

# ICXI - POST newsbriefing

Vol 2 – Issue 3. August 2022

## Introduction From The President

As the global trend in online shopping continues to increase in both usage and value terms is it time to consider not only how this trend is being driven by the customers of today but how the customers of tomorrow expect their experience to be delivered in the years ahead, The generations since the baby boomers have all addressed the impact of the rise and rise of technology on their customer experience in their own generational way, As Generation Z (Gen Z) are now set to become a major financial and social influence group how should organisations delivering the Gen Z customer experience shape their propositions to meet their needs?

Baby Boomers	1946 - 1964
Generation X	1965 - 1979
Millennials	1980 - 1994
Generation Z	1995 - 2014
Generation Alpha	2015 - 2030

So what are the key elements that make this generation different from those that precede them, are they important and if so, how should organisations adapt their values and propositions to optimise their share of the revenue potential from this increasingly influential sector?

GenZ has grown up with technology literally at its finger tips and at its widest limits has only had to make the relatively minor adjustments from PC to tablet to mobile which is now its favourite media for engaging with organisations with whom it wishes to have a relationship.

According to Forbes *“Generation Z uses about five different screens: a smartphone, tablet, laptop, TV and desktop. According to an IBM study, 75% of Gen Zers selected their smartphones as their device of choice. However, 69% still own a laptop or PC.”* The Forbes article also suggests that their usage may also have an influence on the future design of smartphones *“Where does all this information lead us in terms of designing for Gen Z? Since they consume the most online media, app designs should allow them to quickly access digital content. Apps on mobile devices should be easy to navigate even with just one hand. Important buttons should be placed at the bottom so that the user can easily reach them with one thumb. Icons, rather than text, are a simple and efficient way to direct users through an app.”*

<https://www.forbes.com/sites/forbestechcouncil/2022/01/12/understanding-the-differences-in-mobile-app-use-across-generations/>

## So What are the Issues?

Sitecore®, the global leader in digital experience management software, today reveals Gen Z as the age group most impatient and the least contented with their online shopping experiences.

*Sitecore's survey of over 1,000 young people aged 18-24, and a total of over 2000 consumers, conducted by global research specialists Advanis, reveals that*  
*61% of Gen Z say they are now less loyal to the brands they usually shop*  
*A further 69% of Gen Z believe they've become less patient with poor online experiences since the pandemic.*

*The results reveal Gen Z as the toughest generation of online customers to please, with older shoppers generally more forgiving:*

*18 to 34 year olds are the most likely to have posted a negative review in the last 12 months.*

*Gen Z shoppers are twice as likely to say they experienced poor customer service as Baby Boomers.*

*44% of Boomers say they haven't had a poor experience online in the last year, compared to only 14% of Gen Z.*

*72% of Gen Z expect a highly personalised experience from online retailers, compared to 39% of Boomers.*

*43% of Gen Z say they experienced late or slow delivery, compared to 28% of those over 24.*

*There is some risk of Gen Z shunning real-world shopping altogether; they are much more likely to describe themselves as digital converts who want to keep buying everything online since the pandemic*

*63% compared to 48% of other generations.*

*66% don't miss real world shopping as much as they thought they would.*

*63% of Gen Z are the most likely to say they now find online shopping more enjoyable than in-person shopping*

*As Gen Z now accounts for approximately 40% of consumers globally, the pressure is increasing for brands to win over this influential customer base and meet their expectations for personalisation, rewards for loyalty and inspirational digital experiences.*

[www.retailtimes.co.uk/brands-at-risk-of-being-cancelled-as-gen-z-shoppers-now-more-impatient-and-less-loyal-than-pre-pandemic-study-shows](http://www.retailtimes.co.uk/brands-at-risk-of-being-cancelled-as-gen-z-shoppers-now-more-impatient-and-less-loyal-than-pre-pandemic-study-shows)

## Is it a Big Issue?

Given that online is the preferred shopping method for the generation that are likely to become the key source of customer revenue and over 80% are having a poor experience then there is clearly something amiss somewhere.

