

Gen-Z & retail

Leveraging emerging technologies throughout the customer journey

June 2019



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Research goals

Understand **generation Z's** shopping experience, their preferences, emotions and frustrations.

Discover **what drives them to interact with emerging technologies** during these vital moments and how we can accordingly design **spot-on digital experiences.**

Generation Z
Young men and women
from 16 to 22 years.
From several parts of the
world (North America,
Europe and Asia)



Methodology and sample

One-on-one interviews

In-depth one hour interviews to detect and understand the key moments of meaning throughout the retail customer journey. Understand their mental model and uncover the way they make decisions.

9 interviews / 9 users / 60 minutes



📍 Digital Experience Research Centre, NTT Data Living Lab, Barcelona

Co-creation workshop

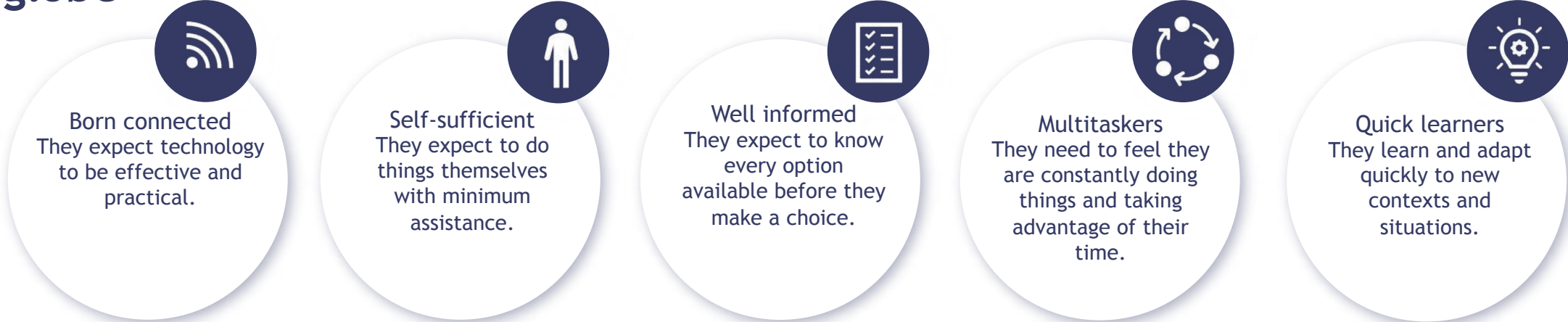
3 hour co-creation session to understand what drives them to interact with emerging technologies in retail and how we can make it tangible. Discover prompts to improve the experience and co-create their browsing, buying and aftersales experience ideals.

1 co-creation workshop / 7 users / 180 minutes



Key takeaways

Even though there are geographical nuances, Gen-Z adapt to their context and have certain characteristics that define them around the globe



Their purchases oscillate between utilitarian and experiential products but they are always looking for emotional experiences



Utilitarian

The value is in the utility of the product itself. For example: technology, clothes and books.



Experiential

Their value is in the experience they offer. For example: trips, concerts and dinners.

While there are different shopping experiences, there are certain ups and downs that apply to all of them



“Our shopping experience changes according to the product acquired”.



“Even though we prefer buying experiences, needs always come first.”



“We plan before shopping in order to be well informed, find the best deal and make the most out of our money.”



“Being inactive while shopping makes us impatient and gives us the feeling of losing our time”

NEEDS



I need a shopping experience with no downtime



I need to plan in advance and be well informed



I need to enjoy a fully experiential shopping process

Gen-Z expect technologies to solve their needs by being effective, smart and invisible



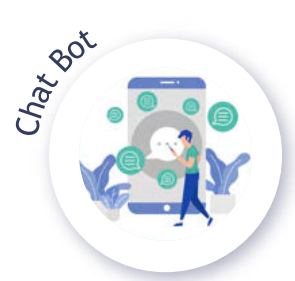
Technology should be **invisible** to users and adapt to their habits without **interfering with their shopping experience.**



Technology should help users and make the experience more **agile and effective.**



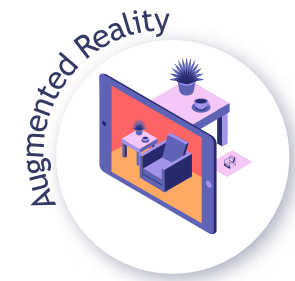
Technology should **compare** a product **between many options** in the market in order to find the best deal.



Technology should **help the user in the process of searching** for information in a **personalized way.**



Technology should look to **enhance the experience in a natural way** and **not replace it.**



Technology should provide **memorable experiences** where the user is always the **protagonist.**

Each technology covers a specific need of Gen-Z

VR and AR should provide enhanced experiences while touch screens and chatbots will enhance decision making and virtual payments, and voice assistants can provide a more effective experience.

	Virtual Payments	Touch Screens	Voice Assistant	Chat Bot	Virtual Reality	Augmented Reality
I need to enjoy a fully experiential shopping process					✓	✓
I need to plan in advance and be well informed		✓		✓		
I need a shopping experience with no downtime	✓		✓			

Getting to know Gen-Z's shopping habits



¿Who are Gen-Z?

Gen-Z is the term that defines the post millennial generation, born around 1997 and 2012. In order to have a general vision of our users, here are a few of their principal characteristics:



Born connected
They expect technology to be seamless, effective and practical.



