

First Data®

VOLUME 3 | 2018

CONNECTED

T H E C E N T E R O F C O M M E R C E



GEN-Z RISING

The Coming Consumer Storm: Linksters' Impact On Retail, Commerce, and Payments.

GEN Z RISING

**THE COMING CONSUMER STORM:
LINKSTERS' IMPACT ON RETAIL,
COMMERCE, AND PAYMENTS**



GENERATIONAL MARKETING IS NOT A NEW CONCEPT.

BUT FOR SOME REASON OVER THE PAST 30 YEARS,

each time a new age group is identified, merchants and advertisers begin a frantic scramble to figure out what they want and how to connect with them. Before there were Millennials there was Gen X, and before that, there were the Baby Boomers – each group with a unique set of expectations, experiences, generational history, lifestyles, values, and demographics that influence their buying behaviors.¹

And now, just as marketers were beginning to feel they'd mastered marketing to Millennials, along came Generation Z (or Gen-Z), which includes anyone aged 2 to 19. Once *Women's Wear Daily* proclaimed this group to be "the next big retail disruptor," the frenzy began all over again. Then, the research group J. Walter Thompson Intelligence proclaimed them to be "Millennials on steroids." No wonder retailers are freaking out.²

But, according to generational expert David Stillman, that characterization is misleading and even offensive to members of Gen-Z, who are distinctly different from Millennials. Gen-Z'ers are aware of the negative stereotypes tossed around about their predecessors, and they're working hard to blaze a different path. Retailers who treat them the same are bound for failure.³

"It's beneficial for companies to reach out to them today because they're already making demands on household spending," says Meagan Johnson, a professional speaker who calls herself a generational humorist. Johnson chronicled the rise of Gen-Z in her book, *Generations, Inc.*

The first generation in history that has had easy access to the Internet, smartphones, apps and social media since birth, technology heavily influences how they approach each other and the marketplace. And she points out the Linksters, as she likes to call them, already control \$600 billion in U.S. sales. "Some older Millennials remember using dial-up modems to get online, and Wi-Fi wasn't available everywhere," Johnson says. "Linksters though, have been linked-in from day one."

Linksters value authenticity above all else. Johnson says, "This generation wants to know, 'how is this product like me?'" She explains they are resistant to buying something that has a heavy brand image. "They want clothes that look like what real teens are wearing, and images in advertising that look just like them."

Rather than expensive designer brands, Linksters are more likely to buy Target's Art Class line, which is designed for and marketed to Linksters. "The kids in the photos are wearing practical clothes – leggings and printed hoodies that are colorful and fun," Johnson says. "And, the kids in the ads look like kids. They don't look like 20-year-olds modeling clothes for teens."⁴

Because they've never known an unconnected world, they automatically gravitate to social media and look to trusted influencers to help them form their opinions. "YouTube is the sweet spot for them, where they go to get information about brands," says Johnson. "When companies latch on to social media influencers to sell products, Linksters are very suspicious. They'll go to YouTube to find out if those influencers are being paid to sell the brand."

OF COURSE, GEN-Z'S NOTORIOUSLY FLITTING ATTENTION SPANS ARE OFTEN PERCEIVED NEGATIVELY AND BLAMED ON THEIR OBSESSION WITH SOCIAL MEDIA, BUT RESEARCH HAS FOUND DIFFERENTLY.

Of course, Gen-Z's notoriously flitting attention spans are often perceived negatively and blamed on their obsession with social media, but research has found differently.⁵ A company that's now part of Accenture studied the issue and found that it's actually because they've developed highly evolved "filters" that give them the ability to quickly sort through limitless sources of information.⁶ Having grown up in a completely connected environment, their brains discard useless data quickly, and "trending" topics become more important, especially when trusted sources point the way.

As a result, they have no time or appetite for browsing. They prefer to go directly to store websites to confirm what they want is available, and then

head directly to the store. Two-thirds of them say they frequent stores more if they're able to check ahead of time.⁷

"Physical stores are responding by becoming smaller, but also more profitable per square foot," says Glenn Fodor, who heads up Competitive Intelligence at First Data®. "By using algorithms based on online purchases in the local area, stores can tailor their stock with only the products in the highest demand. Customers

can then order online and pick up at the store the same day."

