Montanna Cervenka, of The Lacek Group’s Strategic Services team explores the attitudes and behaviors of Gen Z and how they’re beginning to impact the future of brands as we know it. A Gen Z consumer and marketer herself, Montanna keeps authenticity, inclusivity, and sustainability at the forefront of her purchasing decisions. Her favorite brands include Nike, Sephora, and Delta.
Gen Z: Setting Trends and Showing the Receipts

A digitally native generation with the world available at its fingertips, Gen Z presents new challenges for marketers. Gen Zers’ unique sense of self and motivations are redefining consumerism. They’re consciously setting higher expectations for brands with their values-first mindset, leading and rewriting culture as we know it, and using technology as an extension of their identities and lifestyle habits.

In addition, the COVID-19 pandemic—which spurred rapid and relentless consumer innovation—hit just as Gen Z began making their first major life and financial decisions.

These factors created a generation with high expectations for on-demand, seamless brand interactions. Gen Z is calling for brands to deliver an engaging, rewarding, and exciting customer experience personalized to their unique needs.

Read on for a summary of our discoveries and insights—and a discussion of Gen Zers’ impact on loyalty.
IDENTITY

Who are they?

Generation Z are the young, tech-savvy U.S. consumers born between 1996 and 2011. They’re the most diverse generation yet in terms of race, ethnicity, and gender identity. They’ve officially overtaken millennials as the largest cohort of the population (32%), and they now account for 40% of global consumers.¹

A group that includes a large proportion of second-generation immigrants, just 52% of Gen Z identifies as white (the least of all generations), 25% as Hispanic, 14% as Black, 6% as Asian, and 5% as another cultural background.² They’re 22% more likely to have at least one immigrant parent, which illustrates a shift in the broader dynamics of the U.S. population.³

They’re maturing in an environment in which representations of traditionally marginalized people are expanding. And they’re consciously working to change cultural norms and eradicate stigmas as they prioritize and celebrate individuality and diversity.

Traditional personal identifiers (e.g., gender, sexuality, personal brand) are also viewed more fluidly by Gen Z: for example, according to a Vice Media Group survey, 48% identify as something other than heterosexual, and 41% identify as neutral on a femininity and masculinity scale. The prevalence of LGBTQ+ identities and attitudes in this group appears to signal a greater acceptance of difference among them. Almost all (96%) say people should be able to love whoever they want, and 35% report they know someone who prefers gender-neutral pronouns.⁴ That’s compared to 25% of millennials, 16% of Gen Xers, and 12% of baby boomers.⁵

Additionally, Gen Z is on track to be the most educated generation, with the highest post-secondary enrollment rate of all generations. Pew Research Center data indicates they have greater high school graduation rates and are achieving a 5% increase in college enrollment rates over millennials in 2003 and a 14% increase over Gen Xers in 1987. This reflects an overall trend toward pursuing higher education: between 2000 and 2018, high school dropout rates declined from 11% to 4%, and the share of 18- to 24-year-olds who were college students or graduates increased from 36% to 49%.⁶

Gen Z’s purchasing habits reflect their expansive views on identity: They want to purchase products from brands that represent diverse identities and, by extension, empower organizations that support them.

At the same time, 90% of Gen Zers believe real-world experiences are the best education, and many are creating alternative career paths. More than two-thirds (68%) say “work is something I have to do and is not the most important thing in my life,” and 71% say they’re willing to take a more meaningful, lower-paying job.⁷ They’re reimagining the structure of education and work, with 65% of high schoolers saying they want to follow their own educational path. Most young people (72%) value “side hustles,” or ways to make money outside of a nine-to-five job. Buying and reselling goods, freelancing, crafting and artistry, investing, and driving for Uber or Lyft are the top Gen Z side hustles.⁸

Higher education rates among a more diverse, creative generation lay the foundation for a group of powerful consumers who redefine societal norms with their unique identities.
For Gen Z, identity isn’t a crisis, it’s an experiment

The exponential growth of technology and social media during their lifetime means Gen Zers are fluent with a variety of online tools and communities that empower them to learn about the world with the click of a button. That immediacy corresponds with a higher likelihood to experiment with their identity, using brands as a means of self-discovery and fulfillment.