Self-sufficient
They expect to do things themselves with minimum assistance.



Well informed
They expect to know every option available before they make a choice.



Multitaskers
They need to feel they are constantly doing things and taking advantage of their time.



Quick learners
They learn and adapt quickly to new contexts and situations, and easily get bored.

Gen-Z's shopping habits are mostly consistent between continents, however, they show a few differences.

Gen-Z show globalized, regular shopping habits and preferences across continents. However, the way they approach shopping and the meanings attached to it are context-based.



Gen-Z favor emotional experiences above all, be it while shopping or enjoying the service itself.

There are two general types of purchases. Each have their own emotional experience.



Utilitarian

The value is in the utility of the product itself. For example: technology, clothes and books. These are day to day products which help them stay updated.



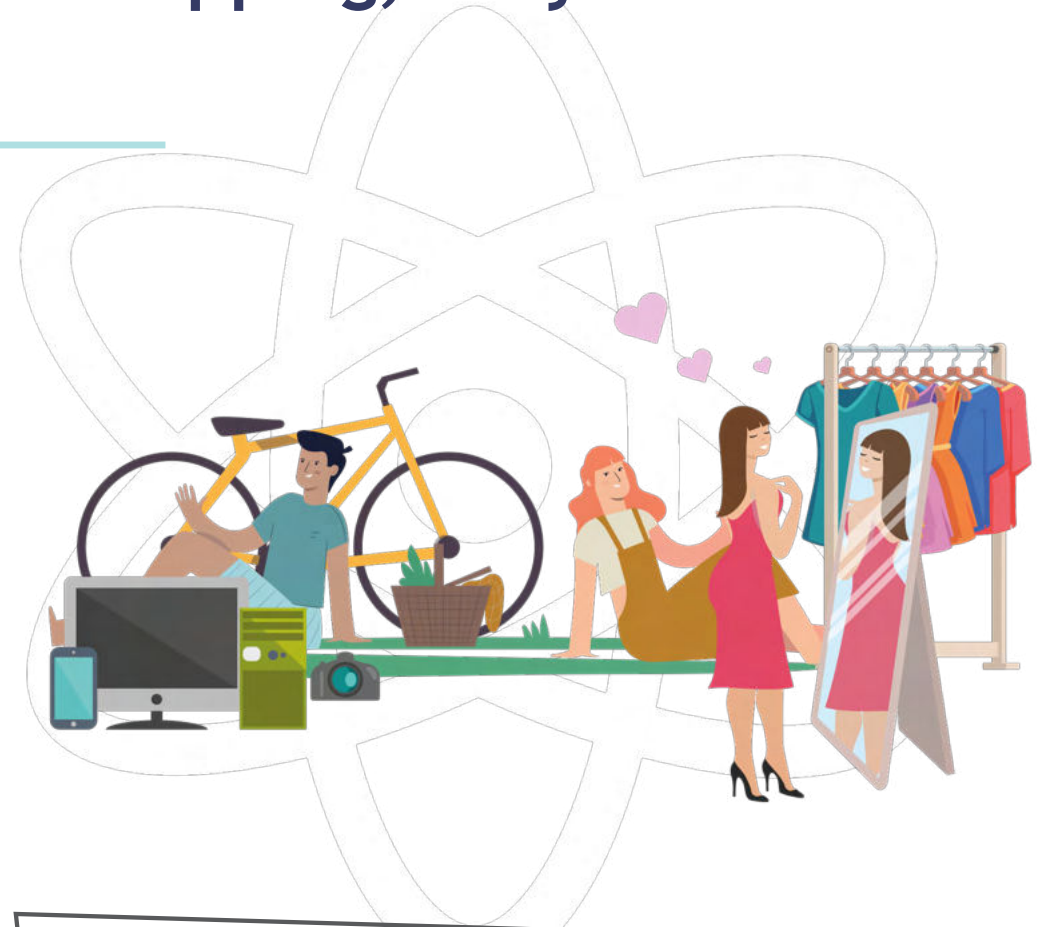
Experiential

Their value is in the experience they offer. For example: trips, concerts and dinners. These bring an emotional experience which can be shared and kept as a memory.

Gen-Z are not keen to second hand shopping, they tend to prefer brand-new products.

They are well aware of second hand shopping apps and stores, however, they relate second hand shopping with **special products** that they cannot find in other places. They like the fact that they are **one of a kind things**, but are not keen to the fact that they have been used by others.

They don't choose second hand shopping unless it can bring them something **differential**.



"I only choose second hand shopping when I don't want to spend a lot of money otherwise I prefer things that no one has used before"



"Last week I bought a jacket at a second hand store, I love it because it is one of a kind I know that none of my friends will have the same."

