

GEN Z

and the future
of ecommerce



Retail as we know it is changing - and it's very much in the hands of Gen Z

Why? For one, they're now financially independent.

But Gen Z aren't just big spenders - they're big trendsetters, too. Within this report, you'll find four key ecommerce trends to be aware of for 2022 and beyond.

Taken from a [Student Beans survey](#) of our global Gen Z students, and using expert opinions and student perspectives, Student Beans has identified the key themes to look out for and implement within your strategy.

UK

\$12.7 Billion

Spent by Gen Z university students per year

US

\$303 Billion

Spent by Gen Z college students per year

AUSTRALIA

\$19.5 Billion

Spent by Gen Z university students per year



Methodology

The research for this report consisted of three parts:



Student
interviews



Student
surveys



Expert
contributions

The surveys were written and built by our Student Beans insights team, and distributed to our student users. Primarily, data within this report is from a survey in October 2021. When this is not the case, we have indicated it next to the stats.

We separated the samples based on territory, and have drawn on insights from the US and UK for this report to portray the variations in demographic. All UK participants were enrolled in sixth-form or university. All US participants were enrolled in high school or college.

We supplemented this quantitative data with qualitative insights from our student insiders. With thanks to Lucia and Taylor, two students who participated in our panel discussions between September and October 2021, who are quoted within this report. With thanks to Danny Denhard and Jono Brech for their expert contributions.



About

Student Beans creates lasting relationships between Gen Z and brands. Our suite of solutions help brands to find, attract, engage and convert verified students. And that's just the start. Our extensive network of global media touchpoints, along with our conversion optimization tools, drive repeat purchases, building the habits that turn Gen Z into your lifelong customers.

Our conversion optimization tool

Reduce basket abandonment, optimize conversion rates, and ensure that every one of your discounted purchases comes from a fully verified student.



Our Gen Z database

Leverage our global Gen Z database to retarget more efficiently, earning loyalty from this crucial demographic that lasts way beyond their student years.



Our Gen Z media suite

Make use of our Gen Z-centric media suite to speak to them wherever and however they browse.



Our global publisher network

Once your student discount program is live, we'll place it in front of the audiences that work for you.



**Visit the Future of
Ecommerce website**

www.studentbeans.com/future-of-ecommerce

TREND 1

Buy now, Pay later



Ask any Gen Z student where and how they shop, and somewhere within their answer they're likely to say "online". Indeed, a quarter of UK students say they browse online stores every single day - just 4% say they don't shop online.

“ I like the ease of Klarna payments. [I like to] try before you buy, and I like ordering things in multiple different sizes to make sure it fits rather than going to a shop, getting home and realising it doesn't fit, then having to take it back - online sort of cuts out all the drama. ”

Lucia, 21 years old,
United Kingdom

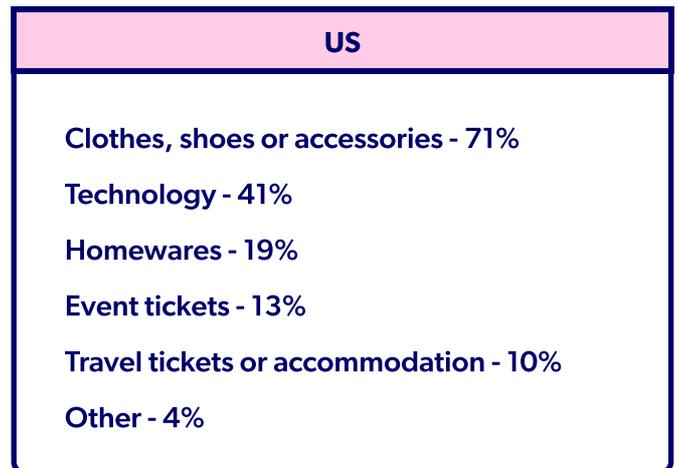
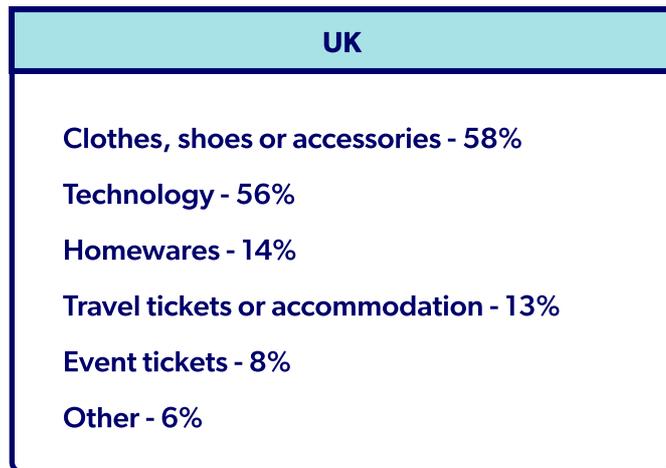