As identity nomads, Gen Zers often experiment with different behaviors to discover and shape their personal identities. The majority (70%) say it’s important to defend causes related to identity. The same percentage indicate they believe self-expression leads to a happier, healthier life. They view their belongings as a key part of who they are, and they crave experiences and buy products that cultivate their individuality.

Additionally, they view being the first to own something as an accomplishment and identity shaper, motivating them to explore and consume new products. According to Pinterest, Gen Zers have purchased 80% more new products within the last year compared to other generations, reflecting a desire to curate their belongings to their identities and shifting personas.

Gen Zers gravitate to brands they feel are a companion. Their loyalty goes to brands that match their style and support causes they agree with. They often use brands as a tool for self-discovery—and then reward them with their business for doing so. A significant majority (84%) say they like brands that make them feel good about themselves, while 68% say brands help them express their identity.

**STRATEGIC THINKING:**

To effectively connect with Gen Z, marketers need to craft data-informed customer engagement strategies targeted to their individual wants, needs, and desires. Keeping up with their ever-evolving personas will likely be a challenge, so requesting and incentivizing zero-party data sharing throughout the path to purchase will enable marketers to learn and apply what resonates with Gen Z in communications and campaigns.

**BRAND EXAMPLE: SEPHORA STANDS**

Following the murder of George Floyd by a Minneapolis police officer in 2020, the need for social and racial equity became an urgent topic for individuals and companies.

Sephora’s Beauty Insider program integrated a charitable giving subprogram, Sephora Stands. Members could redeem 500 points for a $10 donation to the member’s choice of organizations dedicated to advancing diversity, equity, and inclusion efforts. The options included the NAACP, The Trevor Project, Act to Change, Rare Impact, and others.

By including an easy-to-understand process to donate points as a loyalty component, Sephora fosters a sense of emotional gratification for members. Members who donate points are doing something concrete to foster systemic change—so the benefit lands as both an emotional and a rational reward.
How is Gen Z influenced?

Reflecting their hesitance to trust brands or believe in brands’ authenticity, Gen Z turns to online influencers to discover new products and make purchasing decisions. Three-quarters of consumers say they’re more likely to trust content shared by “normal” people than content shared by brands. And the definition of an influencer is no longer primarily about celebrity status: Gen Zers say the most important influencer traits to them are authenticity (58% say it’s very important), being funny (53%), and being knowledgeable (48%) and intelligent or thoughtful (44%). Meanwhile, having a large following is less meaningful, with only 10% citing it as an important trait.  

The new digital world transforms passive consumers into a subgroup of creators and culture drivers. The $100 billion creator economy encompasses a network of more than 50 billion individuals who create and share content. Most young adults (61%) are willing to post organically about brands they like.

But while most Gen Zers are primarily influenced by their parents, they’re also more likely to stray from traditional milestones their parents achieved. As they enter adulthood, many Gen Zers are creating individualized paths for themselves.

How is Gen Z influenced?

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How does Gen Z create trends?

The explosion of TikTok, which boasts nearly 40 million Gen Z users, is one reason consumer culture is being rediscovered and reimagined, with this generation fueling the reset.¹³ The combination of social isolation as a result of stay-at-home orders during the pandemic and TikTok’s hyper-personalized, instantly gratifying user experience resulted in a jaw-dropping growth in popularity: 75% during the first six months of the pandemic.¹⁴ It became the go-to social destination across generations. This was particularly true for Gen Z, who accounted for 60% of all users in 2020.¹⁵ As a group, they spend an average of five hours on the platform each day.¹⁶ And they’re using it for more than entertainment. Gen Zers are increasingly using TikTok to learn about substantive issues, including climate change, racial equity, and politics—and to discover new brands and trends. Some brands have even had a second life on TikTok as Gen Z redefines cultural standards.

For example, E.L.F. Cosmetics created an award-winning TikTok challenge. UGG products are being repurposed as a life hack based on TikTok posts. And Coach handbags went viral after a post about inventory destruction that led to a change in company policy.