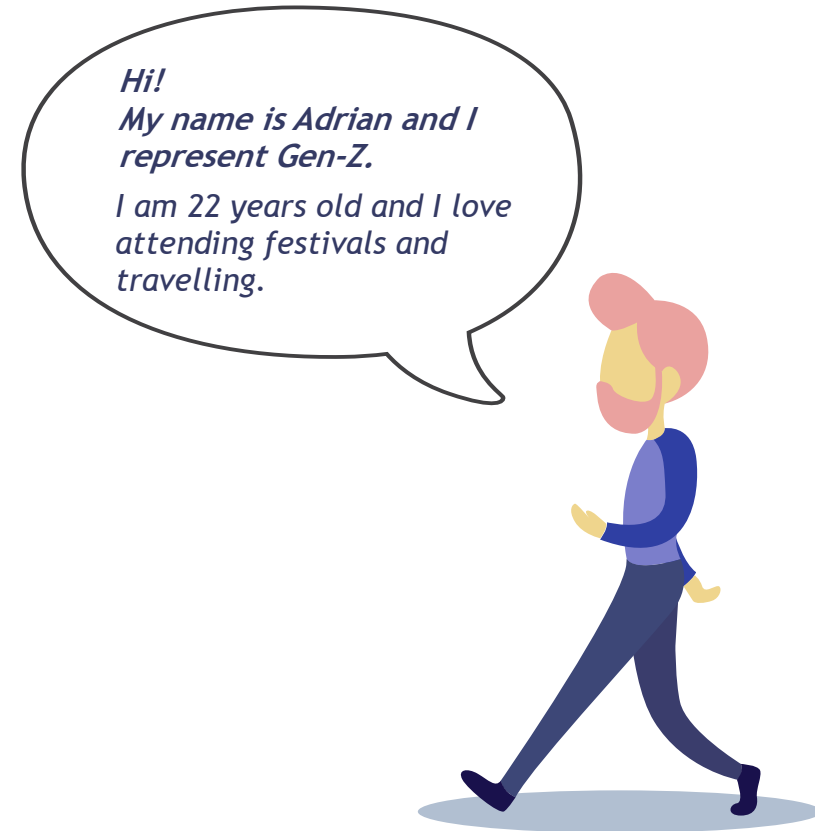


¿What are Gen-Z's ups and downs when shopping?



Meet our protagonists

These are Anna and Adrian, they represent Gen-Z and will guide us throughout their shopping experiences.





“Our shopping experience changes according to the product acquired”

“Trips are what I like buying the most because, in the end, it’s nicer living an actual experience that you can later remember than a physical product.”



“I love going shopping with my friends, it doesn’t matter if I actually buy something or not, I enjoy that moment”



What Gen-Z value the most is living experiences. **The product itself is not so important as long as it leads them to an experience.**



Products like clothes and makeup have their best experience in **the search to find them.**

What Gen-Z value most about **offline shopping for utilitarian products** is the time spent in the search experience both **with or without company**. For many, it doesn't matter if they end up buying or not, they still **enjoy the shopping experience.**



Products like technology have their best experience in **the moment of reception.**

In the case of online shopping for **utilitarian products**, the best moment is when **receiving the product and using it for the first time.**



Products like concerts, events and trips have their best experience in **the moment of use.**

In the case of **experiential products** the moment of enjoyment is in the product itself. They enjoy the product in the moment they are **living it and sharing it with others.**

There are three different types of shopping experience, these depend on the type of product bought and have no correlation with the price.

Products like clothes and makeup have their best experience in the search to find them.



BIO
Anthony is 20 years old, he was born in Canada but currently lives in Barcelona. He shares a flat and studies linguistics. Anthony likes hanging out with his friends and doing sports. He also enjoys going to music festivals and shopping.



PLANNING



After looking into his accounts, Anthony decides to go shopping with his friends. They want variety of brands, products and restaurants so they choose the largest mall.



SEARCH



They find clothes they love and try them on.. Anthony falls in love with a pair of jeans and asks his friends for their opinion. Before buying them he checks with an employee if there are any other similar.

USE



Anthony is very happy about his purchase. He found the perfect pair of jeans and is anxious to wear them.



AFTER

PURCHASE



When Anthony heads to pay for the jeans he realizes there is a long line and gets upset for losing his time while he could be looking for other products. However, since today he is with his friends time goes by faster.



BEFORE

SOCIALIZATION



Anthony gets together with his friends to spend the day in the mall. Once they arrive they have breakfast and chat about their past week and what they would like to buy.


DURING





Products like technology have their best experience in the moment of reception.



BIO
Marc is 22 years old, he is from UK and is currently working in Barcelona. During the day he goes to the office and in the evening he gets together with friends or watches movies on Netflix.

PLANNING 


Marc wants to buy a new phone. He looks into his accounts to see how much he can spend on it.


RESEARCH 


Marc looks for information on his laptop. He spends a lot of time visiting major brands and reading the reviews. He wants to choose the best product, however he feels he loses a lot of time doing this.



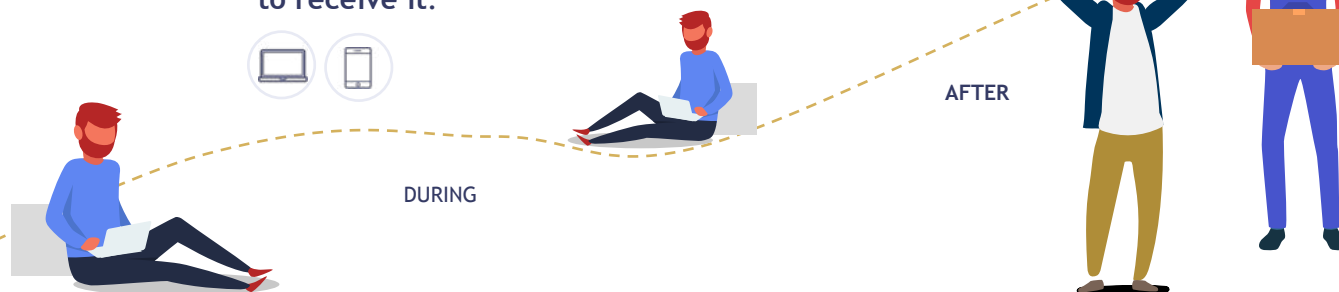
PURCHASE 

Marc buys the phone online in his favorite store because it's familiar and feels safe. He is very anxious to receive it.



