Getwizer

Gen Alpha & Gen Z:
Understanding The Next Wave of Retail Consumers

:: Introduction

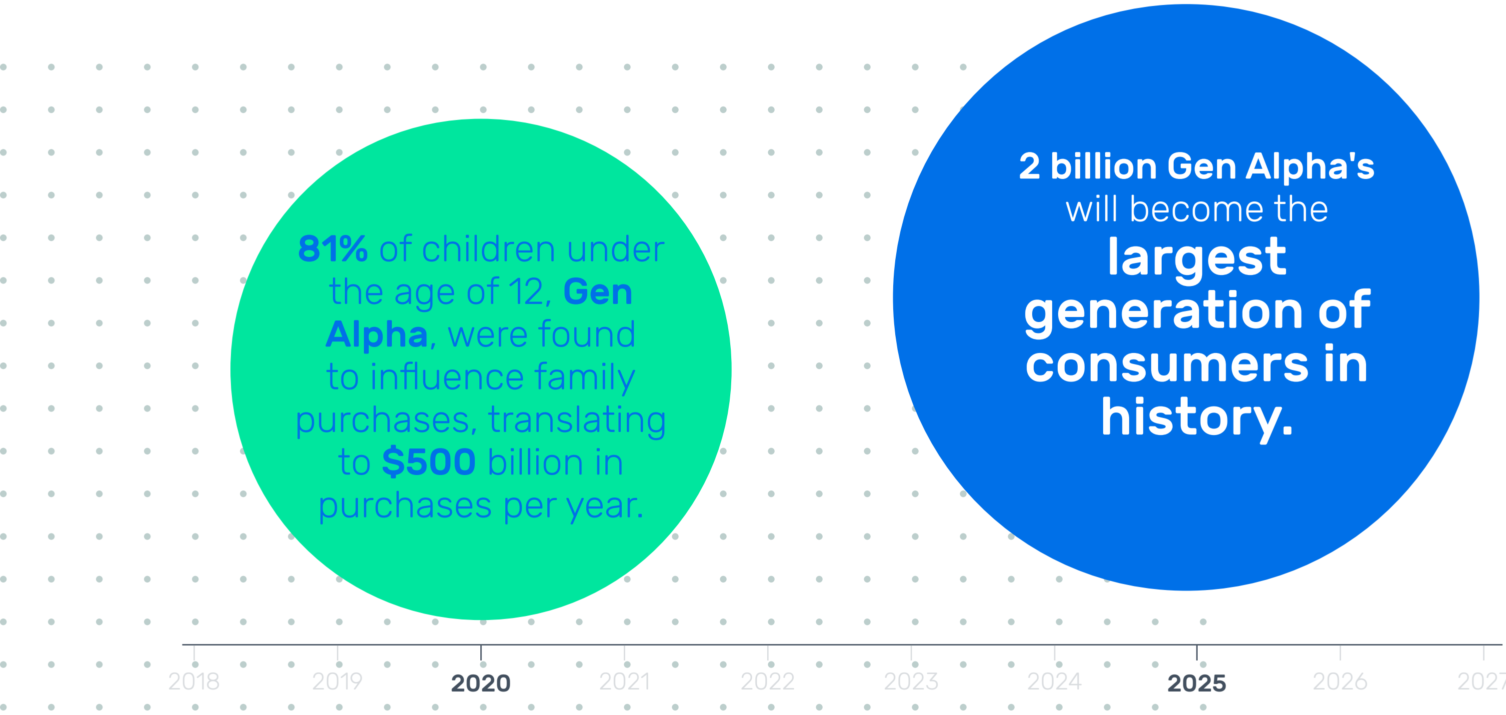
A new generational wave is forcing brands and retailers to rethink not only how they reach and engage with their consumers, but the very products they market and sell.

Gen Z fundamentally changed retail. In generations before, value was a relatively simple equation — based predominantly around cost and quality. Gen Z made this value proposition much more multidimensional. They look beyond products and price, and are interested in what a company stands for. What are its values? What is its purpose? What social good does it provide? This forced companies to adapt and attempt to make more of an emotional connection with Gen Z, hoping it would resonate more deeply. This proved key in helping them meet the increased expectations from brands demanded from Gen Z.