“ Buy Now, Pay Later (BNPL) will continue to spike in usage and unfortunately see many become reliant on this line of credit. ”

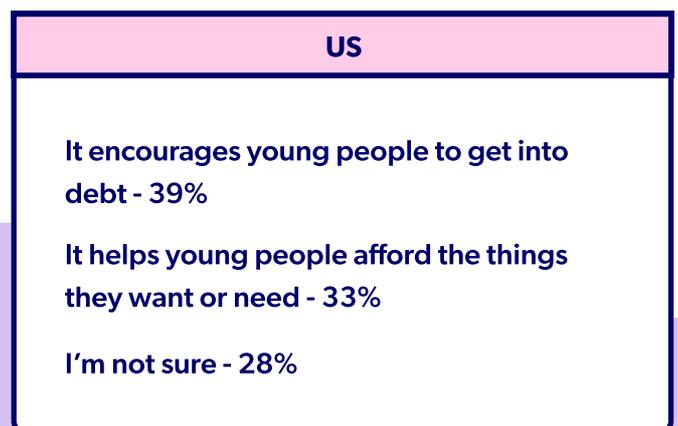
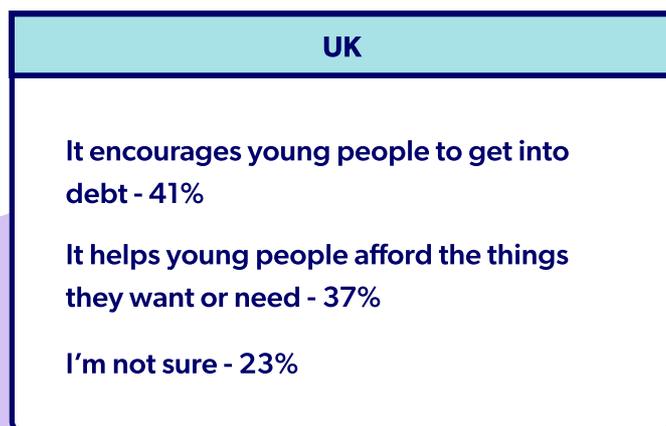
Danny Denhard,
Founder, Focus



Which of these items have you used a 'Buy Now, Pay Later' option to purchase?



What are your thoughts on 'Buy Now, Pay Later' services being targeted to young people?*



Having lots of ways to browse is nothing new to Gen Z. But having that same flexibility in how - and when - they pay for purchases is a relatively new phenomenon.



*Source: Student Beans user survey October 2021

Thanks to a sudden influx of Buy Now, Pay Later fintech companies, young people now have the option to pay for pretty much anything they like in instalments. There are prompts at the payment stage for a wide variety of ecommerce brands. As such, 21% of UK-based Gen Z students have used a Buy Now, Pay Later service. This rises to 30% in the US - where, incidentally, student debt is more catastrophic.

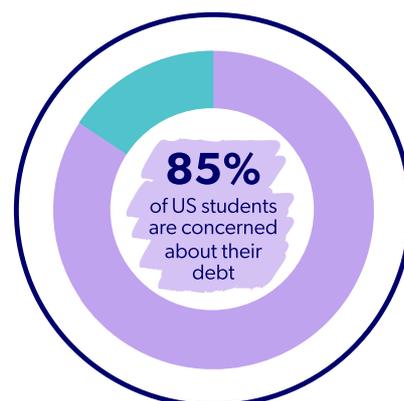
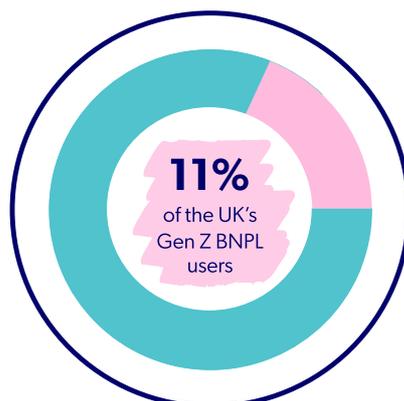
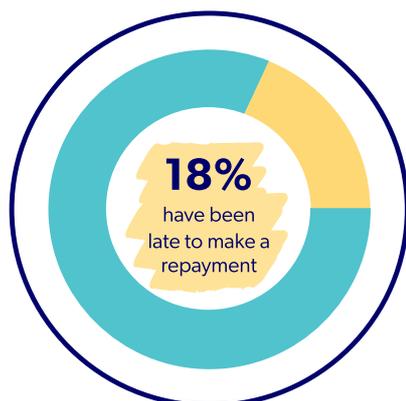
I like the ease of Klarna payments.