RECEPTION 

Marc receives his new phone really quickly and feels very happy about it.



BEFORE

DURING

AFTER

Products like concerts, events and trips have their best experience in the moment of use.



BIO
Jessica is 20 years old, she was born in China and is currently doing an Erasmus in Barcelona. She loves travelling with her friends, experiencing new cultures and places.



PLANNING

Jessica wishes to visit Paris with her friend Monica. They get together to talk about it and decide how they want their trip to go.



RESEARCH

Once they have shared their preferences, they look for flights on the internet. They search many sites and stay alert to flight deals and discounts, to find a good purchase opportunity.

BEFORE



PURCHASE

In the moment of purchase they need to inform themselves on suitcase politics but they have problems finding it.



¡They have found what they wanted! They book the flight and hotel online.




DURING

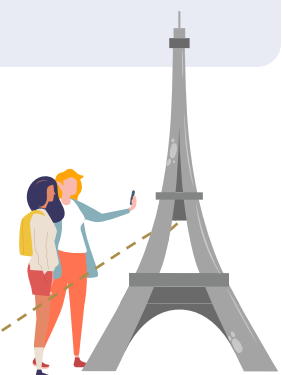
PLANNING

Jessica spends time on travelling blogs to find out what she should visit in Paris. She calls Monica to define the last details of their trip and prepare her suitcase.



USE 

Jessica enjoys travelling, it allows her to face new challenges and culture and most of all she enjoys sharing this experience with her friend Monica.



AFTER




“Even though we prefer buying experiences, needs always come first.”



“I know my priorities, I won't buy something for pleasure if I have another need.”



“I always prefer to spend my money on experiences, but if I have a need, it will always come first”



Gen-Z are very organized when it comes to spending their money. They evaluate their economical situation and take conscious decisions before shopping based on their priorities and rarely put a whim over a need.

Experiential shopping is usually the preferred even though utilitarian shopping is more common.

Gen-Z describe utilitarian products as **ephemeral** and with **no sentimental value**. They prefer spending their money on experiences because it is a moment that **they live, share and treasure as a memory**. However, since **they are economically conscious and value their money**, if they have a utilitarian need it will come first.

Gen-Z are not willing to take economical risks in order to fulfill their wishes.





“We plan before shopping in order to be well informed and make the most out of our money.”

“I like to search on the internet before going shopping. I put things in my online cart but then I go to the store to buy.”



“We like to feel we’ve made the best deal possible”



Gen-Z plan before shopping in order to find better prices, comfort and conditions. They need to be well informed and have a global view of all the options available in the market.

Most Gen-Z prefer to do this **research online**. On the internet, they have more **product diversity** and options. All the needed information is at hand. They tend to **compare products** that have similar characteristics **on different sites** in order to find the **best deal**. They pay attention to **reviews** which they trust. They don't want to miss any **good opportunities**.

In the case of physical stores they value **well informed employees** who can help them in this search and give them options and advice.

Gen-Z not only plan what they are going to buy but also when, where and with whom. They plan the whole shopping experience to get the most out of it.





“Being inactive while shopping makes us impatient and gives us the feeling of losing our time”

“At a disco queues don't bother me as I am with my friends, however, if I am alone in a store I feel I am wasting my time.”



“I like things that makes me feel like I am taking advantage of my time. That is why sometimes I prefer to buy online.”



Being inactive causes Gen-Z impatience and this is directly related with the feeling of losing time.

Gen-Z like to be constantly doing things as it makes them feel **active and taking advantage of their time**. Queuing with friends doesn't feel as bad as if they are alone because they are spending time with someone. **When active, time is not a problem**, it becomes an issue when inactivity strikes.

In the case of online shopping they feel they are making **good use of their time**. They **don't mind waiting** a few days for the product to arrive as they don't feel it is lost time, they can do other things while they wait for it. It might make them anxious to wait, however, they won't feel like they are **wasting their time**.

Gen-Z need to be **entertained** throughout the whole shopping experience. **If the experience is positive and active, they don't mind spending time on it.**



Experience, planning and efficiency trigger Gen-Z's shopping experience



I need to enjoy a fully experiential shopping process



I need to plan in advance and be well informed



I need a shopping experience with no downtime

¿How do Gen-Z relate to emerging technologies in retail?

“We don’t expect surprises from technology, we just want it to be practical and invisible.”



Gen-Z were born with technology but don't have much knowledge of the current uses of it in retail

Technology it is a natural part of their every day life. Because of this, it does not surprise them. However they do expect it to make their life easier by being efficient, useful and intelligent.



COMPUTER

They usually prefer their laptop when completing a purchase online as they can see it more clearly. Also, they feel it is a safer choice, even though they can't say why.



PHONE

They prefer the phone when they are looking for articles to buy because they always have it at hand and can take advantage of time that would be lost for example in public transport.

Gen-Z expect technology to solve problems in a very concrete and effective way without bringing negative consequences. They don't want it to interfere with their experience.

