

Retail and Gen Z in 2020 - who they are and what they want

By [Serrona Pillay](#)

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As a retailer, it is imperative to stay ahead of the game and identify new trends in order to remain competitive. One such trend that has been essential to the success of many retailers, is 'knowing your customer'.



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A large part of knowing your customer and understanding their needs involves segmenting the market, of which a popular way is to segment markets by generational cohorts.

Currently, Millennials, who are between 19 and 39 years of age, [comprise 26.5% of the South Africa population](#) and have increased spending power as they enter the workforce (Smollan, 2018). Subsequently, much research has been undertaken on Millennials as consumers to successfully target them.

Despite their growing popularity, a [report by Stats SA](#) found that the youth between the ages of 15 and 34 comprise 35.7% of South Africa's population, this includes Millennials as well as the new up-and-coming generation; Generation Z.

This large upcoming generation should gain stronger attention as they are growing older and starting to participate in the economy.

Who are Generation Z?

Generation Z closely follow Millennials and are born between 1995 and 2010, making them anywhere between 9 and 24 years old.

“ Although this generation has less spending power in relation to its predecessor, it is estimated that 40% of consumer spending will be attributed to Generation Z consumers in 2020. ”

Consumers from this generation rely on their parents to make their purchases and 93% of parents claim that their children (from this generation) influence their buying decisions.

Similar to Millennials, most Generation Z consumers obtain their purchase-related information from the internet and social media, using their mobile devices, making them technologically-savvy. However, where Millennials are known as digital pioneers, Generation Z consumers are known as digital natives as they have never experienced life before technology and the internet. This, therefore, impacts their particular demands.



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What they want?

Using social media regularly, means that Generation Z value interaction and engagement. They place significance on building relationships with others as well as brands.

Generation Z consumers also want to obtain as much information as possible, within the shortest amount of time and in a concise manner. Due to their short attention spans, content shared needs to immediately grab their attention and stimulate their interest. Furthermore, Generation Z consumers appreciate and are more responsive to content shared and/or brands that pertain directly to their needs.

One of their most fundamental needs is diversity.

“ *These consumers value freedom, acceptance and the celebration of uniqueness in relation to gender orientation, race, culture, body shape and sexual orientation.* ”

Brands that are diverse tend to [resonate more with Generation Z consumers](#), especially in South Africa.

Generation Z consumers also want to feel included, they have a strong drive to feel a sense of belonging and want to influence and be influenced by consumers who share the same values. They perceive information obtained this way to be more authentic and persuasive.



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What can retailers do to successfully target Gen Z consumers?

With the aforementioned characteristics in mind, retailers can successfully target Generation Z consumers by doing the following:

Personalisation

Personalised offerings are key to targeting Generation Z consumers. These consumers feel that it's 'all about me' and want brands and content that relate to them specifically. Retailers also have a higher return on investment and Generation Z consumers will be more likely to purchase brands that are targeted at addressing their needs exclusively.

Using new technologies such as machine learning and artificial intelligence, retailers can analyse consumer searches and previous purchases to provide tailored recommendations and offers to Generation Z consumers.

Authentic experiences

For Generation Z consumers, personalisation goes beyond just the personalisation of offerings. Personalisation of the shopping experience is also crucial to remain competitive and successfully target Generation Z consumers. With omnichannel retailing, Generation Z consumers have access to numerous channels to purchase from and demand that the experience offered by each channel be personalised and authentic.

Generation Z consumers perceive content shared by fellow consumers on social media and the internet to be more authentic than marketer-generated content, as these consumers have experience with the brands. They are therefore perceived by Generation Z consumers as credible and unbiased.

Retailers and marketers can, therefore, make use of influencer marketing to generate awareness and interest for their brands among Generation Z consumers in 2020.

Retail everywhere

With the development of technology, retailing is available on numerous channels. Through omnichannel retailing, retailers ensure that they are available to consumers via multiple touchpoints. For Generation Z consumers, these touchpoints mainly include smartphones and other mobile devices such as tablets.

Generation Z consumers demand convenience and want to purchase wherever, whenever therefore having an optimal omnichannel retail strategy is key. Currently, some retailers use chatbots to enhance customer experience when shopping online. In future, retailers can also use virtual personal assistants such as Alexa or Google Assist to directly communicate with their customers.

Due to their tech-savviness, Generation Z consumers will not hesitate to use new technologies that make their lives easier and their shopping experience better.



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Engagement

Generation Z consumers value their relationships and use social media as a platform for engaging and communicating with family and friends. These consumers build most of their relationships online and demand the same from brands and retailers. Constant interaction and engagement from brands and retailers leads to building a relationship with Generation Z consumers, which assists retailers in better personalising experiences and offerings.

Retailers should use platforms such as Instagram and SnapChat to engage with Generation Z consumers. Influencer marketing can also be used through these platforms as well as vlogs on YouTube, as these social media platforms are the most popular among Generation Z consumers. Increased levels of engagement lead to satisfaction, repeat purchase and brand loyalty.

To conclude, Millennials are becoming the largest generation with the highest spending power and most retailers' efforts

and research are focused solely on this generation, however, Generation Z are not far behind. This generation is yet to be explored and retailers need to be aware of their differing needs in order to effectively target them in a few years' time – this planning should commence in 2020.

Staying ahead of the trend has proven an essential component in such a competitive retailing industry. Therefore retailers need to be ready for the new, powerful, influential Generation Z consumer.

ABOUT SEMONA PILLAY

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