To accommodate Gen-Z's need for speed, Amazon says it's using real-time customer shopping data to keep shelves stocked at its Amazon Go location. The Seattle experiment has just completed several months of tests for cashier-less shopping – something nearly 40% of Gen-Z'ers say they would like.⁸

Both Walmart®⁹ and Sam's Club® have also introduced "Scan & Go" smartphone apps that allow customers to scan each item in their cart and pay through their digital wallet, avoiding checkout lines.

So, yes, Linksters, like all of us, want to save time. But to truly understand the Gen-Z mindset, retailers must

understand that they also want to "save the world."

They are much more socially active, more accepting of gender equality and LGBTQ rights, and much more open to all points of view than generations past.⁹

A perfect example of the way Linksters are brushing aside the "seen-and-not-heard" notions of their elders can be found with the students at Parkland High School. Politicians and other observers were amazed when the students responded to their school shooting with astonishing clarity and cause. They used their mastery of social media to organize, protest, and, yes, *be heard*.¹⁰

By recognizing this as a key differentiator, merchants can look for opportunities to tailor their Gen-Z marketing to tap into their passion to do good, and to right what's wrong.¹¹

Like any other generation, they're just navigating the world they live in. Merchants who embrace their need for authenticity, their dedication to social media and their social activism, will easily attract their attention and, as a result, capitalize on their market value. ▾

In This Article:

#Realism
#AlwaysOn
#GeoTargeting
#SocialActivism
#GenerationGap
#GenZ

SOURCES

Gen-Z Rising

- ¹ The Next Generation Gap. Delta Sky Magazine. April 2017. <http://deltaskymag.com/Sky-Extras/Favorites/The-Next-Generation-Gap.aspx>
- ² Generation Z. Savvy, Connected, Changing the World. J. Walter Thompson Intelligence. May 2015. <https://www.jwtintelligence.com/trend-reports/generation-z/>
- ³ What Is Generation Z, And What Does It Want? Fast Company. May 2015. <https://www.fastcompany.com/3045317/what-is-generation-z-and-what-does-it-want>
- ⁴ Target's New Fashion Line Allows Kids to Get Creative with Their Style. Target. Jan 2017. <https://corporate.target.com/article/2017/01/art-class>
- ⁵ Attention Span Statistics. Statistical Brain. July 2016. <https://www.statisticbrain.com/attention-span-statistics/>
- ⁶ What Is Generation Z, And What Does It Want? Fast Company. May 2015. <https://www.fastcompany.com/3045317/what-is-generation-z-and-what-does-it-want>
- ⁷ Infographic: How Gen-Z Wants to Shop and Pay. NASDAQ. Nov 2017. <https://www.nasdaq.com/article/infographic-how-gen-z-wants-to-shop-and-pay-cm883047>
- ⁸ Infographic: How Gen-Z Wants to Shop and Pay. NASDAQ. Nov 2017. <https://www.nasdaq.com/article/infographic-how-gen-z-wants-to-shop-and-pay-cm883047>
- ⁹ Getting Gen-Z Primed to Save the World. The Atlantic. Accessed Mar 2018. <http://www.theatlantic.com/sponsored/allstate/getting-gen-z-primed-to-save-the-world/747/>
- ¹⁰ The March for Our Lives, explained. Vox. Mar 2018. <https://www.vox.com/2018/3/19/17139654/march-for-our-lives-dc-march-24-protest>
- ¹¹ Elusive Gen-Z: How to Market to the Unmarketable. Forbes. Dec 2017. <https://www.forbes.com/sites/forbesagencycouncil/2017/12/21/elusive-gen-z-how-to-market-to-the-unmarketable/#29cb3bd2ca21>

©2018 First Data Corporation. All Rights Reserved. The First Data® name, logo and related trademarks and service marks are owned by First Data Corporation and are registered or used in the U.S. and many foreign countries. The Money Network® name, logo and related trademarks and service marks are owned by Money Network Financial, LLC, an indirect wholly owned subsidiary of First Data Corporation. All trademarks, service marks and trade names referenced in this material are the property of their respective owners.

**DOWNLOAD THE
ENTIRE ISSUE**

WWW.FIRSTDATA.COM/CONNECTED