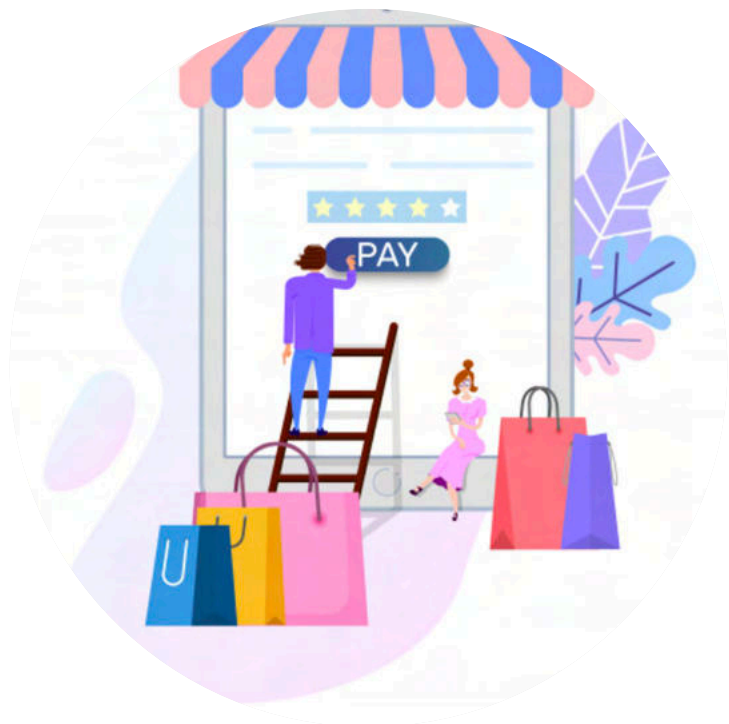
Gen-Z are very critical of current technologies used in retail

We mapped out the most prominent technologies in retail and evaluated them according to how fit they see them to enhance their shopping experience.



1. Virtual Payments ★★★★★

Virtual Payments allow users to purchase avoiding the usual payment process. When entering a store, the person identifies themselves using a QR on their phone, then they grab what they need and just walk out. The payment is made directly into their bank account.



Gen-Z 's point of view

This was their favorite technology. Users mentioned that it **eliminated the sensation of losing time caused by being inactive** when waiting in line to pay. It makes the process **faster and easier**. They also liked the fact that it seemed like a simple solution that **wouldn't take away the experience**.

"I like that you don't need to have your wallet on you, you can take minimum things with you, and also, avoid being robbed. Comfort and security."



"It is easy to use for everyone, even older people who are not comfortable with technology, that's very good"



1. Virtual Payments ★★★★★

Drivers

- Take advantage of time
- Self-sufficiency
- Non dependent, individual process
- Follows a natural process
- Non artificial solution



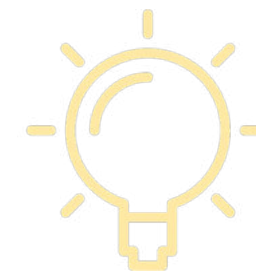
Stoppers

- Access to personalized information
- Potential safety breach



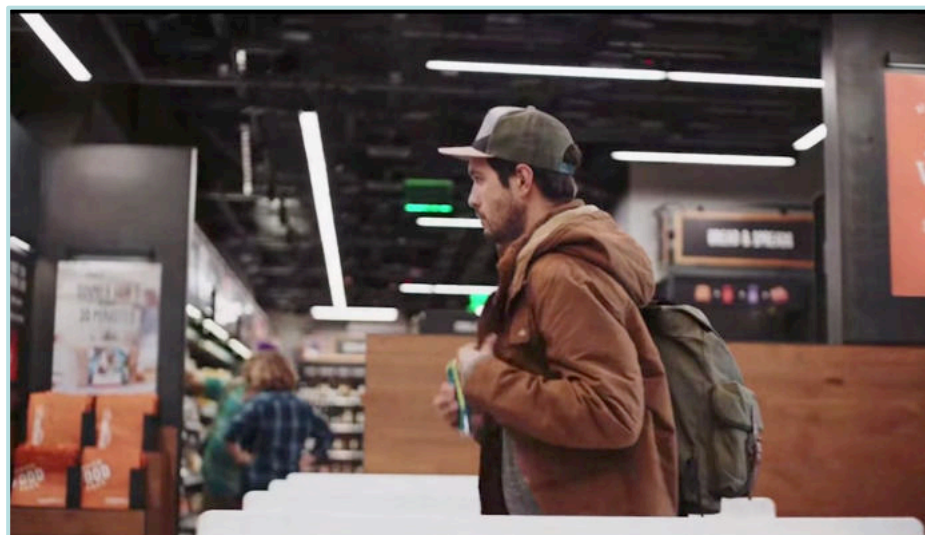
How to leverage it

Gen-Z value **invisibility** because it provides the naturality they are used to. Technology implementations should be “invisible” to users and should adapt to their habits and **not interfere with their shopping experience.**



Specific information should always be available to users. There should always be a solution at hand.

<https://www.youtube.com/watch?v=NrmMk1Myrxc>



AmazonGo

Scan, choose products and just go. Amazon Go achieves invisibility by introducing virtual payments that don't interfere with the shopping experience.

2. Touch screens ★★★★★☆

Touch screens in stores help users request products and specific information. It allows them to easily have a global view of all the products available and filter them according to their requirements.



