



# Numerator

NEW FRONTIERS

## Brand Matters: Gen Z On-The-Go

# Gen Z is geared to be a financial and diverse powerhouse

And it is imperative for retailers and manufacturers to understand their shopping behaviors and attitudes

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## How Much Financial Influence Does Gen Z Have?

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CMO Network -  
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Each new generation to the market brings its own beliefs and behaviors, which can sometimes make them mysterious or elusive to marketers. While new to the scene, [Gen Z](#)

## Multiracial Gen Z And The Future Of Marketing

by [Jose Villa](#) , Columnist, September 3, 2015

Millennials are generally believed to be the most ethnically and racially diverse generation in American history. Hispanics (20%), African-Americans (14%) and Asians (6%) make up 40% of the total millennial population. This diversity underpins the notion of the bicultural millennial, a young consumer straddling two worlds, balancing their cultural lives with their mainstream integration into popular culture. Yet, lost in the buzz around bicultural millennials is the growing multiracial U.S. population truly living in two worlds at home and in society.

### Gen Z – The “Real” Diverse Generation

In a [previous post](#), I provided a snapshot of the 4- to 20-year-old Gen Z population:

- At 83 million, they currently are the largest generational cohort representing 26% of the total U.S. population.

- Represents up to **\$143 billion** in direct spending
- They are the most **ethnically diverse** generation in the United States
- Generation to **care about brand** name and image

# Understanding the Gen Z landscape through Numerator

With Numerator Insights and Ad Intel data, we discovered some nuances of our young friends...

- Gen Z are students on a budget, with different values than the average Millennial
  - ...and they're increasingly more ethnic and unacculturated than Millennials
- Social Media sites we thought were dead are coming back to life with Gen Z
  - Snapchat and Twitter are prominent platforms Gen Z is currently using compared to Millennials
- QSRs rejoice! Gen Z is buying what you're selling (literally)
  - Nearly one in five are dining out four or more times a week and are more likely than Millennials to visit Taco Bell & Subway
- Online shopping is important for Gen Z, but it's still in development
  - Gen Z's spend is shifting further Online over time, but still a smaller share of their spending than Millennials'
- Retailers are not adjusting their creative mix to align to Gen Z's mobile-first mindset, whereas some top manufacturers are
  - Top retailers are focused on online display at the detriment to Mobile and Social, which can be an issue when Gen Z spends more time on their phones than their computers
  - Spending across channels shows a shift to Online and Convenience Stores, at the expense of Mass, Food and Club channels

# Utilizing Our New People Insights Reports

Numerator is expanding what we know about your key customers.

We have added over 500 new attributes to our Numerator Panel data set, so you can now incorporate purchase behavior, media consumption habits and psychographics to build holistic customer profiles for your campaigns, briefs and media planning purposes.



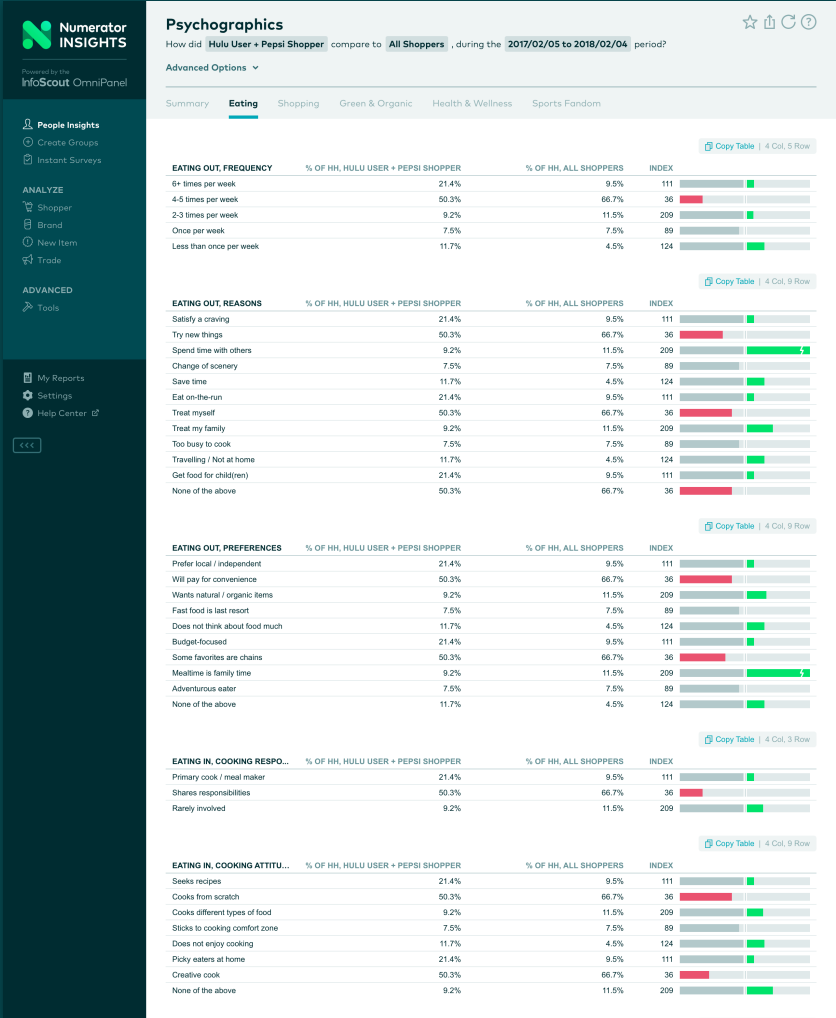
## Media Consumption

Know the media your customers consume and profile their media habits



## Psychographics

Understand what attitudes, interests and opinions your customer holds



# Who is the Gen Z shopper?

What makes them unique and how do they utilize technology and media?

# Right now, Gen Z are still students on a budget...



## INCOME

**Low Income (<\$40K)**

HHs: 80%, Index to Total US x Gen Z: 217



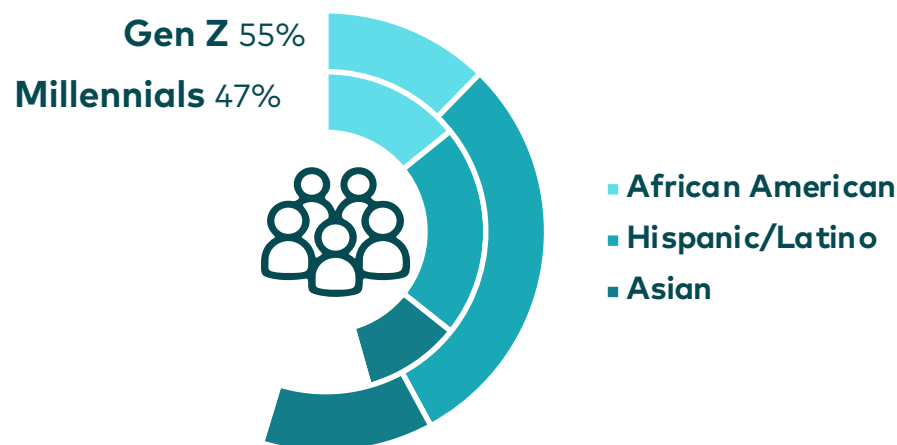
## EMPLOYMENT

**Student**

HHs: 40%, Index to Total US x Gen Z: 1977

They are also the first generation to be majority 'minority', showing an influx of new acculturation dynamics compared to Millennials