Increased use of the platform by a generation who prides itself on innovation and creativity has catalyzed trends that permeate both online and offline channels. According to TikTok, 71% of users believe the biggest trends start on TikTok. Almost half (43%) of users say they will try something or go somewhere new after seeing it on the platform, solidifying the app’s position as a leading source of inspiration.¹⁷

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STRATEGIC THINKING:
The “if my brand loves me, I love it back” sentiment resonates strongly among Gen Z. Marketers can cultivate that emotional connection by rewarding Gen Z consumers who share their brand experiences through user-generated content.

GEN Z GLOSSARY

Gen Z slang permeates pop culture. Understanding these terms can help marketers better decode Gen Z’s views, wants, and needs.

- **bag, guap** — money
  <I’m getting my bag with my new side hustle.>

- **bet** — OK
  <“Let’s meet at Dunkin’ at 8 a.m.” “Bet.”>

- **cap** — to lie
  <I’m not serious about entering the lottery; that’s just cap.>

- **CEO** — someone who is the best at something
  <I’m the CEO of finding a good deal while shopping.>

- **cringe** — something awkward or embarrassing
  <That ad about Gen Z stereotypes tried too hard; it was so cringe.>

- **drip** — good style
  <Did you see Dua Lipa’s red carpet drip?>

- **facts, fax** — I agree
  <“That sunset is gorgeous.” “Facts!”>

- **fam** — short for family, but used to refer to friends
  <“Hey, fam, are we still going to the mall today?”>

- **FR** — for real
  <The Vikings are the best team in the NFL. fr.>

- **gas, lit, dank, bomb, slaps, smacks, chef’s kiss, fire, bussin’** — really good
  <The new restaurant in town smacks. I’ll definitely go back.>

- **IYKYK** — if you know, you know
  <The Packers are the best team in the NFL. IYKYK.>

- **L** — a loss, used when an unfortunate event occurs
  <I took an L this morning when I fell off my bike.>

- **living rent-free** — occupying one’s thoughts
  <That show’s finale was amazing, it lives rent-free in my head.>

- **mid** — mediocre
  <That sandwich tasted stale; it was mid.>

- **NGL** — not gonna lie
  <My outfit is fire, NGL.>

- **say less** — I understand, a positive reaction
  <The meeting is ending early? Say less!>

- **SMH** — shake my head; used in disagreement with something
  <The price of my coffee went up by $1? SMH.>

- **snatched** — looking good
  <Her bold makeup is snatched!>

- **stan** — a combo of “stalker” and “fan” that means an obsession, but not in a creepy way
  <I stan you!>

- **sus** — used when suspicious of something
  <I was charged extra for my meal twice in a row. That’s sus.>

- **understood the assignment** — job well done
  <My hairstylist did a great job. She understood the assignment.>
Gen Z holds retailers to account

Gen Zers, who boast an estimated collective buying power of up to $323 billion, demonstrate careful buying habits. They lean toward brands that create high-quality, useful products, but also offer value beyond transactions.

Almost all (93%) of Gen Zers surveyed say brands’ transparency—or “owning up to their mistakes and expressing changes that might affect me”—is important to their purchase decisions. The majority (87%) say the same when it comes to brands taking a stance on corporate policies.

Gen Z seeks out brands that articulate and stand behind their values—and brands that support causes Gen Z consumers care about.

88% say brands that better society and humanity are important in their purchase decision.

77% look for brands that align with their values.

30% will pay more for brands that support causes.

24% will pay more for brands that pay their employees well.
Gen Z consciously drives change, without apology

With some of the most significant social movements in recent history occurring as they step into adulthood, Gen Zers are galvanized for action. Three-quarters of them believe their generation will change the world. According to Vice Media Group, 97% of young people participate in activism, 80% want to participate more, and 64% use preferential patronizing, i.e., buying from businesses whose beliefs they agree with, as a form of activism.20

Their diversity makes inclusivity a priority while they shop. Most (81%) of Gen Z agree they’d stop buying from and sharing about brands they regard as “macho,” with 79% saying the same about brands viewed as racist and 76% about brands seen as homophobic.21

More than half say a brand showing dedication to social impact by donating to charity, being environmentally conscious, having strong values, or projecting an impact-driven image are important factors when making a purchase.22

When it comes to loyalty programs, more than half (60%) of this segment want the ability to donate their rewards and benefits to those in need, compared to 46% of overall population.23

Additionally, Gen Z is three times as likely as other generations to say a brand’s purpose is to serve communities and society, and they’re willing to abandon brands that don’t deliver on their values.24

They’re shopping with core questions in mind—such as What is this company’s purpose? and How does this company benefit society as a whole? And they want answers before making purchasing decisions.