Lucia - Gen Z graduate from the UK

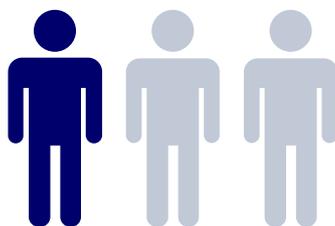
Of course, many students view BNPL as a seamless convenience - something that gives them flexibility and enhances their shopping experience. "I like the ease of Klarna payments", says Lucia - a Gen Z graduate from the UK. "[I like to] try before I buy, and I like ordering things in multiple different sizes to make sure it fits rather than going to a shop, getting home and realising it doesn't fit, then having to take it back - online sort of cuts out all the drama." Indeed, 28% of UK Gen Zs have made a purchase on Black Friday that they ended up returning - with fashion being their most-returned vertical.

Gen Z students are largely in agreement with Lucia - they're more likely to use BNPL for fashion than for any other vertical, although technology comes in at a close second. This in itself gives BNPL massive scope within the ecommerce space. Students could be paying in instalments as low as £5 for a new jacket, or in the regions of £100 for a laptop. For fashion brands trying to thrive in an increasingly competitive environment, BNPL is another attractive way to create the facade of affordability.

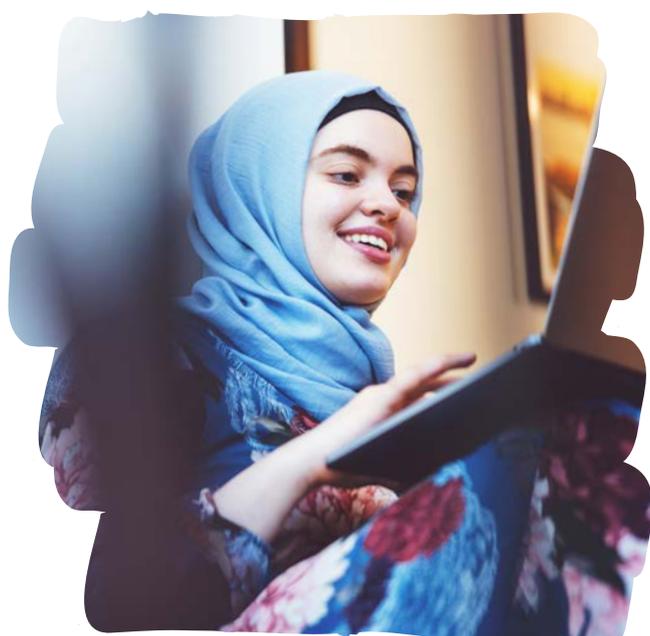
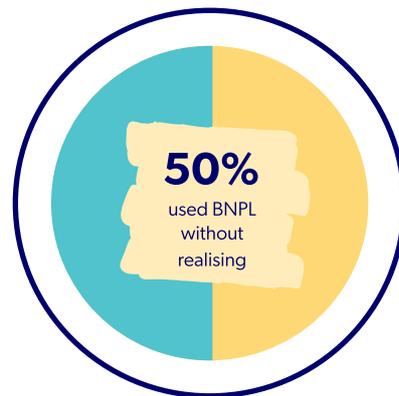
The issue? Gen Zs using BNPL can't always afford to pay later. Out of the 30% of US students who have used a BNPL service, 18% have been late to make a repayment - as have 11% of the UK's Gen Z BNPL users. It's worrying to think of any student dipping into debt - but in the US, where the student debt crisis is a concern for 85% of students, this is even more true.