## NON-WHITE ETHNICITY HOUSEHOLD BREAKOUT



## HISPANIC ACCULTURATION

**Semi-Acculturated**

HHs: 20%, Index to Hispanic Millennial: 160



## LANGUAGE PREFERENCE (SPOKEN)

**Bilingual**

HHs: 13%, Index to Hispanic Millennial: 175

# ...and they differ from Millennial stereotypes

## HEALTH & WELLNESS



- **Gen Z** is **43% less likely** to be concerned about eating healthy versus Millennials.
- They are also **22% less likely** work out regularly

## COMPUTER & MOBILE USE



- Born into the smartphone era, **Gen Z** are more likely to be **on their phones** than their computer compared to **Millennials**

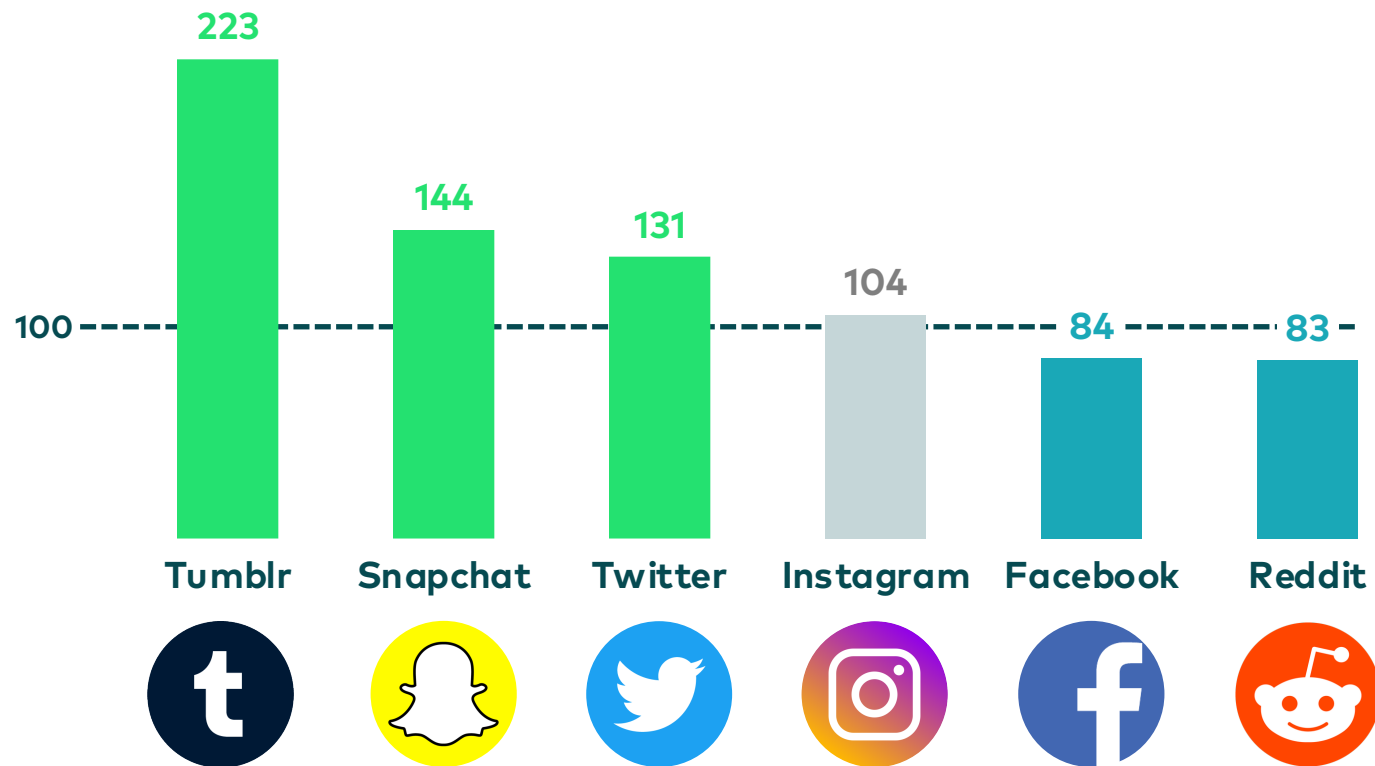
## SPORTS & ENTERTAINMENT



- Gen Z are less likely to be **sport fans** vs. Millennials
- Specifically , they are **25% more likely** to not watch NFL on television

# Tumblr, Snapchat, Twitter are in for Gen Z...

Facebook and Reddit are out. Brands will need to readjust social media spend to reach the new generation





# ... and Social Media acts as a discovery tool for Gen Z

Social media enables the new generation to create communities and be aware of brands and events

## BUILDING RELATIONSHIPS



Social media is **no longer about just connecting with friends**—Gen Z is 44% more likely to make friends with it

## A NEW TOUCHPOINT



Gen Z is **10% more likely** to be using social platforms to discover new products

## A NEWS AND EVENTS OUTLET



Unlike prior generations, Gen Z are **reading news and current events** through social media

## DISCOVERING ENTERTAINMENT



This generation is **18% more likely** to discover new films and entertainment through various platforms

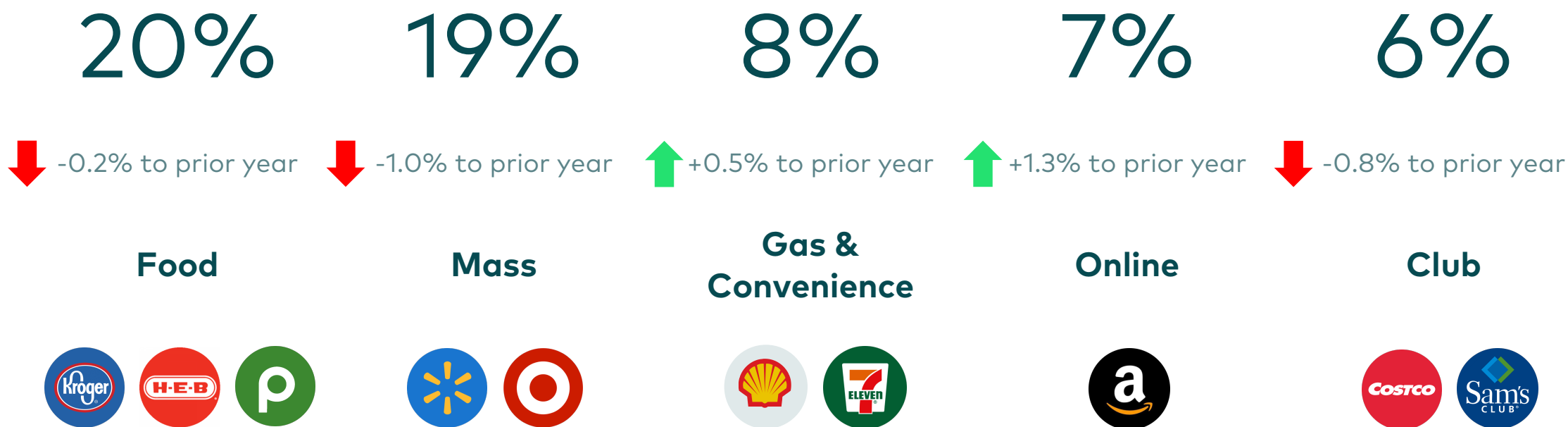
Each year, 4 million members of Gen Z enter adulthood.

