

MIND THE GAP: WHAT DIFFERENT GENERATIONS WANT FROM RETAILERS





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Retail executives often talk about the need to improve the online and in-store customer experiences, drive in-store traffic, and to engage with customers in meaningful ways. But, this is easier said than done—especially across generational cohorts.

For example, the youngest generation, Gen Z, is exceedingly different from baby boomers. Gen Z is the first generational cohort that is truly digitally-native, having never lived in a world without smartphones, social media and Amazon. They know how to navigate their phones to find the information they need, and interacting on social media is the norm. In contrast, baby boomers don't have this same comfort level with technology, and because of this, they engage with brands in different ways.

The differences extend across all generational cohorts, not just between Gen Z and baby boomers. Meeting the needs and desires of

each generation is like walking a tightrope: It takes balance, skill and planning to make it all work. Today's retailer must appreciate that everything is connected.

Get to know your consumer

You can start by figuring out what actually matters to your consumers of each generation, why it matters to them and how it impacts the customer experience. For instance, we've been hearing that brick-and-mortar is dead ("killed" by millennials), but both Gen Z and millennials are **more likely** to shop in-store than Gen Z and baby boomers.

This isn't surprising. For younger generations, shopping is still a social event, just like going to the mall with friends was for you as a teenager. It's today's shopping experience that's different, affected by heightened expectations of convenience and personalization.

One thing that makes the in-store shopping experience desirable for shoppers is immediacy. In a world where you can easily order online, the drawback is waiting for delivery. Purchasing in-store fulfills that desire, and retailers capitalize on this by offering buy-online pick up in-store (BOPIS)—especially to millennials who are often busy balancing children and advancing their careers. Not only does offering this option fulfill their immediacy desire, but it also drives in-store traffic.

The always on consumer and in-store experiences

Smartphones have also changed the retail landscape. Consumers know how to find product information or reviews quickly, making them more self-sufficient. This might explain why the youngest generation—native smartphone users—feel both more annoyed (42 percent) and less welcoming (40 percent) of interactions with store associates. As the first true digital natives, it's second-nature for them to search and find exactly what they are looking for. And if they can't find it themselves, that's when they seek out in-store help, expecting the sales associate to solve their issue quickly.

You may expect that older cohorts are more open to personal interactions in stores—the numbers tell a different story. Millennials welcome in-store interactions the most (56 percent) and are less annoyed (23 percent) than Gen X and baby boomers. This may have

to do with millennials' hectic schedules—they may value their time more and welcome associates helping to resolve their issues or questions quickly.

For retailers, this demonstrates the need to have a properly trained staff focused on being customer-first. They are the front line, and if they can't solve the Gen Z shopper issue at that very moment, the brand will suffer because of it—and they may even take to social to voice their displeasure. Retailers need to train store associates to handle customer queries efficiently and improve the in-store experience.

50 percent of retail executives expect consumers to shop in-store more throughout the year. While this may be a good sign, how do consumers feel about the actual shopping experience? More than half of both Gen Z and millennials were most positive about the retail environment, while Gen X (40 percent) and baby boomers (27 percent) were most likely to find the retail environment less inviting.

This may have to do with the comfort level of technology and store designs. As stores continue to “modernize” with simpler store layouts, experiential offerings and interactive technology, those who are more comfortable with technology will likely find the store more inviting. It may be overwhelming to those with lower comfort-levels, explaining the differences among cohorts.

How social is impacting consumer relationships with brands

Social media is a game-changer with regard to the perception of a brand. When it comes to connecting with consumers of all generations, retailers need to step up their social media game. And they know it: 98 percent of retail executives think that engaging with shoppers on social media is important to building stronger relationships.

For younger generations, social media is a form of trust, a natural way to communicate. If a retailer is not active in (much less not even on) social media, they will seem less trustworthy, making it an uphill climb to secure new and repeat purchasers.

This report reinforces this. More than 60 percent of both Gen Z and millennials believe that social media impacts their relationships with brands. And while this number is lower for both Gen X and baby boomers, that doesn't mean they aren't using social media to interact with brands. Baby boomers, more than any other cohort, learn about sales and promotions through retailer social media channels.

These channels have the ability to drive sales and in-store traffic. Social media usage goes beyond just posting products and answering customer service inquiries. Remember, all things are connected—brands can showcase their personality and authenticity (a key trait that Gen Z expects) and engage in personal, two-way conversations with customers.

Personalization and the impact (or not) of technology

Consumers today expect some level of personalization. More than half of Gen Z and millennials are willing to pay more for a product in order to have a more personal shopping experience, with millennials leading the way at 63 percent and 42 percent of all generations are willing to pay more. But the challenge for retailers is this: More than half of all generations are uncomfortable with the way stores use technology to improve personalization.

When it comes to emerging technologies, things like virtual reality (VR) and artificial intelligence (AI) may not be the magic bullet retailers hoped for. Retailers have flirted with some of these technologies—like TOMS use of VR headsets to show children in Peru receiving boxes of donated shoes—but there's been no widescale adoption.

Nearly 80 percent of retailers believe emerging technologies in their stores will increase sales, but consumers seem more skeptical. Only half of millennials felt they'd be more likely to go into a retail store that prominently featured similar technology, and fewer than 40 percent of Gen Z felt the same. These numbers continue to decline as you shift toward baby boomers.

This lack of interest may be because Gen Z is already comfortable using technology to assist with their ordering. With apps that include augmented reality (AR) functionality, like Sephora's mobile app, they are already using

AR to “try on” makeup without needing to go into a store. For baby boomers, the lack of comfort with or need to use this technology may make the improvements irrelevant.

But when it comes to in-store personalization, retailers may look toward Sephora and other experiential storefronts as an example of a personalization solution. It may require more one-on-one human interaction, rather than using technology to act as the personalization tool. The benefit here is that you have a human who is able to control the customer experience, and this can build customer loyalty.

Now what? What retailers should do with this info?

While retailers should continue integrating technological components into their stores, they may be wise to focus more on improving the everyday customer experiences, like customer service and BOPIS.

This report is filled with amazing insights into consumer motivations spanning the Gen Z, millennial, Gen X and baby boomer cohorts. Find out what is driving consumers to engage and shop, and what creates a desirable customer experience to keep them loyal.

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