Not only do Gen Zers judge brands’ social responsibility, they’re also leading the push for activism. They’re becoming the catalysts for social change by using digital tools, e.g., Snapchat and TikTok, to advance their activism and connect them to resources, individuals, and communities that will help them expand their efforts and make an impact.

Gen Z prompts brands to embrace social responsibility

Brands can help Gen Z achieve altruism through their loyalty offerings. By making it easy to become involved in their communities or donate to organizations, brands can empower consumers to feel they’re making a difference; that, in turn, can position the brand as a way to reach the warm-glow effect, the emotional reward for taking actions to do good.

A cross-channel online presence is a must for reaching Gen Z—but brands also need to consider how their offline commitments land with this generation. Half of Gen Zers (51%) will always research a brand’s corporate social responsibility commitments before completing a purchase.25

ACTIVISM & GEN Z

> 75%
feel diversity and inclusion are important areas for brands to address (compared to 72% of millennials, 63% of Gen Xers, and 46% of Boomers).

52%
want brands involved in activism and are ready to support those that do.

90%
support Black Lives Matter.

77%
attended protests following the murder of George Floyd by police in 2020.

STRATEGIC THINKING:
Loyalty marketers need to ensure brand values come to life by delivering program constructs or communications that emphasize brand-level values or commitments. Program offerings should resonate with the emotional side of consumers. Then implement a rewards strategy with a twofold benefit: letting shoppers feel accomplished and gratified after engaging and fostering societal change.

Digital interactions shape the Gen Z identity and permeate the path to purchase

Extreme connectivity and the explosion of digital tools, such as social media, smartphones, and e-commerce, have played a significant role in Gen Zers’ lives from childhood. Gen Z is comfortable in digital channels and familiar with marketing tactics because many live a digital-first, always-connected lifestyle.

As a group, they spend more than eight hours a day online. Digital spaces host many of their day-to-day duties, e.g., working, banking, and shopping. To illustrate, 21% of 18- to 24-year-olds use digital banks, compared to 3% of those 55 to 64 years old.24 They expect brands to cater to their particular blend of digital and in-real-life tools and tasks. Their reliance on technology for daily responsibilities increased during the COVID-19 pandemic, with 81% of Gen Zers playing online video games for an average of seven hours per week29 and spending an average of 4.5 hours a day on social media.30 And most (60%) say they plan to make most of their purchases online post-pandemic.31

STRATEGIC THINKING:
This hyper-awareness, knowledge, and use of the digital landscape presents a challenge for marketers: How do we target these powerful consumers on the turf they define? The answer: Focus digital marketing efforts on curation and simplicity. If a product or message isn’t immediately accessible, relevant, or memorable, this audience will move on. Gen Z doesn’t wait around for a brand to serve them; they’re comfortable finding a replacement to fill the gap. Brands must meet this audience in their preferred channels, serve messages tailored to their identities and values, and deliver a seamless end-to-end buying experience that makes engagement easy.

PAYMENT OPTIONS & GEN Z
62% of Gen Z smartphone users are expected to transact via peer-to-peer (P2P) apps—e.g., Venmo, Zelle, PayPal, and Google Pay—by 2025.

BNPL
Gen Zers are less likely to use credit cards and more likely to adopt buy now, pay later (BNPL). Almost a quarter of Gen Z report using BNPL, while only 9% of Gen Xers say the same. And Gen Z doesn’t just use BNPL for high-value purchases; 70% of BNPL transactions by Gen Zers are less than $100.

Social media is their primary influencer

Commerce on social media is one place to meet Gen Z on their preferred channel. Many Gen Zers use social channels to feel a sense of community with like-minded individuals and brands and to keep up with trends. And almost half say they obtain their news and information from social media.23

Using social media apps first thing in the morning is common among Gen Z (42% report that’s their practice). More than one-third (35%) of them visit social channels right before they go to sleep. They’re significantly more likely than other generations to follow brands on social media, with 61% of Gen Zers following their favorite brands online (versus 39% of millennials, 36% of Gen X, and 18% of baby boomers). Gen Z is the only generation to report that social media influences their purchases more than their family and friends. Additionally, Gen Zers value social commerce because it serves as a convenient one-stop shop: users can easily navigate from discovering products in one tab to a one-click, auto-filled personal information checkout experience in another.