**Where are they spending their dollars?**

# Gen Z spend is shifting into Gas & Convenience and Online

In the past year, Gen Z shifted spend out of the Food, Mass and Club channels

## Gen Z Share of Spend by Channel

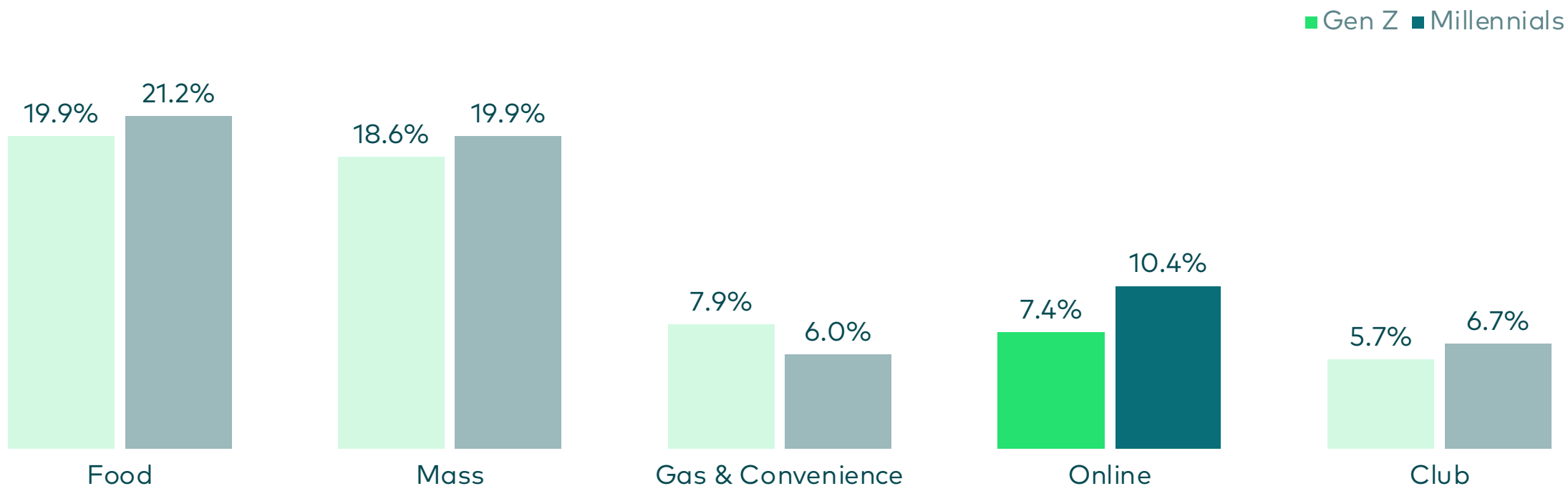


What categories are Gen Z shopping online?

# Online retailers now capture 7.4% of Gen Z's total spend

Despite spending more time on mobile devices, a smaller share of Gen Z's spend goes to eCommerce than Millennials

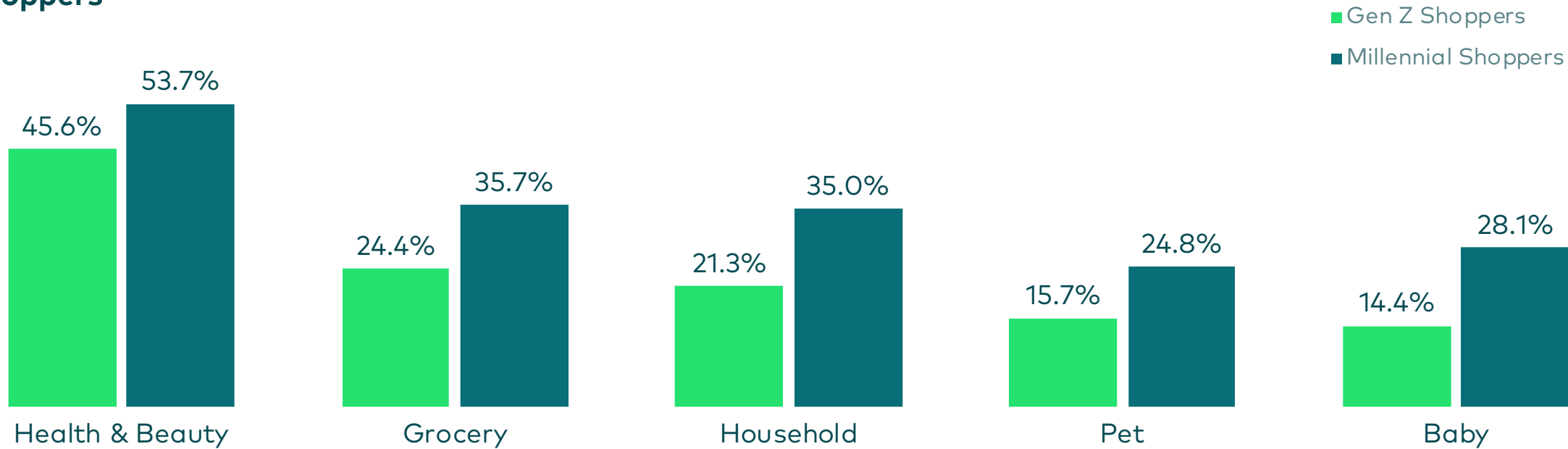
## Share of Spend by Channel – Gen Z vs. Millennial Shoppers



# Gen Z's eCommerce behavior may be related to life stage

Gen Z shoppers are half as likely to shop the Baby category online, compared to Millennials

% of Households That Have Purchased FMCG Categories Online – Gen Z vs. Millennial Shoppers