In the UK, there's a similarly worrying situation.
New research from Citizens Advice shows:



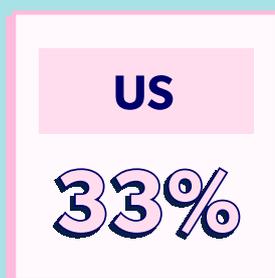
One in three
went on to regret it



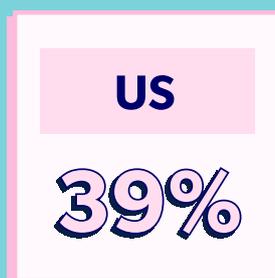
On one hand, BNPL brings flexibility. But on the other, it doesn't look like debt - making it easy for young people to stumble into. BNPL is marketed with similar aesthetics to challenger beauty brands, and ad campaigns slot seamlessly into the platforms that Gen Z are native to - Instagram, for example. And once a student moves further down the funnel, BNPL is as ubiquitous at the checkout as the security padlock.

For BNPL to work for Gen Z students, it needs to be made clearer what they're getting themselves into. [We describe Gen Z students as financially savvy](#) - while this is true in that they have a healthy appetite for deals and discounts, it could be that they aren't as sure about the finer financial details. 41% of US Gen Zs would describe themselves as 'confident' at managing their finances - that leaves 59% who feel that they're navigating the unknown.

When we asked Gen Z students what they thought about BNPL being targeted towards them



Said it helps young people to afford the things they want or need.



Said it encourages young people to get into debt.

However, the picture looked very different when looking at BNPL users in isolation. 67% of US BNPL users and 60% of UK BNPL users said that it helps young people afford things they want or need. Young people who had used BNPL services were, on balance, less concerned about getting into debt.

Overall, debt means very different things to students, depending on who you ask.

UK

While also saddled with debt, have more regulation.

US

US students are grappling with a vast unregulated loan crisis.

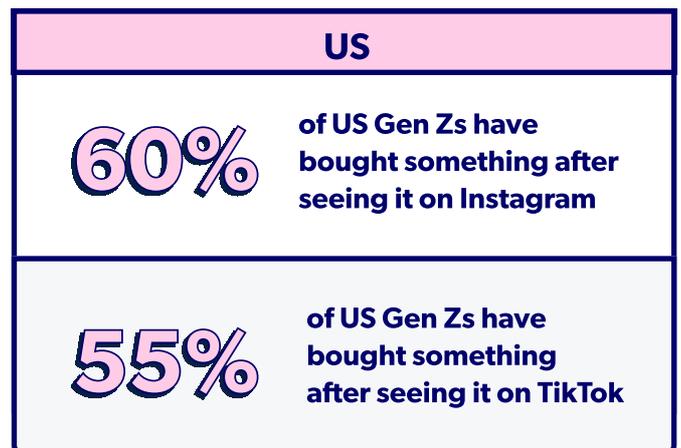
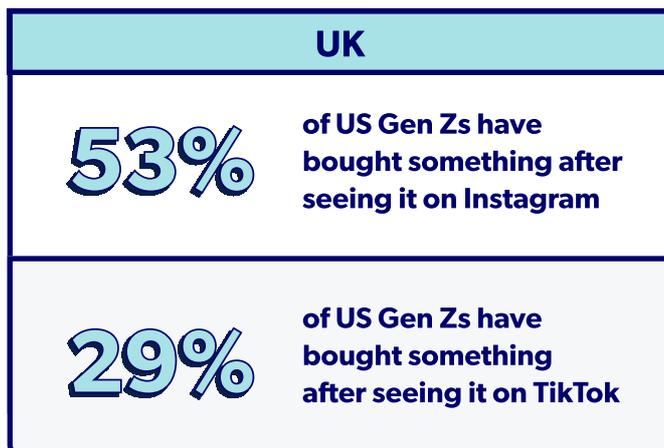