TOP SOCIAL CHANNELS:

49.5MM* Snapchat
48.8MM* TikTok
48.3MM* Instagram

*Gen Z users.

STRATEGIC THINKING:

Brands must be integrated into social media for Gen Z. Making products available directly through social platforms is an imperative because Gen Zers primarily find inspiration within these channels—and they buy fast, driven by impulsivity and instant gratification. Brands have little time in between the awareness and purchasing stages of the purchase funnel and must use data strategically to implement relevant, buzzworthy promotions, and tools that enable them to meet these consumers in the right spot at the right time.

Online shopping as an experience

With many components of their lives managed online, Gen Zers are steeped in the digital experience. They’re likely to become bored with brands that don’t stand out digitally.

According to Sitecore: 83% view online shopping as an experience instead of a standard transaction, 64% identify as digital converts who will keep buying almost everything online, and 63% say online shopping is more enjoyable than brick-and-mortar.23 eMarketer estimates the number of Gen Z digital buyers will grow by 13% in 2022, overtaking Gen X buyers by 2025.34

Additionally, 77% of Gen Zers say shopping online allows them to buy from new or small companies they wouldn’t typically find in-store. Just 65% of the general population say the same.23 More than one-third (38%) of this cohort prefers finding products in a brick-and-mortar setting, but they’re still comfortable going in stores to make more informed purchasing decisions, reflecting a need for a balance of online and offline brand interactions.

Gen Zers have the shortest attention span of the generations at only eight seconds.36 They quickly and easily decipher a seamless customer experience from a clunky, unappealing interaction. With each touch point memorable to the Gen Z segment, it’s paramount for marketers to break through the noise by creating exciting, but convenient, experiences that keep the attention of Gen Zers while offering a deeply engaging, one-to-one connection.

STRATEGIC THINKING:

To reach this audience, loyalty programs must be omnichannel to meet and recognize consumers across their preferred methods, easy to use to enable customers to seamlessly engage and purchase from the brand, and immediately rewarding to address their need for instant gratification.

BRAND EXAMPLE: SUNDAY RILEY

Many brands evolved their loyalty offerings to meet consumers’ changing expectations during the pandemic. As in-store shopping came to a halt and consumers cut back on spending, retailers began to recognize the importance of an omnichannel strategy to enable them to target members with personalized offers and streamline their path to purchase.

Sunday Riley, a skincare brand carried at several beauty retailers, launched a loyalty program in 2020 that rewards members for Facebook-based engagement. Sunday Riley encourages discussion and community among members in a place they’re already frequenting, which fuels convenient and rewarding conversations.

GENERATION ALL Y SPEAKING: GEN Z TRANSFORMS LOYALTY

THE LACEK GROUP
Gen Zers’ loyalty isn’t given easily

Knowing they have a mountain of brands to choose from and a plethora of ways to connect with them, Gen Z is the least loyal generation. Brands are in a tough spot because Gen Zers’ loyalty is difficult to acquire and even more difficult to retain. Most of Gen Z (57%) describe themselves as less loyal to brands than before the pandemic, and nearly three-quarters will shop with another retailer if the product they’re looking for is out of stock.³⁷

In fact, a 2020 report on engaging with every generation showed Gen Z is significantly less engaged with loyalty programs. Nearly half (41%) of Gen Z say they don’t belong to any loyalty programs; that’s almost double the rate of individuals in other generations who say the same (those percentages hover around 21% to 22%).³⁸

However, the bright spot with Gen Z loyalty is that 74% say if they love a brand, they’re loyal to it. They value trustworthiness, transparency, innovation, and data privacy—and 70% say brands can use these attributes to establish meaningful connections with them. Additionally, 60% say that to love a brand, it needs to be altruistic. Younger consumers look for brands that exemplify persevering through tough times, showing compassion, bettering society and humanity, and giving back to the community.³⁹
Convenience is a loyalty driver