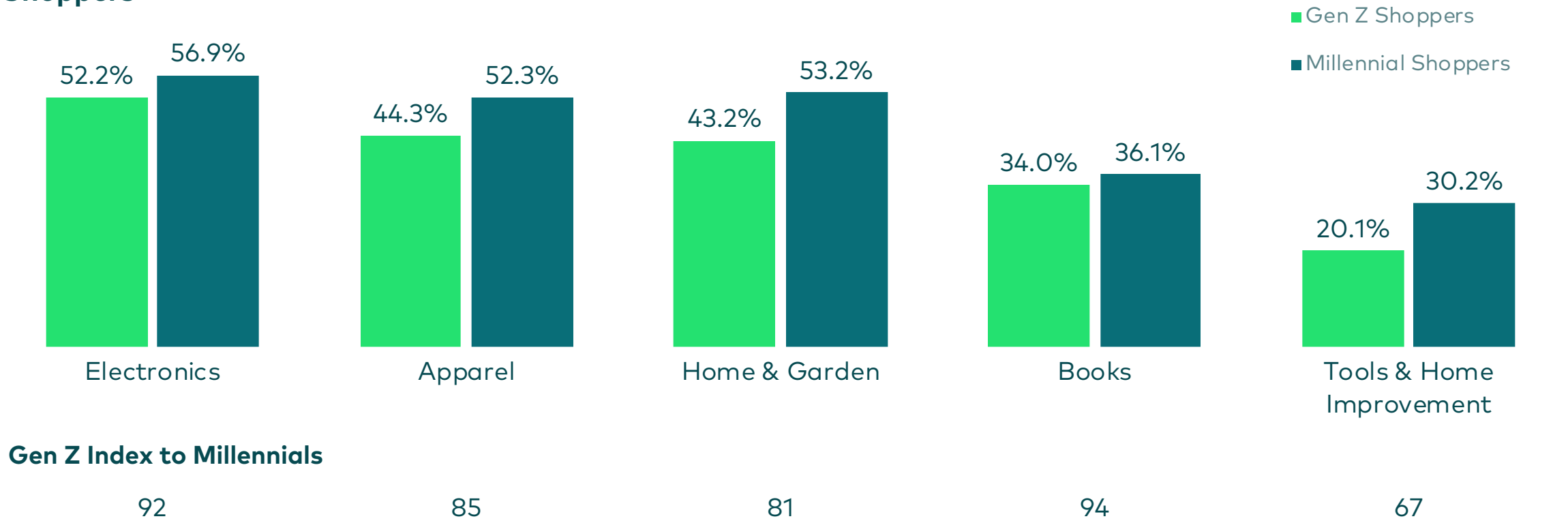
Gen Z Index to Millennials



# They are students buying electronics and books online

In particular, textbooks are the driver for the Books category: Gen Z are twice as likely to buy textbooks online

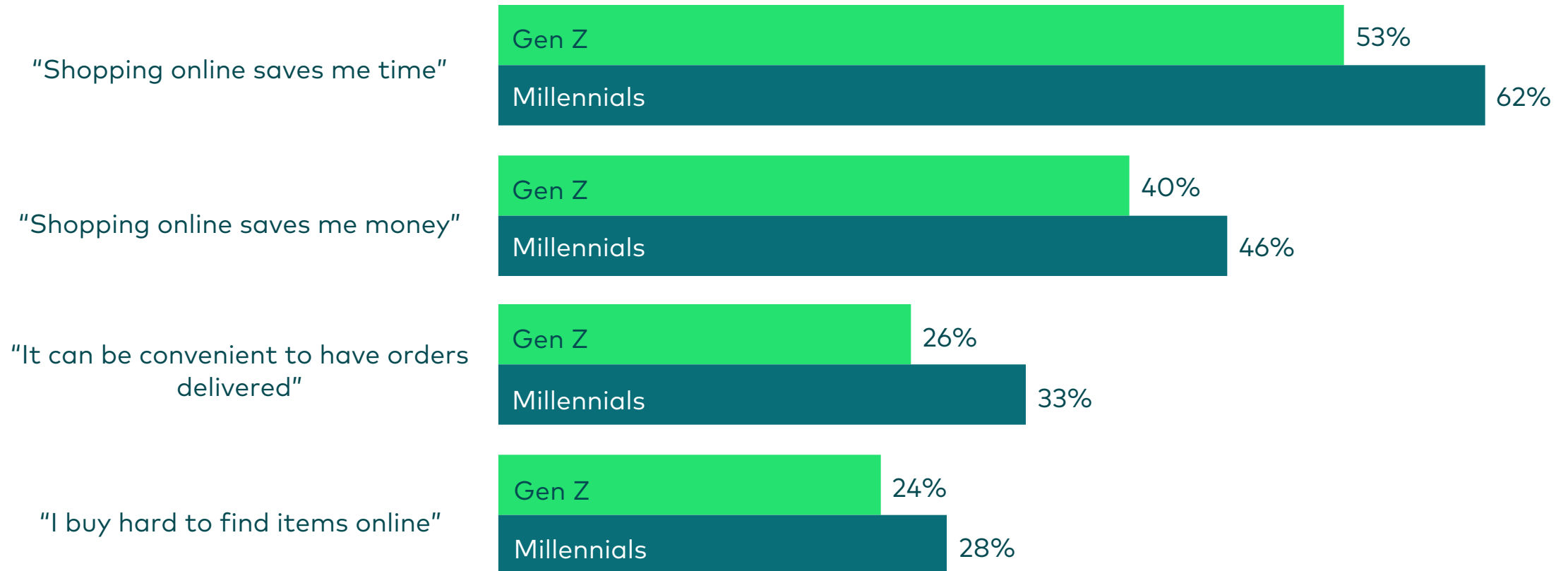
% of Households That Have Purchased Specialty Categories Online – Gen Z vs. Millennial Shoppers



# Gen Z is less likely to see the “utility” of online shopping...

Millennials are more likely to consider online shopping to be both a time-saver and convenience-driver

**Which of the following describes your online shopping behavior? Select all that apply. *Top 4 Responses Only.***





# ... but this may change if their online shopping ramps up

Gen Z currently spends less per trip and builds smaller, lower-value baskets online

## Gen Z Annual Shopping Metrics in eCommerce Parent Channel (vs. Millennials)

They shop less frequently....

**-11.8**

vs. Millennials

Purchase Frequency

**32.0 trips**

...spend less per trip...

**-\$8.05**

vs. Millennials

Average Basket Value

**\$30.37**

...and build smaller baskets.

**-0.5**

vs. Millennials

Average Basket Size

**1.4 units**

How often do Gen Z shoppers dine out?