BNPL's future in ecommerce

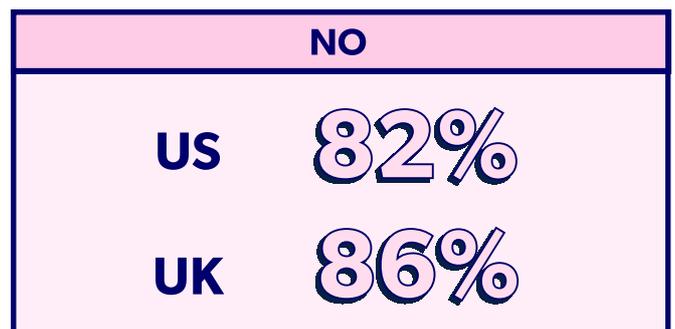
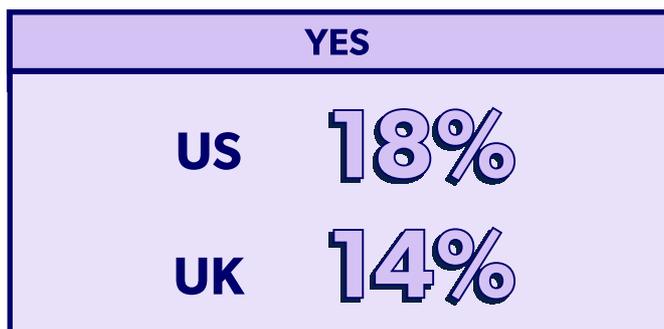
If BNPL does have a future in e-commerce it will need to be regulated. All facets of digital life - from influencers and dating sites to social media and online shops - have sprung up at a rapid pace, only to attract scrutiny. Buy Now, Pay Later arguably has its place - but it has to help Gen Z, not hinder them.

TREND 2

Buying: The rise of social commerce



Have you ever watched a livestream shopping event?



Singles day in China

Three weeks before Singles' Day 2021 - China's biggest shopping event - one man sold \$1.7bn worth of products. He isn't the CEO of a brand. He is Austin Li Jiaqi - also known as the Lipstick King. He's part of an e-commerce phenomenon - one that merges technology, shopping and celebrity.

In many ways, China is streets ahead of the rest of the world when it comes to innovative ecommerce; 45% of all of its purchases were made online in 2020. Li Jiaqi is a driving force in this culture of online shopping; he spends hours showcasing beauty products (hence the Lipstick King moniker) and selling to his millions of followers in real-time.

The closest the western world comes to this are influencer-hosted Instagram lives, or TV shopping channels. Neither format has distilled the boundary between entertainment and shopping quite like China's livestreamers. We have to look at the entire user journey to understand why.

In China, social media platforms are better optimized for livestreams. Doyun - the Chinese version of TikTok - allows users to make purchases within as little as three taps. Social platform WeChat has multiple sub-apps just for shopping, and mobile payments are highly popular - shopping giant Alibaba has its own mobile payment service, AliPay.

In the realm of social commerce, China is decades ahead - but with Gen Z fuelling purchases the world over, western territories are set to follow.

// We will move into 'live' shoppable video; shoppable feeds and live buy-a-longs. This will appear across all of the major platforms. Influencers will inject personality into this format, as they take the role of presenters encouraging the audience to shop along. //

Danny Denhard,
Marketing Coach





Expert perspective:
Jonno Brech, CEO of
Audiens

COVID-19 created havoc on the high street. But instead of shutting shop, small brands and local artisans pivoted to operate online-only stores. Artisans and entrepreneurs who previously counted a single neighbourhood as their market suddenly went global. In 2020, the number of UK Shopify merchants doubled, creating \$22bn in economic activity and 112,780 jobs (that's more than people living in the US Virgin Islands!).

But more interestingly, these artisans brought with them authentic brands with ethical credentials, which are a must-have for Gen Z consumers.

2022 will continue to see the "rise of the online artisans" and they will pull in increasingly more of Gen Z's ecommerce spend. The big brands' lack of personality and ethical credentials will show a stark contrast versus the artisans' sense of purpose and warmth towards their customers.

Social Storefronts

China has dedicated livestream platforms...

China has dedicated livestream platforms that have gone mainstream. The UK and US have Instagram - and more recently TikTok. 60% of US Gen Zs have bought something they've seen on Instagram, and 55% say the same for TikTok. At present, neither platform has the capacity to host a 12-hour shopathon. But that hasn't stopped 18% of US Gen Zs and 14% of UK Gen Zs from watching a livestream shopping event.

Gen Z are native to TikTok and Instagram...

Gen Z are native to TikTok and Instagram - so it's not surprising that they are closely entwined with their shopping habits. Perhaps more surprising? One in four Gen Zs have purchased something from Facebook Marketplace.