Gen-Z's point of view

They like that this technology provides an **easy and quick access to products and information**. It also provides a **new communication channel** with the store. However they don't see how this could fit in current stores. For example, in the case of touch screens in fitting rooms they believe it would create longer queues.

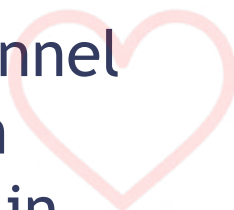
"I like this technology because it quickly lets you know if the size is available.."

"I like it, but it would create longer waiting lines, and that wouldn't be good."

2. Touch screens ★★★★★☆

Drivers

- New communication channel
- Agility in communication
- Effectiveness and speed in the process
- Personalized assistance



Stoppers

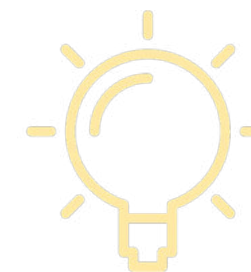
- Hard to fit into their current shopping experience
- Might make the experience longer
- Extra step in the process



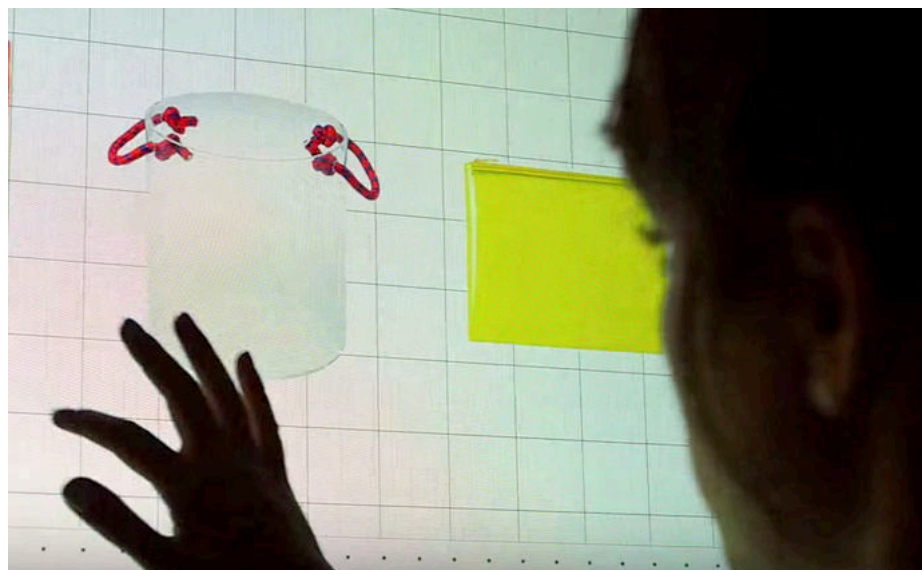
How to leverage it

The technology should help the user and make the experience more **agile and effective**.

Users should **easily understand** how to interact with it and how this can help them in their shopping experience. The communication should always be **fluid and at hand**.



<https://www.youtube.com/watch?v=db1AHiZ90nw>



Kate Spade 24hrs

Touch screen outside the store helps optimize the experience without interfering inside. Users can see all products available and choose sizes and colors directly. It gives them personalized 24hrs assistance and fastens the process.

3. Voice Assistant ★★★★★

Voice assistants allow you to vocally perform a quick purchase while doing other things and receive it at home.



Gen-Z's point of view

They see this technology fit for **recurrent purchases** but **not for researching for new products**. Gen-Z need to be well informed about all the products available in the market to make sure they are buying the best deal. However, they feel the voice assistant doesn't provide them with a global vision of all the product - the user doesn't know if it is analyzing all the webs available to make the best choice.

"It would be good if you could link it to search in your favorite webs."

"I don't like it because I don't know if it is offering me the best deal."

3. Voice Assistant ★★★★☆☆

Drivers

- Instant accessibility to place an order
- Possibility to multitask
- Blends naturally with their day to day activities



Stoppers

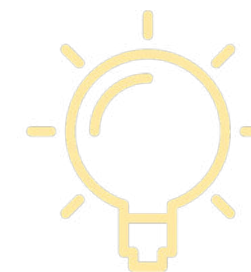
- Lack of specific information on purchases
- Biased information.
- Ignorance about the technology's possibilities.



How to leverage it

It is important that for new purchases the information provided by the technology should give the user the **feeling of visualizing the product**.

The assistant should be able to **compare a product between many options** in the market in order to find the best deal. The user should be aware of this action.