# Gen Z has a higher affinity for fast food chains

McDonald's is the top chain for both Gen Z and Millennials, while Taco Bell emerges as #2 among Gen Z

## Top 10 Banners Visited by Gen Z Shoppers (Indexed to Millennial Shoppers)



# One in five Gen Z shoppers dines out 4+ times a week

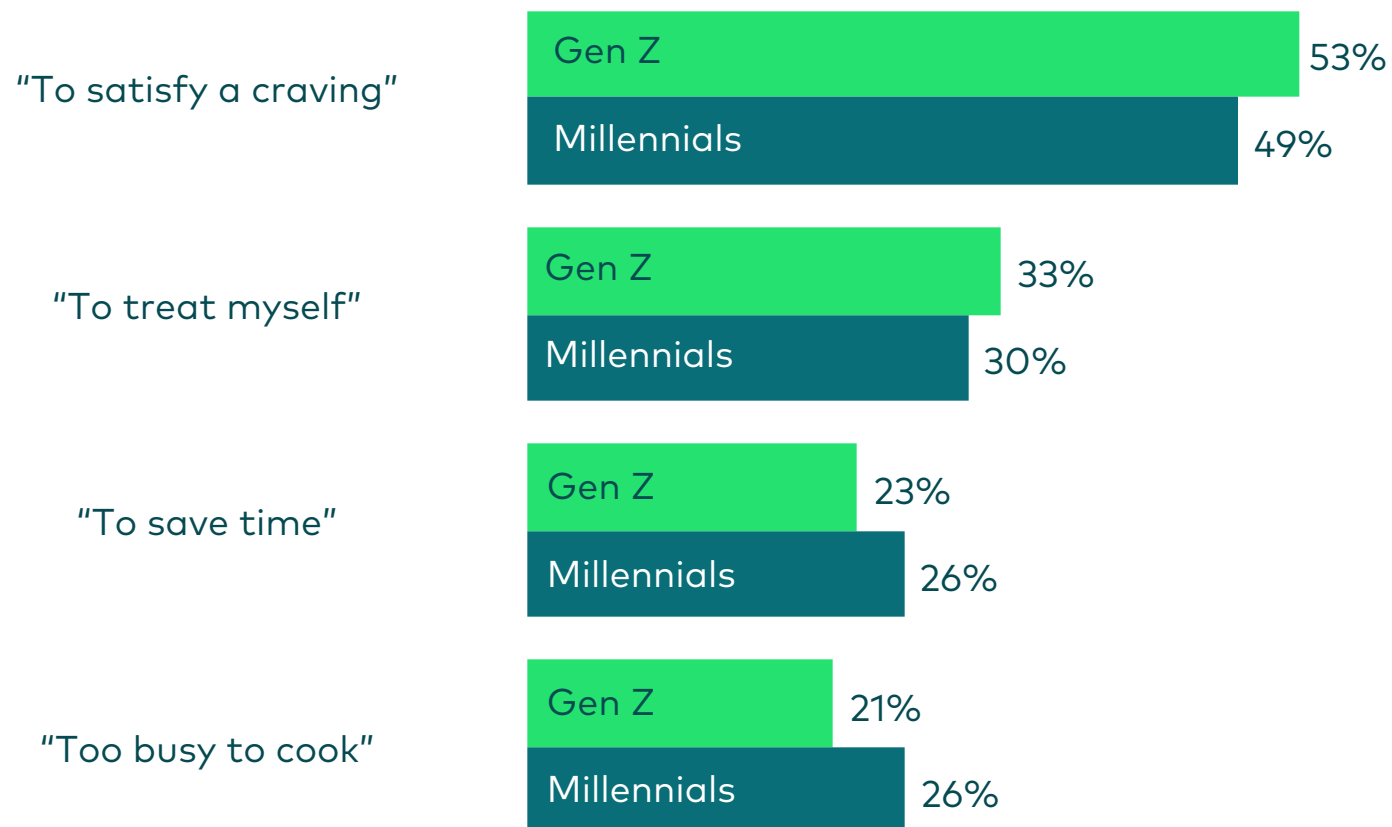
Gen Z shoppers are more likely to see dining out as an indulgence; Millennials are more likely to see it as time-saver

# 19.4%

of Gen Z shoppers dine out at a restaurant at least 4-5 times a week

(Index to Millennials: 111)

## What are the most common considerations when deciding to eat out?



How is this reflected in their grocery shopping behavior?

# Gen Z is overall less engaged in the Food Channel

Gen Z shops traditional grocery retailers less often, spending fewer dollars and building smaller baskets: these retailers should evaluate assortments to ensure that the needs of lower-income, fast-food eating Gen Z are met

## Gen Z Annual Shopping Metrics in Food Channel (vs. Millennials)

They shop less frequently....

**-12.0**

vs. Millennials

Purchase Frequency

**69.2 trips**

...spend less per trip...

**-\$3.56**

vs. Millennials

Average Basket Value

**\$30.24**

...and build smaller baskets.

**-0.8**

vs. Millennials

Average Basket Size

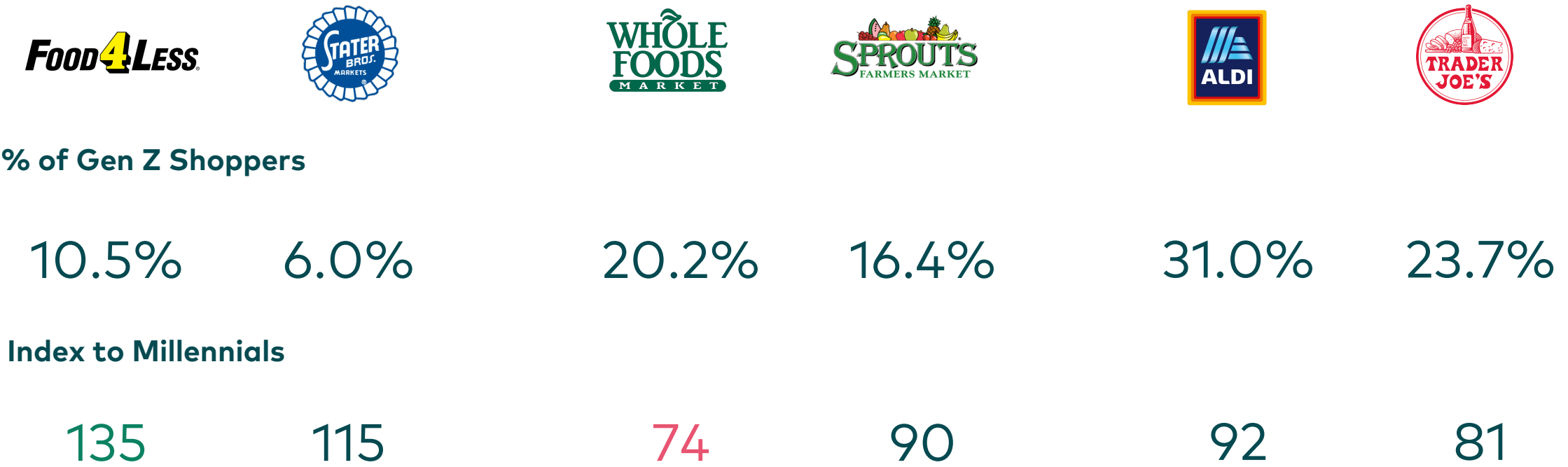
**9.6 units**

# Value is more important than organic or private label

Gen Z shoppers are **more likely** to visit grocers with a strong value proposition...