The Arrival of Gen Alpha

Now, the world of retail is in transition again. The pandemic introduced significant and far reaching changes to shopping behavior and Generation Alpha is coming of age.

They may have only just turned 12, but Gen Alpha is already a prime target for brands and marketers. In 2020, 81% of children under the age of 12 were found to influence family purchases, translating to $500 billion in purchases per year. And by 2025, it will become the largest generation of consumers in history, according to consultancy agency McCrindle, which coined the term Generation Alpha in 2008. So, even though their full economic power will only start to come to fruition from 2030 onwards, brands are already investing the time to build the loyalty needed to capitalize.



A Deeply Issue-Driven Generation

Even more so than Gen Z, this new generation is deeply issue-driven. From climate change to gender diversity and race, Gen Alpha feels a sense of social responsibility that is already palpable, despite their young age. Brands seeking to resonate with Gen Alpha will need to attune themselves to their strong and solid set of beliefs about making the world around them a better place. To do this, they will need to embrace diversity and ditch a "one size fits all" approach, not only their marketing, but their product lines.

For many brands and retailers this will be a challenge. Many have still not managed to fully engage with Gen Z. But with these two generations quickly evolving into an unstoppable economic powerhouse, companies looking to tap into their economic spend will be under immense pressure to keep up the pace. They will need to ensure their products, services, and the experiences they offer, are aligning with the ever-expanding diversity of their consumers. And in this diverse world, **inclusivity** will be the key to building lasting customer relationships.

A need to rethink traditional assumptions

Whether it is gender identities, ethnicity, and body sizing, businesses can no longer rely on the traditional retail assumptions. There is a cultural shift taking place that is unavoidable.

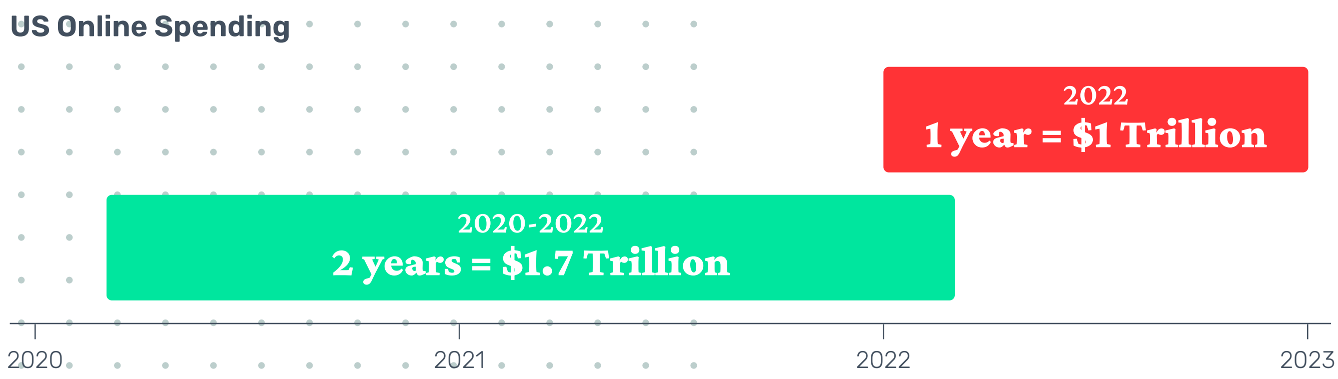
Parents feel this cultural change very strongly when shopping with their children. Their childrens' values and the things they care deeply about are already influencing the purchasing decisions of their parents. Brands and retailers need to understand this.

To help them along the path to discovery, GetWizer undertook exclusive and in-depth research on the shopping experiences and preferences of Gen Alpha, Gen Z and their parents. This delivers insights to help brands and retailers stay relevant and reinvent themselves. The rest will be up to them.

:: The Research

The Shopping Experience: In-Store vs. Online

Covid-19 supercharged online shopping and 2022 is expected to be another bumper year, according to the Adobe Digital Economy Series. It noted that while US consumers spent $1.7 trillion online during the pandemic, from March 2020 through February 2022, they will splash a record $1 trillion in online shopping this year alone.



But don't be fooled into thinking the days of bricks and mortar shopping are coming to an end. When parents of Gen Alpha and Gen Z were asked, they showed a preference for in-store shopping. In fact, 38% say they shop mainly in-store or in-store only. A further 35% say they shop in both equally, while only 27% say they shop mainly online or online only.