A more helpful insight into the traits of gen z is found in the rather unlikely source of the Farm Credit East website who identify the following

### **Emerging Traits of Gen Z**

**Impatient** – *this will be one of the seemingly negative traits but there is an upside. Gen Z is accustomed to instant feedback and continuous updates. Due to this, Gen Z can process information faster than other generations; however their attention spans may also be lower. They are used to multi-tasking and viewing multiple screens (phone and computer, TV and tablet, etc.) all at once.*

**Engaging/Participatory** – *Gen Z grew up online and commonly connects with people via facetime calls, social media, apps and the like. They engage and connect with others, however they are more likely to share one-on-one and use private communication rather than widely broadcasting messages.*

**Quality of Product** – *Gen Z is focused on quality of product and obtaining the best price. They are more likely to have fully researched a product online before going into a physical store. This will challenge traditional retailing as this generation continues to increase its spending power.*

**Risk Averse & Savers** – *many Gen Z children watched their parents struggle through the recession and due to this are more likely to save their money and clip coupons than the Millennial generation before them.*

**Pragmatic** – *tying back to the recession and terrorism as influences on Gen Z, it has been found that this generation is less idealistic and more practical than the Millennials that precede them.*

**Entrepreneurial/Experimental** – *entrepreneurs are the new rock stars for Generation Z. Over 72 percent of teens say they want to start a business someday and the fact that we continue to push forward into a highly networked and high-tech world has more of this generation acting and thinking as entrepreneurs.*

**Images Over Words** – *it is likely that you have noticed that images are increasingly replacing words. From the emoticons that appear in our text and email messages, to the popular social media platforms of Instagram, Snapchat, etc. – images are increasingly becoming the preferred communication tool.*

**Education & Learning** – a large trend that is gaining more momentum with Gen Z is a move away from formal learning environments and a push toward less formal learning opportunities. An increasing number of Gen Zers opt out of expensive college education in favor of internships and apprenticeships that will allow them to learn life skills quickly and enter the workforce earlier. They have a large focus on mentor relationships but view it as a two-way street where they also will reverse-mentor and expect to be both the student and the teacher.

Every generation brings new challenges and opportunities. The coming of age and entry of Gen Z into the workforce will provide new challenges and opportunities for employers, retailers and the world at large. The strategies and approaches that have previously been developed will need to shift to meet the ever-changing needs and demands of this generation and those that follow. The research and learning around Gen Z and how they will impact the world is just beginning. As we learn more, there will be yet another shift in products, services and marketing to fit the temperament of this latest generation in an effort to best connect and work alongside each other

<https://www.farmcrediteast.com/knowledge-exchange/Blog/todays-harvest/generation-z>



## **Getting it Right Has Never Been More Critical**

Gen Z is not likely to give retailers a second chance when faced with a poor online experience. According to Chain Store Age who report

*One-third of Gen Z shoppers will abandon a purchase or post a negative review due to a poor online shopping experience, according to a survey by digital experience management software company Sitecore. The research, conducted by Advanis, revealed that Gen Z, which has an estimated shopping power of up to **\$143 billion**, quickly cancels brands and moves on.*

*With Gen Z, brands must get it right or suffer the economic and reputational consequences, the survey found.*

*57% are less loyal to brands than before the pandemic and*

*80% are now more willing to try new brands online. Retailers have no room for error, however, as*

*38% of Gen Z shoppers only allow a brand a single second chance before switching to a competitor.*

### **Speed of delivery is critical**

*80% finding retailers able to deliver in less than 24 hours more appealing.*

*37% identify free delivery as the most important element when shopping online. 74% of Gen Z will move to another retailer if an online store is out of stock,*

*Before the pandemic, almost a third (31%) of Gen Z – digital natives – had never purchased anything online. Since COVID-19, the vast majority (87%) state their online shopping skills have improved, with 26% using a mobile device to make a purchase for the first time.*

*63% find online shopping is now more enjoyable than in-person, with nearly two-thirds*

*64% identifying as digital converts who want to keep buying almost everything online.*

Other key findings from the survey are below.

83%)of Gen Z view online shopping as an experience rather than a transaction and has lofty expectations.

75% want new and exciting experiences when they shop online, and

71% expect a highly personalized experience.