...**less likely** to visit food retailers with a natural or organic focus...

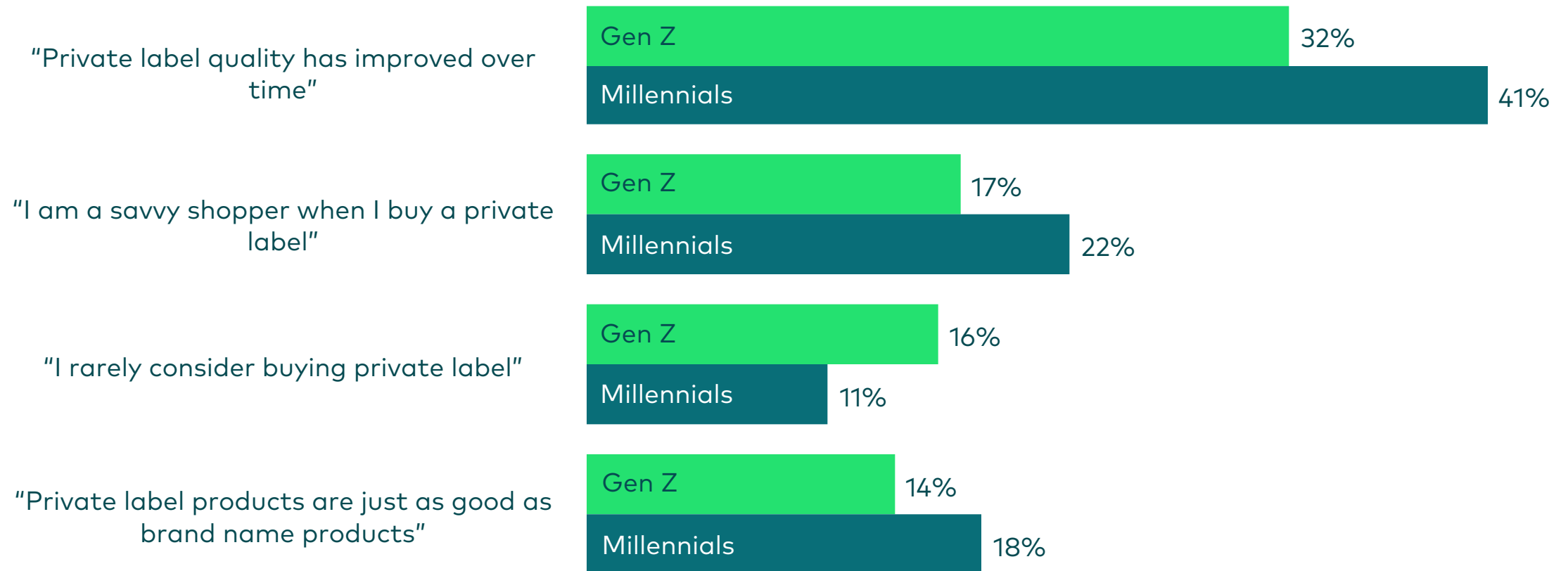
...and **also less likely** to shop at retailers with a significant private label presence.



# Private Label brands have yet to win over Gen Z

Retailers still have opportunity to increase conversion here – brands need to start building loyalty with Gen Z now

**Which of the following describes your thoughts on private label brands? Select all that apply.**





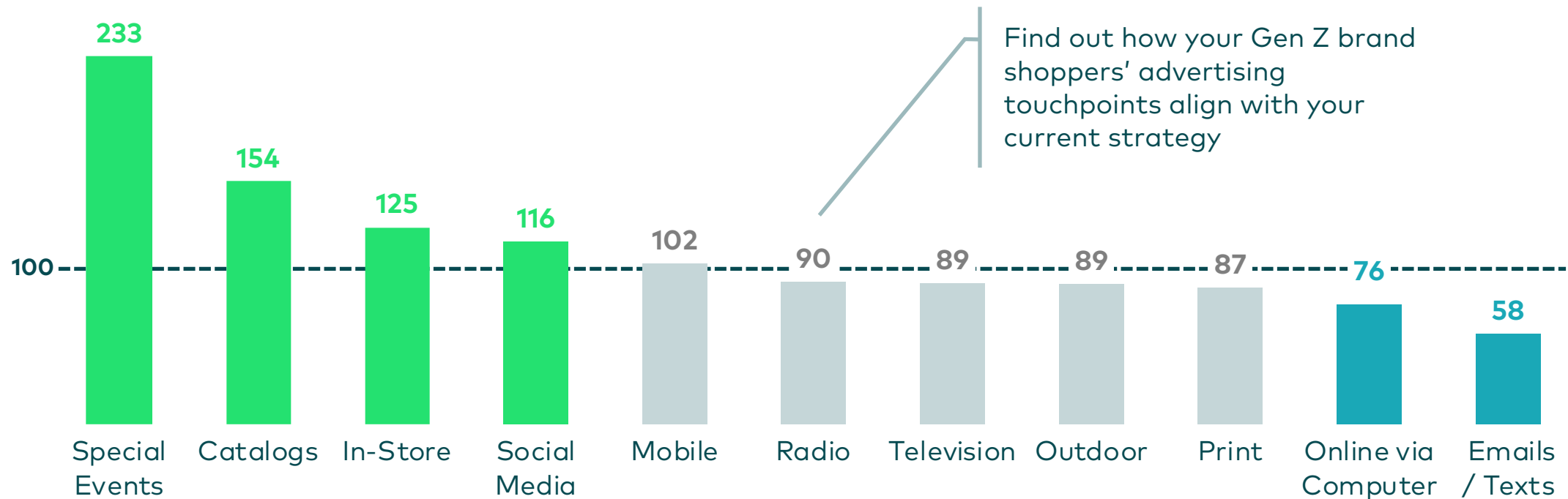
Are retailers and brands resonating with Gen Z  
through their **current creative mix**?

# Gen Z is an Experiential and Mobile shopper...

Gen Z are more engaged with In-Store and Special Event experiences along with Social Media and are less likely to have their computer be the source of influential advertising

## Most Influential Advertising Medium: Index Gen Z to Millennials

Latest 12 Months Ending 10/31/2018



# Top retailers' creatives are not moving with Gen Z

Although Gen Z is less engaged with their Computers, most retailers' creative mix is growing heavier on Online Display but at the cost of Mobile and Social which are distinct for the mobile-first generation

Retailers where Gen Z total spend was at par or worse than Millennials...