In-store shopping vs. shopping online

Respondent's insights:

> *When shopping online, it's difficult, because you are unable to have teens try clothes on and the description isn't always accurate, so size and fit along with quality of material is crucial and cannot compare to shopping in-store.*

Motivations

The main factors influencing the move to online shopping is the ability for parents to save time, but they also noted, it is easier to shop with kids from the comfort of your own home.

The parents who indicated a preference for in-store shopping said the ability to try and find the right sizes, feel the product and see its quality, were the main motivating factors.

Decision-Makers

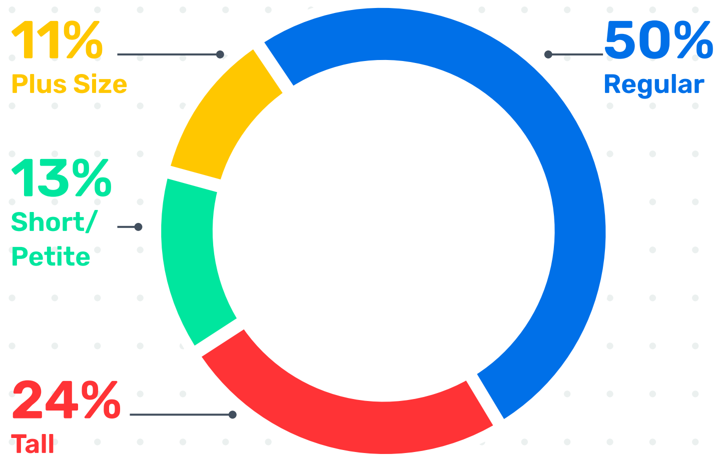
Parents see themselves as the gatekeepers to their childrens' shopping choices, but this lessens with older parents as their kids have aged and are given more responsibility. Males tend to give slightly more responsibility to their child when choosing clothes compared to females.

Inclusiveness Matters

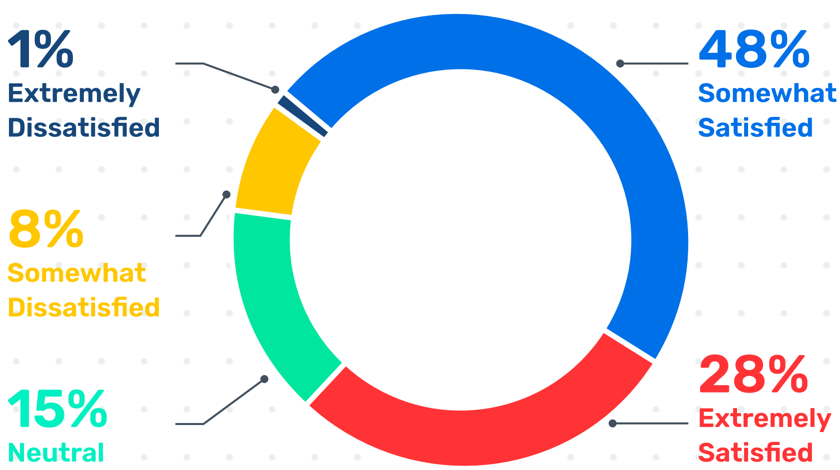
Diversity and inclusiveness are highly emotive and important considerations for Gen Alpha, Gen Z and their parents. This is predominantly represented through body type and sizes when shopping.

The confusion over sizes is immediately apparent in the research, highlighting that only half of the parents surveyed believe their kids' size is 'regular,' while the rest are considered to be husky, tall or petite.

Only **1/2** of the parents think their kid's size is "**regular**" while the rest are considered to be husky or petite.



There is also a significant amount of dissatisfaction around sizes, such as not finding the right fit and having different sizes with no consistency. This is true for all kids, but is amplified for the extended sizes.



Most parents are satisfied overall, but still, less than a 1/3 are extremely satisfied.

Parents also report that it is harder to find the right size when it comes to the 'above norm', mainly among plus size children.

