

Despite Living a Digital Life, 98 Percent of Generation Z Still Shop In-Store

ARMONK, N.Y. and WASHINGTON, Jan. 12, 2017 /PRNewswire/ -- Despite expectations that the first "digitally native" generation would want to shop online, a new study released today by IBM (NYSE: [IBM](#)) and the National Retail Federation found that almost all members of Generation Z prefer to shop in bricks-and-mortar stores. With the global Gen Z population set to reach [2.6 billion](#) by 2020, retailers need to create more interactive engagement around their brands to serve the "always on," mobile-focused, high-spending demographic, according to the study.

"Generation Z expects technology to be intuitive, relevant and engaging — their last great experience is their new expectation," IBM General Manager of Global Consumer Industries Steve Laughlin said. "This presents a significant challenge for retailers and brands to create a personalized, interactive experience with the latest digital advances or risk falling behind. This kind of innovation is not linear or a one-time project — it is a new way of thinking, operating and behaving."

"Just as Millennials overtook Gen X, there's another big buying group retailers need to plan for, and it's even larger: Generation Z," NRF President and CEO Matthew Shay said. "They appreciate the hands-on experience of shopping in a store. With technology constantly evolving but some shopping habits remaining the same, retailers need to be agile enough to serve both needs. Retailers are constantly focused on experimenting with new innovations both online and in-store to remain relevant to evolving consumer demand."

Released just ahead of NRF's 106th annual [Retail's BIG Show](#) next week in New York, the "Uniquely Gen Z" [study](#) conducted by the IBM Institute for Business Value is based on findings from more than 15,000 consumers aged 13-21 from 16 countries.

Born after the mid-1990's till early 2000s, Generation Z is the first "digitally native" group to grow up not knowing a world before cellular phones, smartphones and other digital devices. But the study found that 67 percent of Generation Z shop in a bricks-and-mortar store most of the time, with another 31 percent shopping in-store sometimes, indicating 98 percent of Gen Z shop in store.

The new generation is important to retailers because it has access to [\\$44 billion](#) in buying power, with 75 percent saying they spend more than half of the money that is available to them each month, according to the study. And the generation is demanding: the study found 52 percent of Gen Z consumers will transfer loyalty from one brand to another if the brand's quality is not up to par. They care the most about retailers getting the basics right, with 66 percent saying product quality and availability are the most important factors when choosing one brand over another; 65 percent focus on value.

The study found 74 percent of respondents spend their free time online, with 25 percent online five hours or more each day. The degree to which in-store sales are influenced by digital is inevitable in today's shopping journey — and continues to grow. The study discovered a number of insights into Gen Z's digital habits and preferences brands can leverage to reach them:

- 73 percent of Gen Z use their phones primarily to text and chat socially with family and friends, but members are willing to extend their conversations to brand relationships.
 - *36 percent would create digital content for a brand, 42 percent would participate in an online game for a campaign and 43 percent would participate in a product review.*
- They have no patience for hard-to-use technology and demand a seamless mobile/digital experience.
 - *62 percent will not use apps or websites that are difficult to navigate and 60 percent will not use apps or websites that are slow to load.*
- Gen Z knows personal information is valuable to retailers, so members want to know how brands are using it and how the information will be protected.
 - *Less than 30 percent are willing to share health and wellness, location, personal life or payment information; 61*

percent would feel better sharing personal information if they knew it would be securely stored and protected.

The study found that Generation Z consumers like to engage with brands online, especially with those that create an interactive environment where customers can shape their own experience. As retailers develop and engage in such practices, they will be able to capture Gen Z ideas for new products, services, engagement and shopping experiences, the study said. The generation is known to be brand champions both online and offline, especially when brands acknowledge and value their opinions.

IBM IBV Lead Researcher Jane Cheung and STORES Magazine Editor Susan Reda, along with two Generation Z students from the Fashion Institute of Technology's Fashion Business Management (FBM) program, will participate in a live online discussion of the study's findings at 11 a.m. Eastern time on Friday. Reporters can watch the discussion at <https://zoom.us/j/719741456>.

About IBM Institute for Business Value

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About NRF

NRF is the world's largest retail trade association, representing discount and department stores, home goods and specialty stores, Main Street merchants, grocers, wholesalers, chain restaurants and Internet retailers from the United States and more than 45 countries. Retail is the nation's largest private sector employer, supporting one in four U.S. jobs — 42 million working Americans. Contributing \$2.6 trillion to annual GDP, retail is a daily barometer for the nation's economy. nrf.com

About the Fashion Institute of Technology (FIT)

The Fashion Institute of Technology, a part of the State University of New York, has been a leader in career education in art, design, business, and technology for more than 70 years. With a curriculum that provides a singular blend of hands-on, practical experience, classroom study, and a firm grounding in the liberal arts, FIT offers a wide range of outstanding programs that are affordable and relevant to today's rapidly changing industries. Internationally renowned, FIT draws on its New York City location to provide a vibrant, creative community in which to learn. The college offers more than 50 majors and grants AAS, BFA, BS, MA, MFA, and MPS degrees, preparing students for professional success and leadership in the global marketplace. Among notable alumni in fashion are Calvin Klein, Michael Kors, Amsale Aberra, Reem Acra, Brian Atwood, Dennis Basso, Francisco Costa, Norma Kamali, Nanette Lepore, Bibhu Mohapatra, Ralph Rucci, John Bartlett, and Michelle Smith. Other prominent graduates include Leslie Blodgett, creator of bareMinerals; international restaurant designer Tony Chi; Nina Garcia, creative director, *Marie Claire*; and Joe Zee, executive creative officer, Yahoo Style. Embodying the mantra "where fashion meets business," the Fashion Business Management (FBM) program at FIT is the largest and oldest degree program of its kind in the country. Blending a curriculum of design knowledge and business practices, students study fashion marketing, product development, planning, and fashion management, and can earn a one- or two-year AAS degree, and a two-year BFA degree. Visit fitnyc.edu.

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