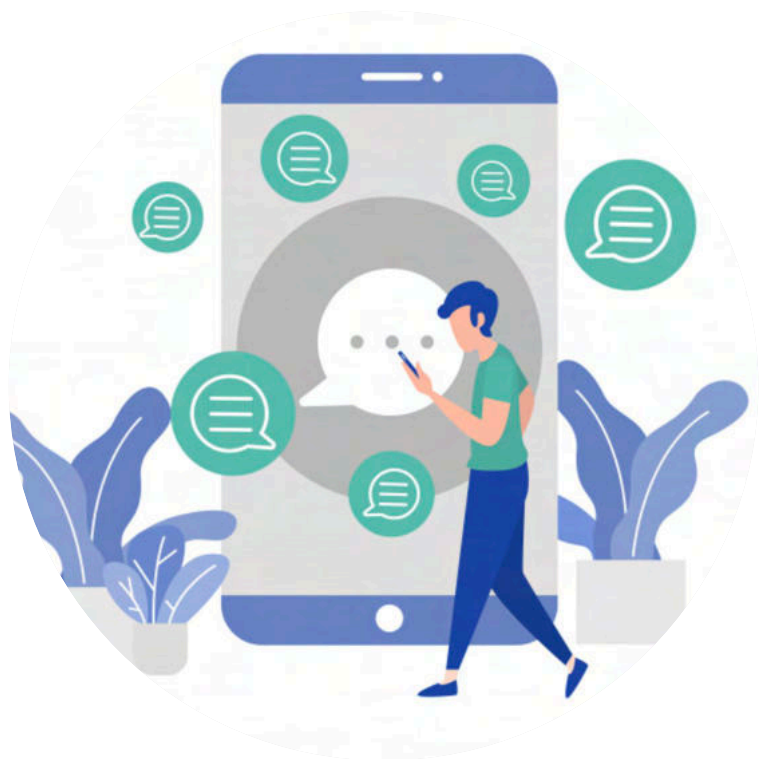


Amazon Alexa

Amazon Alexa is customizable and gets smarter with time. It can give you a lot of information on a product but should emphasize on comparing products on different sites.

4. Chatbot ★★☆☆☆☆

Chatbots allow users to have a conversation with a bot and access specific information. By chatting with the assistant they can get a personalized assistance that fits their needs.



Gen-Z's point of view

They see it fit when looking for **specific information** on a certain item. They also like the **personalized attention**, however, they believe it **seems artificial** and they might prefer human connection.

"If I have a personal shopper I would prefer a real human interaction."

"I like being able to make a personalized shopping list"

4. Chatbot ★★☆☆☆☆

Drivers

- Personalized information
- Speed and effectiveness in finding information



Stoppers

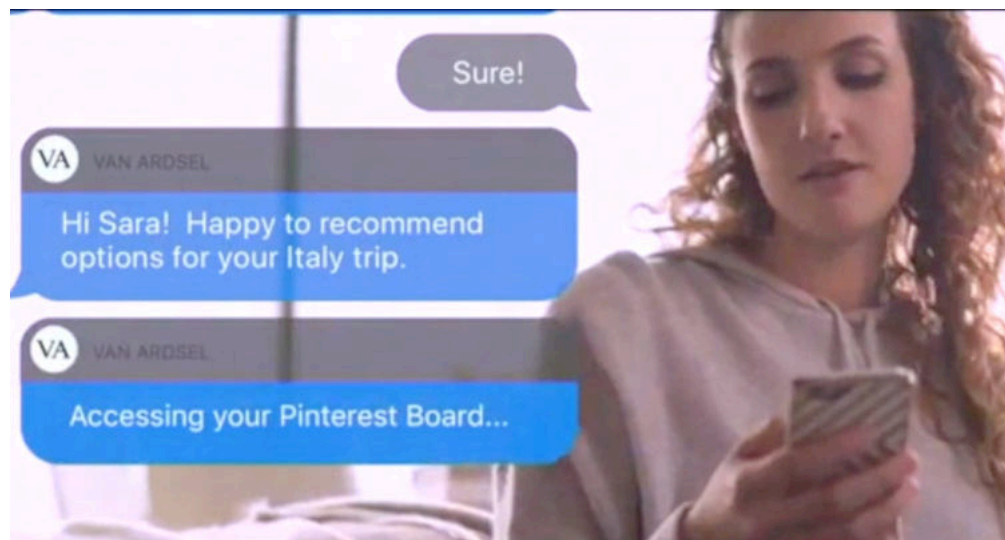
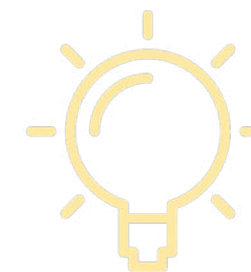
- Obvious artificial bot that tries to substitute a human connection.



How to leverage it

Enhance the **informative** nature of this technology **without neglecting human connection**.

Combine it in a way that it **helps in the process of searching** for information but doesn't change the in-store shopping experience.



Cortana chat bot

Chat and find personalized information and advice. Then go to the store and have the selected items prepared for you to try on. This chatbot helps in the searching process but doesn't take away the store experience.

5. Virtual reality ★★☆☆☆☆

Virtual reality technology allows users to shop using a VA helmet. The technology provides the experience of being in a different place by having a real life 360 image.



Gen-Z's point of view

They don't see the point of having to use a new device to do something you can achieve while in-store or purchasing online. It doesn't make sense to them.

"I don't get it, I can do exactly the same online, what is the value of this technology?"



"I don't see the point of this technology, using a helmet at home? Either I go to the market or I shop online, this is too much."