Respondent's insights:

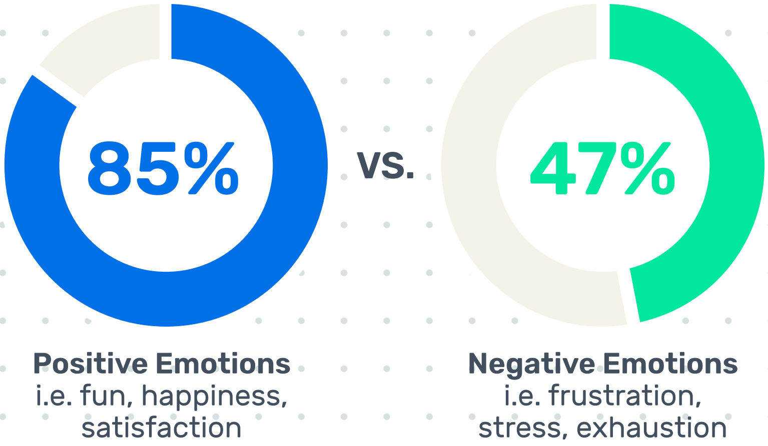
> *My son is very tall and already in men's sizes. I worry that they might not be appropriate for a child.*

The Emotions Involved in Shopping

While most parents will admit shopping with young children can be a frustrating experience, 85% describe positive emotions, such as fun, happiness, satisfaction, excitement and bonding.

However, 47% highlighted negative emotions such as frustration, stress and exhaustion from the process. These emotions were reported significantly more by women than men in all age groups.

The Shopping Experience



Respondent's insights:

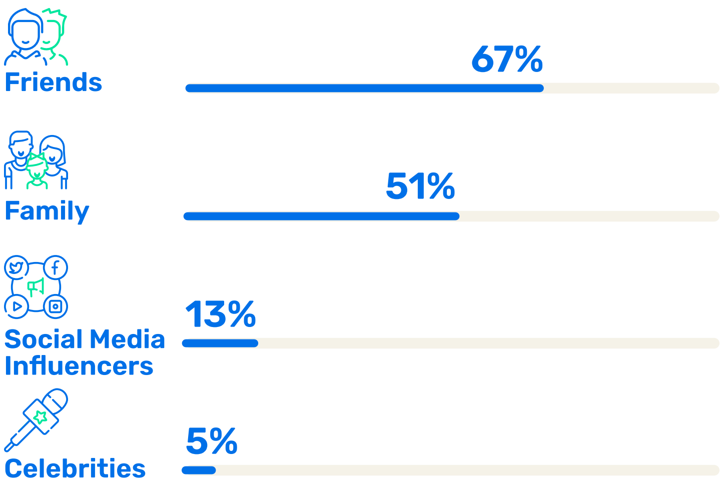
> *Children's clothing is cut for short, skinny children. Any child who doesn't fit the 'average' can not find clothes that fit. This is so hard on their self esteem.*

Parents of plus size kids report feeling much more negative emotions, such as frustration and disappointment. While parents who shop in-store report feeling more negative emotions — mainly frustration — compared to those who shop online.

Who are Gen Alpha's and Gen Z's Influencers?

Surprisingly, friends and family proved to be the key influencers, way ahead of celebrities, athletes or social media stars. But after friends and family, bloggers, YouTubers and TikTok make the most impact.

Friends & family are the key influencers before celebrities & social media influencers.



The research also shows that among younger kids, friends are less influential and family members wield almost equal influence (57% vs. 56%). However, teenagers tend to value the influence of family the least and are more guided by what their friends think.

Females are slightly more influenced by social media influencers, but less by their friends and family compared to males.

Key Considerations

For parents, price comes first, followed by fit and quality. For their kids, parents report the fit is more important followed by design and size.

Parents of young kids care more about durability of clothes, while teens care more about the brand. Functionality, sustainability and reliability are at the bottom of both kids' and parents' priority lists.