To improve the experience, Gen Z wants brands to take action

53%, to ensure their website works well on mobile devices

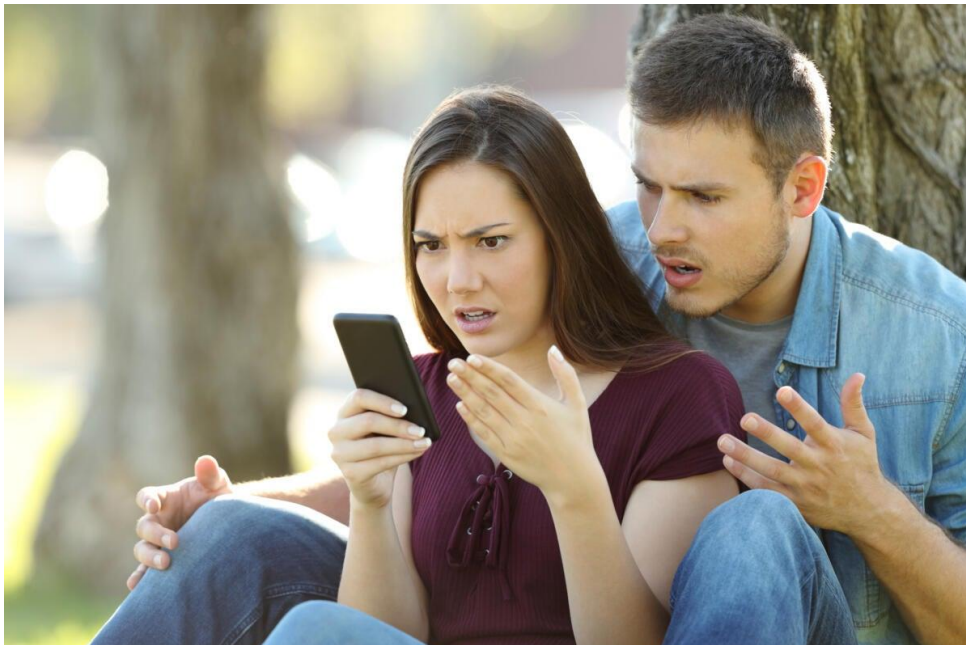
46% remembers shopping preferences

43% provides personalized suggestions

76% believe that their favorite brands should reward them for their patronage.

"This study highlights that brands can't ignore the power of poor digital experiences when it comes to Gen Z and its shopping habits," said Paige O'Neill, chief marketing officer, Sitecore. **"This group has quickly shifted its significant spending power online, and pressure will continue to mount on retailers until they can deliver an experience that delights. Brand loyalty has evaporated and there is no margin for error any longer from browsing through to delivery. The ability to consistently create personalized experiences is critical to secure the wallets of Gen Z. This puts technology firmly at the center of this new battle for retailers."**

<https://www.chainstorage.com/gen-z-quickly-cancels-brands-and-moves-no-patience-online-errors>



## Impressions So Far

It is possible to gain the impression that Gen Z is an awkward, precocious, difficult to please generation that wants everything one way, their way. There is however more depth motivating their behaviour as McKinsey reports in its paper *True Gen': Generation Z and its implications for companies*

The search for the truth is at the root of all Generation Z's behavior.

**'Undefined ID'**  
"Don't define yourself in only one way"



Expressing individual **truth**

**'Communaholic'**  
"Be radically inclusive"



Connecting through different **truths**

**'Dialoguer'**  
"Have fewer confrontations and more dialogue"



Understanding different **truths**

**Realistic**  
"Live life pragmatically"

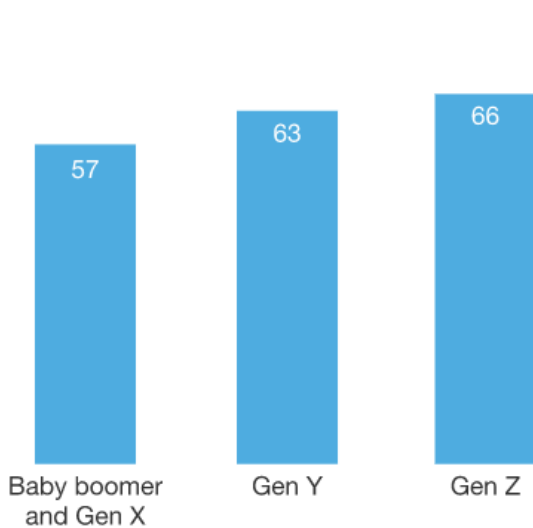


Unveiling the **truth** behind all things

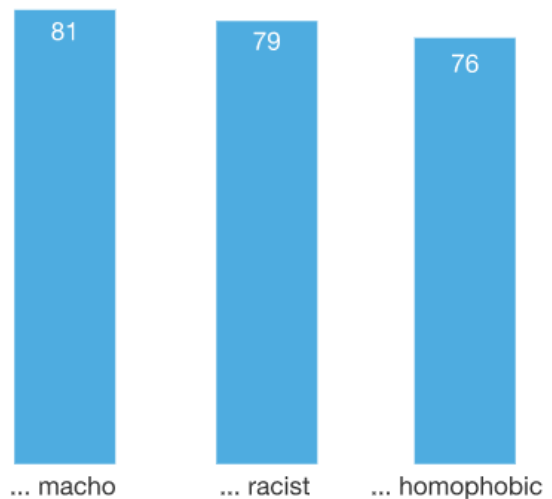
McKinsey&Company

Gen Zers leave differences aside to mobilize around causes they believe in.

