When they want to learn how to do something, they merely need to search for a YouTube video on the topic. Not surprisingly then, many kids are budding chefs, whether they simply enjoy making smoothies and milkshakes at home or they can prepare more sophisticated culinary creations. What's more, a significant proportion of young Gen Z-ers have used a 3-D printer at school or their local library. To engage these skilled, imaginative and action-oriented youth, retailers need to involve them in product and experience "co-creation."

When it becomes more widely available and affordable, 3-D food printing could be one way to entice youngsters into your store. Until then, consider holding a contest for the best smoothie made with you store's products. Or have a competition for young inventors, asking them to submit prototypes for new non-food products that satisfy an unmet need or provide a solution.

- 5 Invite middle school classes to tour your stores and see your sustainability initiatives firsthand. Partner with local park districts to provide cooking classes, as Whole Foods Market has done. Community engagement is key to winning over Gen Z.

In fact, 98 percent of Generation Z shops in stores, with 67 percent shopping in brick-and-mortar establishments most of the time, reveals a study released earlier this year by the NRF and IBM.

Spieckerman notes that teenagers and young adults often search the Internet (via Google or the lens of social media) to comparison-shop and read product reviews but then visit a store to make the purchase. To reach Gen Z then, retailers need to have a strong presence online but not necessarily a comprehensive e-commerce platform (though that wouldn't hurt).

"What's key is your 'digital discoverability,'" Spieckerman emphasizes. In other words, when someone in this generation is searching online for a product that a local retailer happens to carry, that person should be able to learn this in an instant and immediately call up the location of the retailer's closest store.

Price, quality, fairness

Because they are not yet big earners for the most part, Gen Z-ers are currently price-driven in the grocery space, says Ryne Misso, director of marketing for Chicago-based Market Track. And research has shown that this generation will likely remain frugal.

The older members of Gen Z would remember any family financial struggles during the last recession.

In addition, the parents of Gen Z, who are predominantly members of Generation X, tend to stress financial planning and responsibility so their kids will not make the same mistakes they did, according to "The State of Gen Z 2017: Meet the Throwback Generation," a study by the Center for Generational Kinetics.

Consequently, Gen Z-ers "are very cautious financially; they are savers, and they like good value," adds Lempert, a columnist for *Progressive Grocer*, a sister publication to *Store Brands*. These characteristics bode well for the success of private brands with this generation, he says.

In addition, members of Generation Z "feel that product quality and availability are the most important factors when they are choosing one brand over another," Lempert says. "They are not brand loyal either to a store's banner or to the [brand-name] products in the store. And they really don't see any difference between store brands and national brands, which is obviously a huge opportunity for store brands."

Todd Maute, a partner with New York-based branding agency CBX, agrees. "This age group is very attuned to wanting the best quality at the best price," he says. "And, historically, private label has been about value."

In contrast to foodie millennials, always on the lookout for their next culinary adventure, Gen Z-ers “want simple,” Lempert observes. “According to a survey I saw a few months ago, their No. 1 choice of food is fresh chicken. They’re not looking for roasted alligator.”

What’s more, even to a greater degree than millennials, the older members of Generation Z care about environmental sustainability, animal welfare and social justice. Think of the popularity of self-avowed socialist U.S. Senator Bernie Sanders among college-age voters. Although roughly 75 percent of Gen Z-ers aspire to be entrepreneurs, this is not a generation that idolizes corporate America.

Certain big national brands, though, such as Nike and Apple have garnered Generation Z’s respect. What’s critical is aligning with this generation’s still-evolving values, Maute suggests.

When it comes to food, members of Generation Z look at four attributes, according to Lempert: “Who made it? How was it grown or raised? How was it made? And how does it taste?” Transparency and authenticity matter to Gen Z as do fair trade issues such as equitable pay for everyone from farmers to the cashiers who work in a store.

Cause marketing to this generation must be sincere and reflect sustained commitment, Lempert adds.

Grab their attention

As any parent of a Gen Z-er knows, this generation has an extremely short attention span, estimated to be about seven seconds. While previous generations of children (through Gen X at least) had to go to the library and open an encyclopedia volume to look up information, members of Generation Z have only known a world in which the vast majority of human knowledge is available at their fingertips. And they don’t even have to type anything; they can just ask Siri.

“They need immediate gratification,” Maute observes. “And they are impatient.” As a result, convenience is of utmost importance to them.

“Convenience is starting to become an even more important choice-driver than price,” Spieckerman notes. “So rather than trying to narrow down what a particular generation might favor, the trend these days is for retailers to offer lots of different options, both in-store and online.”

When it comes to communicating with Gen Z-ers, the more succinct, the better.

Compared to previous generations, Generation



Z does not read for pleasure; instead this cohort watches and shares video clips and plays video games. Even the brightest members of this generation are turned off by dense text.

“The way that Gen Z-ers consume information, you can’t send them a printed flyer or an email and expect them to read every word and believe what you say,” Misso says. “You need to have interactive content, a way to engage their interest and bring an experience to Gen Z about your products.”

In-store messaging needs to be at eye level or below, Spieckerman adds. “This generation is just not used to looking up,” she explains. “Way-finding signs above eye level have become less effective across the board.”

To entice the younger members of Generation Z to come into the store, retailers need to leverage tweens’ and teens’ penchant for fun and fascination with the whimsical and quirky. For example, inspired by school “spirit days,” stores could host a “crazy hat day” or “crazy hair day” contest, in which winners would have their pictures posted on the retailer’s social media sites and receive free store brand snacks and beverages as a prize.

Better yet, retailers could partner with local social media celebrities and stage outlandish in-store pranks that Gen Z kids could help execute (see also the accompanying tips on p. 40). The goal is to create a memorable experience they will share with their friends while ensuring that the retailer’s banner and brand remain top of mind. **SB**

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