5. Virtual reality ★★☆☆☆☆

Drivers

- Comfort while shopping
- Getting to see the product



Stoppers

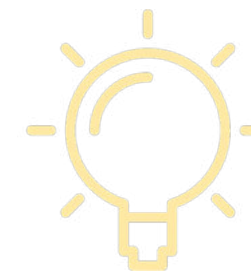
- Artificial experience
- Adds complexity to the process
- Losing time when you can do it faster online



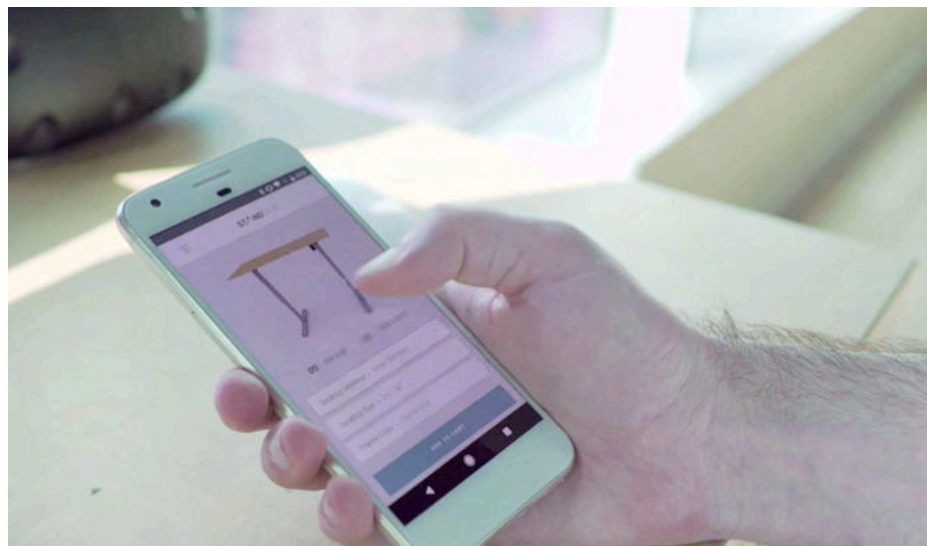
How to leverage it

Keep technology **solutions natural**, Gen Z don't like artificial solutions as they don't understand the value they bring.

The solution should look to **enhance the experience and not replace it.**



<https://www.youtube.com/watch?v=5qIPeZZSfAE>



Shopify VR

In this case the goal of VR is to be able to get a better view of products when shopping online. The shopping experience is the same and the VR is optional to enhance the experience and solve the non visibility of online products. You can also get a 3D look online.

6. Augmented reality ★☆☆☆☆

Augmented reality provides the user the possibility to see the products in real time by blending an image of it in their real context.



Gen-Z's point of view

They don't see the point of this in a store where you can actually try on clothes, **they prefer to see reality**. Also, it's important for them to keep their **privacy**, they don't like to be observed by others while doing this, they would feel exposed.

"I wouldn't use it, maybe just to play dumb and have fun with my friends but I would actually try on the clothes before buying."



"I think this would be more interesting online. I would like to try it, but it would probably make me spend more money".



6. Augmented reality ★☆☆☆☆

Drivers

- Provides an in-context image of the product
- Generates a fun experience



Stoppers

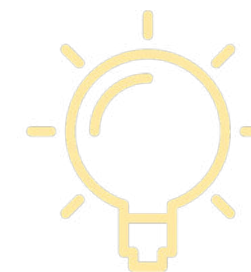
- Lengthens the process
- The image is far away from reality
- Privacy concerns when used in public



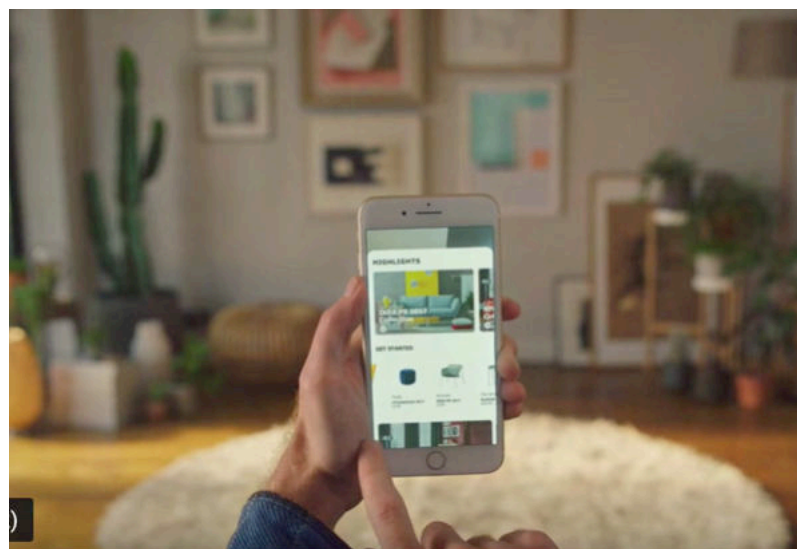
How to leverage it

Analyze and understand the **type of product and its context** of sale in order to find the actual **value of implementing** this technology.

Enhance the **memorable** characteristic of this technology, users should always be the **protagonists** of the experience.



<https://www.youtube.com/watch?v=vDNzTasuYEw>



Ikea AR

An augmented reality app that let's you see how Ikea's furniture would look in your home. You can do it from the privacy of your house and decide if you like how the product looks before buying it.

Each technology covers a specific need of Gen-Z

VR and AR should provide enhanced experiences while touch screens and chatbots will enhance decision making and virtual payments, and voice assistants can provide a more effective experience.

	Virtual Payments	Touch Screens	Voice Assistant	Chat Bot	Virtual Reality	Augmented Reality
I need to enjoy a fully experiential shopping process					✓	✓
I need to plan in advance and be well informed		✓		✓		
I need a shopping experience with no downtime	✓		✓			

“Nothing is a waste of time if you use the experience wisely.”

Auguste Rodin

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