Will agree to join someone who thinks differently if there is shared cause, % of respondents agreeing



Will stop buying brands and spread the word about companies whose campaigns they regarded as ..., % of Gen Z respondents agreeing



Note: Based on an online survey conducted in October 2017 with 2,321 men and women from 14 to 64 years of age and various socioeconomic brackets in Brazil.

McKinsey&Company

<https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/true-gen-generation-z-and-its-implications-for-companies>

## **Gen Z: Consumption and implications for companies**

*Three forces are emerging in a powerful confluence of technology and behavior.*

### *Consumption re-signified: From possession to access*

*This more pragmatic and realistic generation of consumers expects to access and evaluate a broad range of information before purchases. Gen Zers analyze not only what they buy but also the very act of consuming. Consumption has also gained a new meaning. For Gen Z—and increasingly for older generations as well—consumption means having access to products or services, not necessarily owning them. As access becomes the new form of consumption, unlimited access to goods and services (such as car-riding services, video streaming, and subscriptions) creates value. Products become services, and services connect consumers.*

### *Singularity: Consumption as an expression of individual identity*

*The core of Gen Z is the idea of manifesting individual identity. Consumption therefore becomes a means of self-expression—as opposed, for example, to buying or wearing brands to fit in with the norms of groups. Led by Gen Z and millennials, consumers across generations are not only eager for more personalized products but also willing to pay a premium for products that highlight their individuality. Fifty-eight percent of A-class and 43 percent of C-class consumers<sup>2</sup> say they are willing to pay more for personalized offerings. Seventy percent of A-class and 58 percent of C-class consumers are willing to pay a premium for products from brands that embrace causes those consumers identify with. And here’s another finding that stood out in our survey: 48 percent of Gen Zers—but only 38 percent of consumers in other generations—said they value brands that don’t classify items as male or female. For most brands, that is truly new territory.*

### *Consumption anchored on ethics*

*Finally, consumers increasingly expect brands to “take a stand.” The point is not to have a politically correct position on a broad range of topics. It is to choose the specific topics (or causes) that make sense for a brand and its consumers and to have something clear to say about those particular issues. In a transparent world, younger consumers don’t distinguish between the ethics of a brand, the company that owns it, and its network of partners and suppliers. A company’s actions must match its ideals, and those ideals must permeate the entire stakeholder system.*

<https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/true-gen-generation-z-and-its-implications-for-companies>