**Amazon**  
74 Index to Millennials



**Target**  
72 Index to Millennials

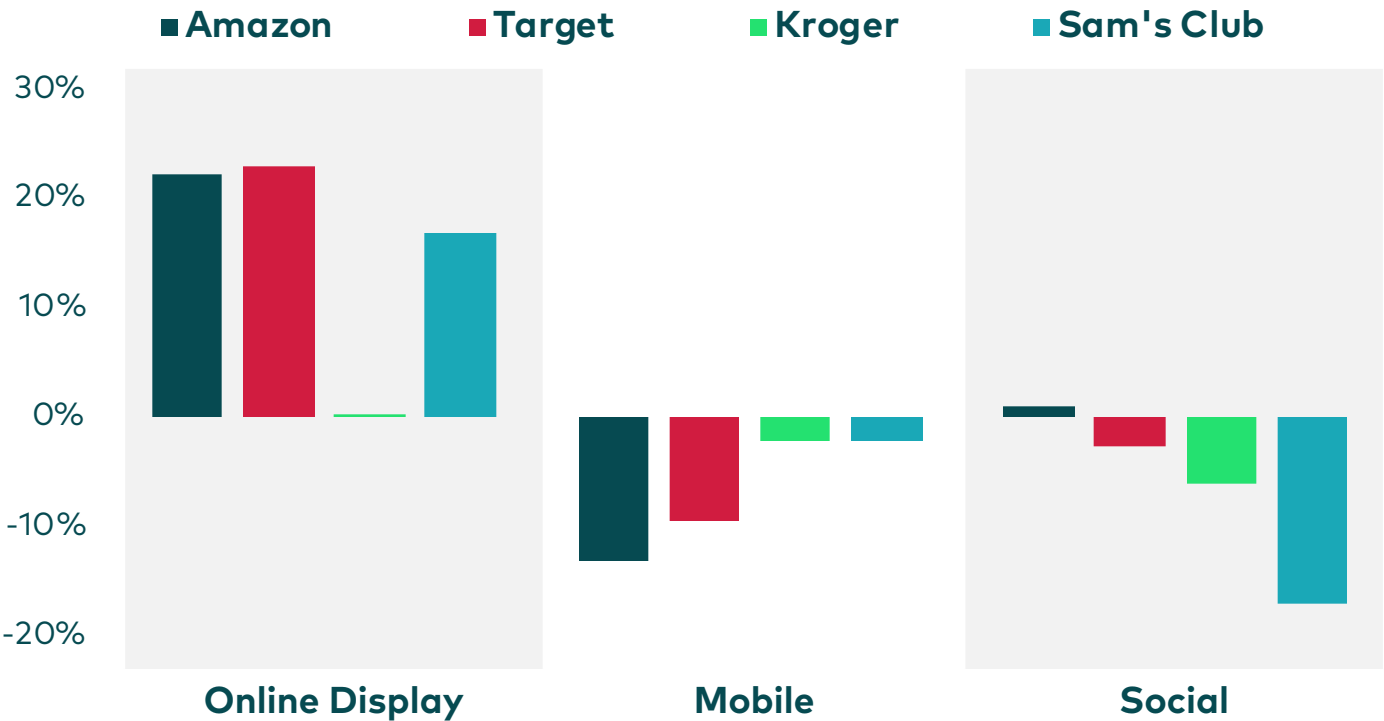


**Kroger**  
73 Index to Millennials



**Sam's Club**  
100 Index to Millennials

YAG % Change in Advertising Creative Mix By Retailer  
Latest 12 Months Ending 12/06/2018 vs YAG



# Brands resonating with Gen Z are moving to social

Social is a core focus for many brands that are over-indexing with Gen Z and is a growing piece of the creative mix

Compared to Millennials, Gen Z's grocery budget is heavier on...



**Kit Kat**  
169 Index to Millennials



**Cheetos**  
167 Index to Millennials



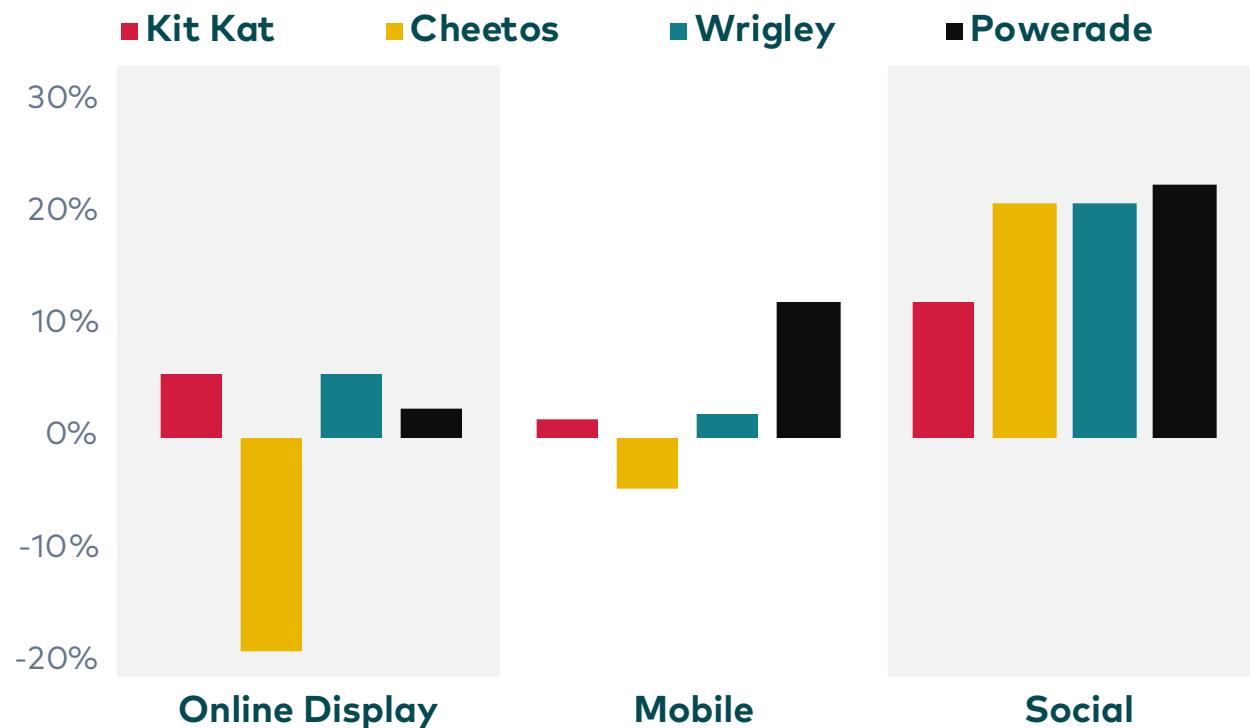
**Wrigley Gum**  
122 Index to Millennials