Since most things have been available to Gen Z at the click of a button, they’re the least likely generation to want to take the time to build connections with brands. Instead, they gravitate to brands and loyalty programs that offer them a reward or value at the start of their relationship. They cite ease of finding desired merchandise, simplicity of checkout and payment, and ability to view ratings and reviews as key reasons they feel comfortable purchasing from a brand. Additionally, 59% of Gen Zers cite brands’ loyalty programs as a driver for purchasing directly from brands. Most Gen Zers (68%) have bought directly from a brand in the last six months (compared to 58% of millennials, 57% of Gen Xers, and 21% of baby boomers), enabling marketers to collect additional consumer data to tailor offerings for specific segments.42

With their ever-evolving personas, Gen Zers expect a versatile loyalty experience that gives them the freedom to mold their rewards and benefits to best serve their individual needs.41

Gen Z is changing the paradigms for everyone

Gen Zers aren’t just the future; they’re already a tangible force, setting trends for their older counterparts and paving the way for future generations. Interactions that Gen Zers find palatable (e.g., TikTok’s short-form content)—and that align with their values and recognize their individuality—will help brands be seen and heard by this pivotal generation. Furthermore, recognizing each customer as unique and serving them meaningful messages and offers in channels that suit their needs is vital for connecting with Gen Z. They value individuality, open-mindedness, and authenticity, and are looking for companies and products that celebrate—and mirror—these qualities.

SUSTAINABLE PRODUCTS & GEN Z

73% are willing to pay 10% more for sustainable products.

1 in 4

In 2022, one in four Gen Z shoppers will shop online through secondhand websites and apps like Depop and Poshmark; the same number will sell clothes through secondhand channels.

27% are more likely than other generations to shop secondhand.

PANDEMIC EFFECTS

COVID-19 impacts mental health and shifts perceptions of luxury

While COVID-19 changed the world for all of us, Gen Zers report feeling the impact of the pandemic more than their older counterparts. They’re more likely to say the pandemic will propel lasting change in how we work, socialize, manage health, learn, and engage with media, community, and entertainment. Almost all (92%) say they plan to continue with lifestyle changes made during the pandemic.42

Almost half of Gen Z respondents say their schooling, career, and relationship aspirations are tougher as a result of the COVID-19 pandemic. Forty-six percent say the pandemic has made pursuing education and career goals more difficult; that’s an alarming number given that 65% cite education as a very or extremely important factor in shaping their identity. Additionally, their views of friendships and relationships have shifted. Almost half (45%) find maintaining friendships has become more difficult, while 40% say the same for romantic relationships.44

It’s no surprise the pandemic has had a significant effect on a generation currently comprised of adolescents, teens, and young adults. Mental health concerns are growing among Gen Z as they experience isolation, loneliness, and stress in conjunction with economic uncertainty as they prepare to enter the workforce. In fact, on December 7, 2021, U.S. Surgeon General Vivek Murthy issued a public advisory “to highlight the urgent need to address the nation’s youth mental health crisis.” Gen Zers are seeking ways to enhance their well-being despite limited finances. Brands can help through expanded loyalty offerings or partnerships that provide access to health-oriented services, such as the American Express partnership with Calm or Athleta’s digital platform, AthletaWell, which extends mental and physical well-being tips.

Reflecting another change prompted by the pandemic, 70% of Gen Zers are monitoring their spending more closely.45 Their buying is focused on items to elevate their everyday activities, enhance their relationships, and allow them to feel control. They’re swapping the perceived exclusivity and prestige of designer brands for products that convey comfort, functionality, and sustainability. One-third say a product must be practical to be a luxury.46

Additionally, they’re concerned about the impact of their purchases. More than half of Gen Zers report they’re more conscious of the fashion items they buy due to the pandemic. They’re seeking durable, sustainably produced products that fuel self-growth. The top thing they value while shopping is how long the product will last. Almost all (94%) say spending money on things that give them peace of mind contributes to their overall happiness.47

To meet these evolving behaviors, brands need to deliver on Gen Z’s expectations for offerings that are supportive, compassionate, dynamic, and worthwhile. They find joy in pragmatic luxury.
COMPARING GENERATIONS

The Lacek Group conducted proprietary research on loyalty in a global survey of 6,500 people across 13 global markets. The takeaways are eye-opening—including the clear message that consumers expect more personalized, more immersive, and more connected brand experiences. And each generation brings unique and specific expectations to loyalty, influenced by the events and attitudes of the era they emerge into adulthood. That insight can help brands develop customizable loyalty strategies that speak to the generational preferences of their members.