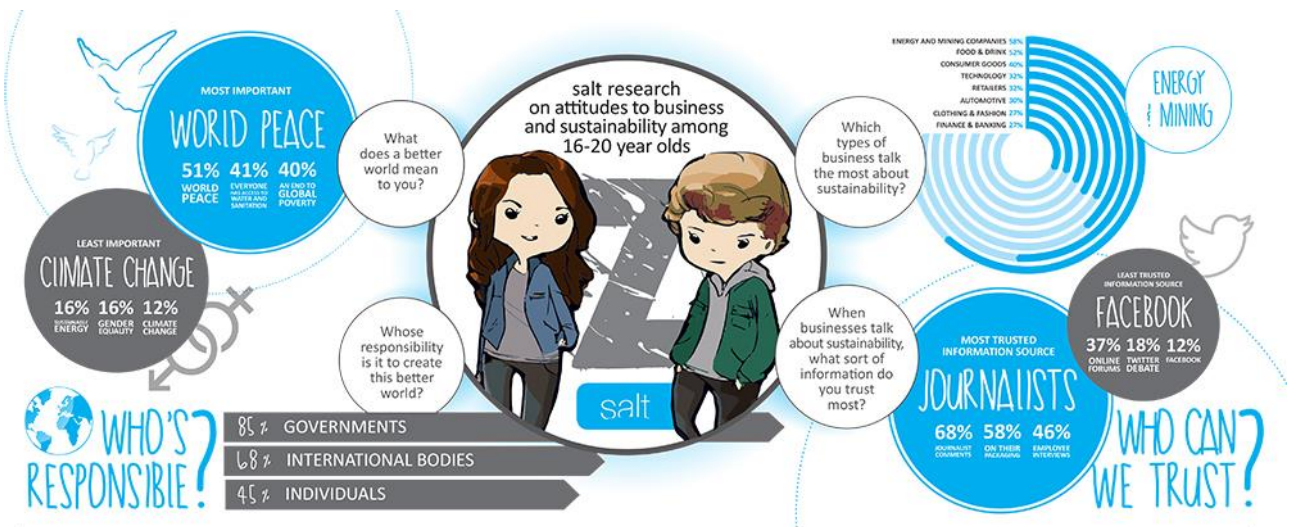


*Gen Z consumers are mostly well educated about brands and the realities behind them. When they are not, they know how to access information and develop a point of view quickly. If a brand advertises diversity but lacks diversity within its own ranks, for example, that contradiction will be noticed. In fact, members of the other generations we surveyed share this mind-set. Seventy percent of our respondents say they try to purchase products from companies they consider ethical. Eighty percent say they remember at least one scandal or controversy involving a company. About 65 percent try to learn the origins of anything they buy—where it is made, what it is made from, and how it is made. About 80 percent refuse to buy goods from companies involved in scandals.*

*All this is relevant for businesses, since 63 percent of the consumers we surveyed said that recommendations from friends are their most trusted source for learning about products and brands. The good news is that consumers—in particular Gen Zers—are tolerant of brands when they make mistakes, if the mistakes are corrected. That path is more challenging for large corporations, since a majority of our respondents believe that major brands are less ethical than small ones.*

*For consumers, marketing and work ethics are converging. Companies must therefore not only identify clearly the topics on which they will take positions but also ensure that everyone throughout the value chain gets on board. For the same reason, companies ought to think carefully about the marketing agents who represent their brands and products. Remember too that consumers increasingly understand that some companies subsidize their influencers. Perhaps partly for that reason, consumers tend to pay more attention to closer connections—for example, Instagram personas with 5,000 to 20,000 followers. Marketing in the digital age is posing increasingly complex challenges as channels become more fragmented and ever changing.*

*Young people have always embodied the zeitgeist of their societies, profoundly influencing trends and behavior alike. The influence of Gen Z—the first generation of true digital natives—is now radiating outward, with the search for truth at the center of its characteristic behavior and consumption patterns. Technology has given young people an unprecedented degree of connectivity among themselves and with the rest of the population. That makes generational shifts more*



## 'GENERATION Z' GIVES GREEN LIGHT TO BUSINESS



### So How to Go Forward?

The main direction of organisational engagement with Gen Z focuses on digital interfaces generally and on mobile specifically. It should however be born in mind that while these may be the preferred channels for Gen Z they are still using the existing legacy channels for around 40% of their organisational engagement either because there is no alternative option or for the sake of convenience. It is therefore critical that the traditional channels offer the same feel of experience as the digital channels if customer loyalty within Gen Z is to be optimised.

*By the end of 2023, Generation Z will be the largest group of consumers globally. They will account for 40% of consumers in the US and Europe. They are also hugely influential in family spending decisions. In the US alone, Gen Z currently has \$1 trillion in indirect spending power by influencing household spending. Put simply, companies that don't engage with Gen Z successfully will fade away.*

- *Source: Booz Co*

To keep matters in perspective that means that 60% of consumers will be from other groups but that the percentage shift will continue to trend towards Gen Z for the next two decades until Gen Alpha perhaps introduces a new set of behaviours.

So around what principles should a digital (or legacy) channel interface consider in its design. CraftedNY presents some clear thoughts on the design.

### ***Value your mobile website over its desktop version***

*Generation Z was raised in a world where cell phones became the main mode of contact. Millennials in the workforce are big mobile device consumers who demand a rewarding and productive online shopping experience when on the go. Even if they do not have a desktop at home, or even a laptop, almost 80 percent of the Gen Z population has a smartphone. Multi-device consumers outnumber the users that use only desktop or mobile, together as a subset of target consumers. As a consequence, think about your screen interaction with these customers as one in which you must eliminate complicated, jumbled items that waste time but contribute little to no benefit.*

### ***Make sure your UI/UX has a great design interface***

*When it comes to the company's web footprint, millennials are more internet-savvy and discriminating than prior generations. Your site is the first, or possibly second, experience of your business, so invest in a new, high-quality design. It's important to keep the website up to date and of good quality.*

*Today's online users also swipe vertically through websites, scanning text and photographs as they go. Working with a professional web designer who can use visual hierarchy and graphics to direct a visitor's eyes to specific details and make the website easy to read is a great way to take advantage of this.*