**Powerade**  
110 Index to Millennials

## YAG % Change in Advertising Creative Mix By Brand

Latest 12 Months Ending 12/06/2018 vs YAG

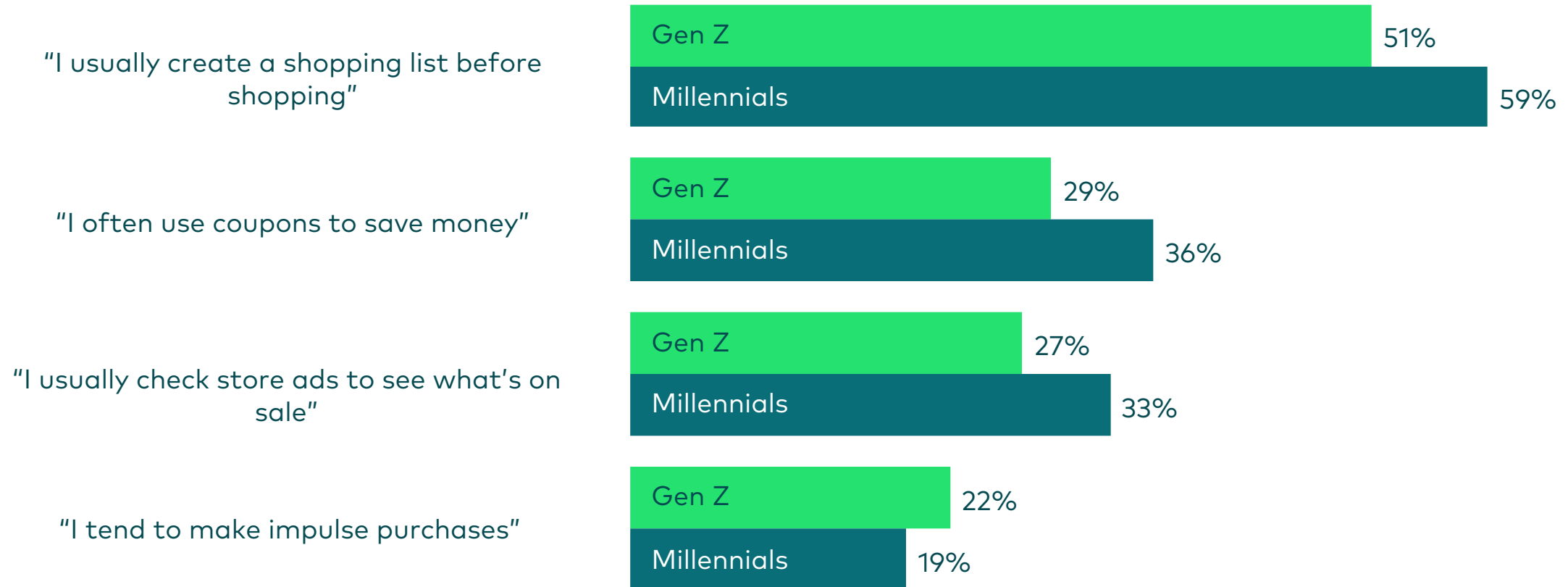


What levers can my brand pull to capture the  
spending power of Gen Z?

# Gen Z is less likely to plan purchases ahead of time

An enticing in-store experience or well-placed mobile ad could be impactful in attracting new Gen Z buyers

## Which of the following describes how you shop?



# Don't forget Brick & Mortar – omnichannel is still key!

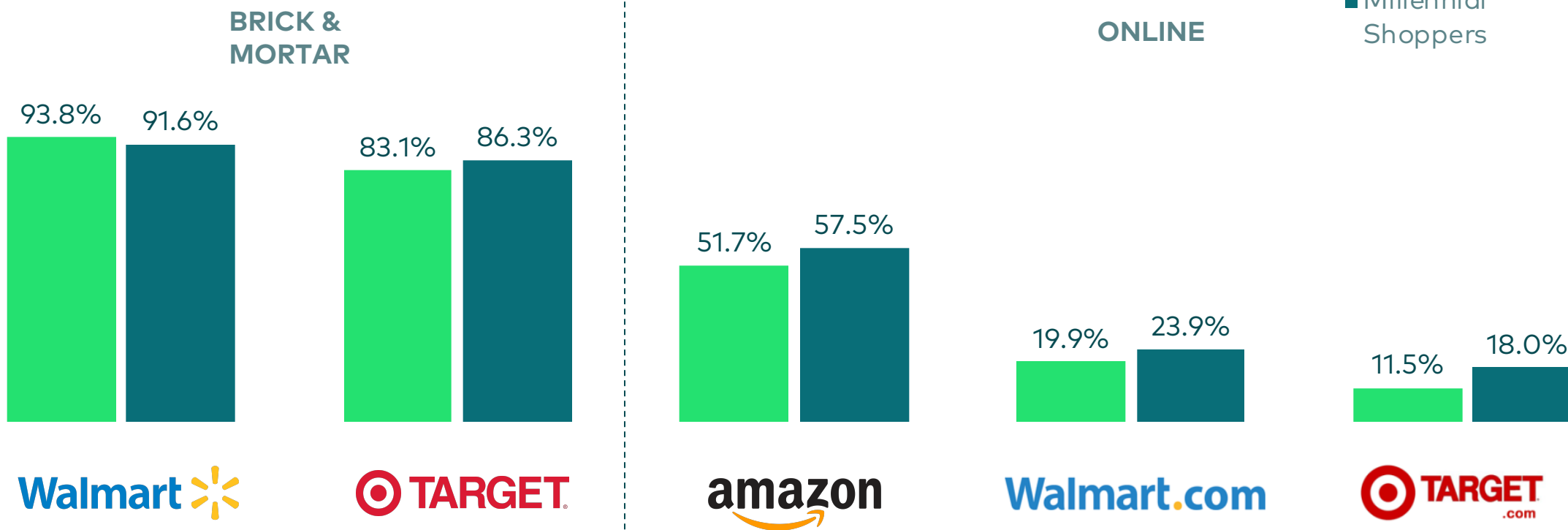
Although half of Gen Z made a purchase on Amazon, they are still visiting Brick & Mortar stores: in fact, they are less likely than Millennials to have made a purchase on Walmart or Target's online equivalents than in the past year

## % of Shopper Group by Retailer

Gen Z Shoppers vs. Millennial Shoppers

■ Gen Z Shoppers

■ Millennial Shoppers



## What we're seeing

Gen Z is poised to disrupt the marketplace – they look and behave differently from the generation proceeding them.

Gen Z uses social media as a discovery tool.

Gen Z's spend is shifting Online (but they still spend a smaller share online compared to Millennials).

Gen Z has a high affinity with fast food chains and are less engaged in the Food Channel.

## Why it matters to you

Brands have an opportunity to build loyalty from Gen Z now:

Gen Z is not yet as engaged in FMCG categories like Grocery, Household, Pet, and Baby online. Health & Beauty is the most likely entry point.

Gen Z is currently less invested in Private Label than their Millennial counterparts.

## How you can take action

Drop us a line at [hello@numerator.com](mailto:hello@numerator.com) to find out things like:

How can I leverage Psychographic data to understand the attitudes driving shopping behavior?

How can I leverage Media Consumption data to reach my target audience?





# Numerator

NEW FRONTIERS

Learn how to deeply understand your consumers  
[hello@numerator.com](mailto:hello@numerator.com)