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<tr>
<th>BABY BOOMERS</th>
<th>GEN X</th>
<th>MILLENNIALS</th>
<th>GEN Z</th>
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<td>Traditional loyalty</td>
<td>Inclusive loyalty</td>
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Baby boomers, shaped by the mass advertising and marketing era, value traditional loyalty drivers like rational benefits and are slow to adopt innovations. While Gen Xers experienced the mass advertising and marketing era, they were at the forefront of the dot-com era. This broad exposure is probably why they’re as likely to index for both traditional and newer loyalty components and channels.

Millenials are both ambitious and savvy about tech. They’re also more in control of their digital touch points and open to innovative experiences. However, exposure to the dot-com bubble burst, 9/11, and the 2008 mortgage crisis has honed their attention on the financial benefits of loyalty programs.

Gen Zers, the emerging program acquisition audience, are adventurous and innovative. Less enamored by traditional program benefits and touch points, they’re looking for brands whose values align with theirs, or they ignore brands altogether by spending little and “thrifting” at independent vintage stores and estate sales.


STRAIGHT SUMMARY

As Gen Z’s influence expands and reshapes the consumer landscape, successful brands need to create value propositions and experiences that recognize them as singular, powerful consumers—and align with their digital consumption trends and value-rooted mindsets.

Marketers can’t afford to take a wait-and-see approach; they must be proactive about reaching Generation Z or risk being left behind and forced to play a costly game of catch-up.

**STAND OUT WITH AN EASY-TO-USE LOYALTY PROGRAM FEATURING FAST REWARDS**

Gen Z abandons programs when it takes too long to earn rewards. Programs targeted toward this segment must be easy and convenient to participate in and provide relevant, fun rewards—such as gamified promotions, spend-and-get offers, or experiential opportunities—to keep members engaged.

**HUMANIZE THE BRAND WITH OFFERINGS THAT SUPPORT THEIR NEEDS AND VALUES**

With most of Gen Z enrolled in school, not yet working, or just entering their careers, program mechanics and benefits that lessen the financial blow of shopping resonate for them. The most valuable rewards to Gen Z are free products, discounts, and donations to charities. Loyalty programs can stand out by offering rich value propositions that offer a clear, high-payback reward; incentivizing different methods of engagement to drive cross-channel behavior and gather additional data; and incorporating mechanics or partnerships that support doing good and enable members to feel a sense of altruism.

**REWARD THEM FOR ENGAGEMENT AT EVERY TOUCH POINT**

Whether it’s simply walking into a store, following on social media, or filling out a survey, Gen Z wants each interaction with a brand to be recognized. As financially conscious consumers, Gen Zers are willing to complete nontransactional activities, such as writing reviews, filling out surveys, and playing games to earn rewards from the brands they shop. Marketers can incentivize this behavior with bonus points, discounts, or rewards while collecting valuable zero-party data.

**CREATE OPPORTUNITIES FOR SOCIAL SHARING**

Gen Zers are inspired and influenced by their social network—so brands should encourage advocacy among this cohort and reward them for it. To acquire new customers, gather zero-party data, and inspire user-generated content, brands can encourage Gen Z customers to share their experiences and make referrals by incentivizing them with rich rewards.

**GET SMARTER WITH PERSONALIZATION**

While most of Gen Z distrusts brands, they recognize the value in sharing data to receive higher-quality content and personalization. However, brands are falling behind on personalization efforts (e.g., less than 40% of Gen Z have purchased something recommended to them by a brand, and only 15% think their favorite brand personalizes well). This is a missed opportunity for brands, given that 41% of Gen Zers are willing to provide their data in exchange for personalized experiences.
The Lacek Group has been a leader in customer relationship management and loyalty for more than 25 years. Innovation and evolution are critical to our holistic approach and our clients’ success—which means tracking changing consumer dynamics is a vital and ongoing part of our strategic thinking.
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