L

***Simplicity and clarity are key. Having been exposed to digital content their whole life, they are not easily persuaded by unimpressive design.***

*23% of Gen Z would abandon a brand or website because of badly developed smartphone features.*

*This isn't shocking, given how important simplicity and reliability are to them. Get their life easier by using visual contact and strong UX. However, if you're investing time and effort into good architecture, ensure you have the features to back it up.*

### ***Make sure your content fits your audience like a glove***

*At any step, Generation Z prefers customized content. According to a WP Engine poll, half of all Gen Z respondents say that they wouldn't return to a website that didn't personalize advertising to their tastes.*

*For Gen Z users, this kind of predictive website UX is truly appealing. Businesses who want to market to this demographic should use personalization features on their websites*

*Unlike previous generations, who instinctively search for answers on Google, Gen Z prefers to watch videos on YouTube. Since YouTube's user interface allows users to easily tap and swipe their way around content, and Gen Z likes motion-based navigation, this is the case.*

*In the future, Gen Z and subsequent generations are expected to expect motion or animation-based experiences that are more natural than traditional experiences.*

### ***Optimize your website for longer strings of keywords***

*No matter which age group you are targetting, you must customize the website and content for long-tail search terms. Millennials aren't far behind Gen Z when it comes to using this search strategy, so it is only for the better. Aside from text-based searches, Gen Z and millennials use smart digital voice assistants like Siri and Alexa on mobile devices daily.*

*When a person poses a question or gives a complete order to a smart voice assistant, the AI algorithm can learn the long-tail term and run search queries for them.*

*Long-tail is becoming increasingly common around the board at this stage. Optimizing the website for Gen Z search queries will help you attract visitors of all ages.*

### ***Use clear, to-the-point phrasing and incorporate storytelling***

*Gen Z has grown up with constant exposure to digital content, and hence, has seen all the ad gimmicks that one can be exposed to. It is because of this that Gen Z can easily differentiate a genuine promotion of a good product from a bad or phony-sounding advertisement.*

*Couple that with their short attention span, you'd find that most of these people will click off before even seeing the whole ad to judge it. There is, however, a way to battle this. And that is through storytelling. Millennials will use products and services they feel they connect with. Telling stories is becoming the most popular way to connect with consumers (and not just millennials, for that matter) and build trust. Web design is no longer about just putting graphic elements and words on a page*

## **The Final Word**

**The identification of the behaviours and consequential needs of different age groups or generations has become a vitally important consideration when considering how organisations engage with their customers. This has been largely driven not only by the expansion of technological channels available for customer interface but also by the capacity of such channels to manage the complete customer's journeys from the kindling of interest through to education, persuasion, transaction, delivery, ownership experience and re-purchase and all possible on a local, national and international scale. The old idea of one size fits all that has been dying over the past few decades is now drifting towards extinction as are those organisations who still consider it a viable option.**

**Catering to the needs of all generations in a more highly focused way is what customers expect. Many, especially many large corporations in the utility and financial sectors still have some catching up issues and perhaps the more radical demands of Gen Z may help to add some extra light on their road to Damascus.**

**Dealing with Gen Z requires organisations to understand they are a group who**

- a. Are less tolerant of failure and expect websites, other interface places and all their supporting processes to work – tight first time, every time.**
- b. Expect organisations to know them and their preferences**
- c. Have a wider view on the imperative of ethical organisational behaviour**
- d. Expect to be engaged with fresh and interesting propositions**
- e. Look for the truth and prefer to rely on the opinion of other consumers to get it**
- f. Are more open, tolerant and interested in the views of others**
- g. Want to behave and be recognised as individuals**

**The good news for organisations may well be that as they adjust their propositions and processes to address the needs of Gen Z they are likely to improve the effectiveness of their operations, drive out waste and provide a better experience to customers of all generations.**

## Recommended Reading

<https://www.forbes.com/sites/forbestechcouncil/2022/01/12/understanding-the-differences-in-mobile-app-use-across-generations/>

[www.retailtimes.co.uk/brands-at-risk-of-being-cancelled-as-gen-z-shoppers-now-more-impatient-and-less-loyal-than-pre-pandemic-study-shows](http://www.retailtimes.co.uk/brands-at-risk-of-being-cancelled-as-gen-z-shoppers-now-more-impatient-and-less-loyal-than-pre-pandemic-study-shows)

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<https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/true-gen-generation-z-and-its-implications-for-companies>

<https://www.craftedny.com/your-guide-to-designing-a-website-that-is-gen-z-friendly/>