Top 3 Factors when shopping for clothing

Parents:

#1 Price

#2 Fit

#3 Quality

Kids:

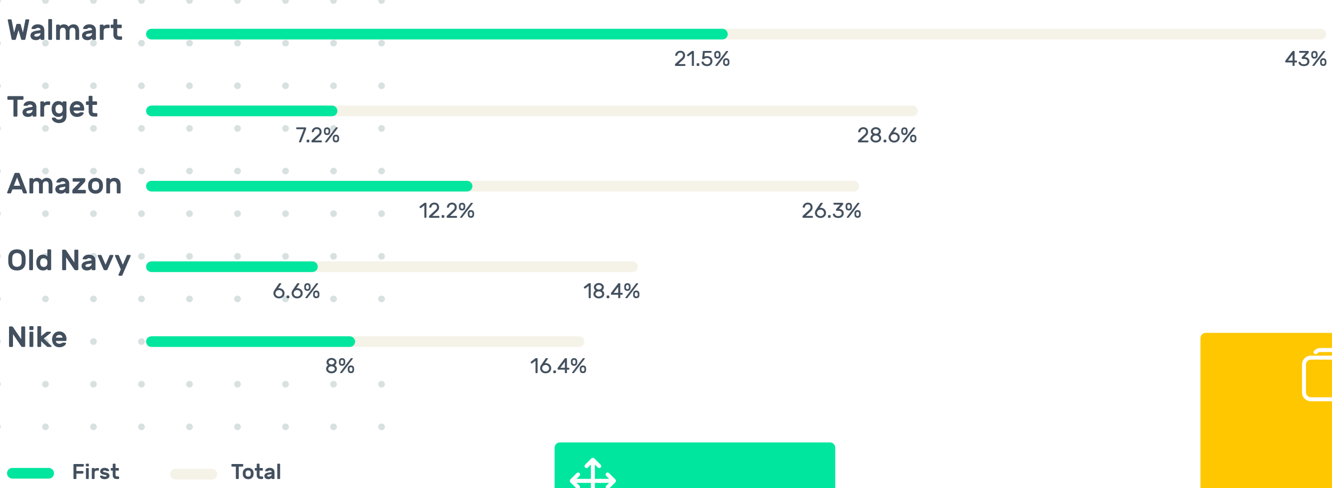
#1 Fit

#2 Size

#3 Style

The Top Performing Brands and Retailers

When examining which brands, retail stores or websites catered the best for children's sizes, there were clear winners. Walmart, Target and Amazon stood out as the strongest providers. While Old Navy and Nike were the only brands to make the top five. The remaining brands have significant work to do regarding sizes, according to the parents of Gen Alpha and Gen Z.



:: Conclusion — Will Sizing Kill Your Brand?

With a significant portion of parents and their children frustrated with the shopping experience, particularly around sizing, brands and retailers need to take action. Currently, because clothing manufacturers tend to use their own sizing guidelines, there is no “standard” sizing. This lack of consistency creates negative shopping experiences for both parents and their children.

Any negative associations that are continually re-enforced will impact brand loyalty as children grow. A child that associates negative shopping experiences with a specific brand is unlikely to remain a customer as they develop along the path to becoming consumers in their own right.

Brands need to reassess and expand their sizing strategies, and adopt marketing strategies with retailers to be more inclusive. They need to create a more comfortable, body-positive retail environment for a more diverse customer, so shopping becomes a more rewarding experience.

In-store shopping provides the ideal opportunity to create a more body-positive experience. The ability to touch, feel and see, means that in-store shopping is still the main choice for parents looking to purchase clothes for their children. In-store product launches around a new sizing methodology, for instance, can help position a brand’s clothing in a retail setting as more inclusive.

When ranking which retailers and brands are getting sizing right, only a handful are performing well. Some also do well in certain age categories and poorly in others. Overall, the vast majority have major improvements to make according to the parents of Gen Alpha and Gen Z.

Parents and their children are simply searching for sizing consistency and diversity. Brands and retailers who can provide this and resonate with young generations have the potential to grow with them. Those that don’t are in danger of being eclipsed as Gen Alpha and Gen Z begin to dominate economic spend in years to come.

About the Research

The research was conducted using GetWizer’s consumer insights platform and surveyed 1000 parents in the US. A total of 50% of respondents were aged 25-39, 43% were aged 40-54 and 7% were between 55 to 65. The majority of participating parents were female (69%) with males making up the remaining 31%. Their location in the US was split relatively evenly between urban (36%), suburban (37%) and rural (27%) areas. The majority had two children (41%), while 35% had one child, 15% had three and 9% had four or more. Parents submitted responses about their boys (54%), girls (46%), and non-binary children (1%). The children ranged between 6 - 15 years of age.