Facebook was quick to pioneer regulated peer-to-peer sales ...

Facebook was quick to pioneer regulated peer-to-peer sales via its platform back in 2015. Two years later, it rolled out the Instagram Shops function. Both, it seems, have been championed by Gen Z ever since.

Arguably, both decisions were made off the back of demand from existing communities on those two platforms - before the infrastructure existed, Facebook had buy-sell-swap groups and local communities, while Instagram had influencers entering brand partnerships with fashion brands.

As shopping and social media become ever more entwined..

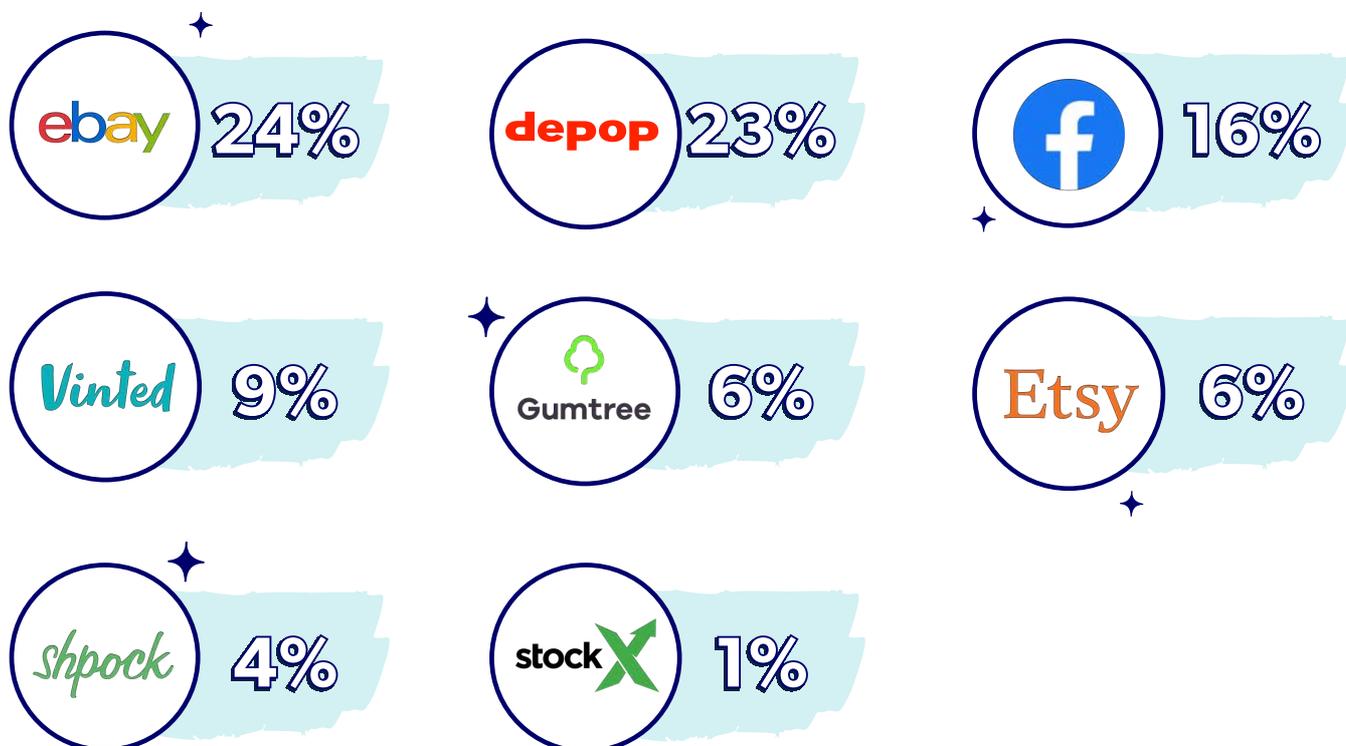
As shopping and social media become ever more entwined, the demand for more structure around social selling will continue to grow. TikTok is a prime example: from CleanTok (for those obsessed with cleaning) to FitCheck (a trend where people show off their outfit of the day), target audiences are already self-organizing into groups online - all they need now is a "buy" button.

TREND 3

Selling: hustle culture/ recommerce



Have you ever sold anything on the following websites or apps?



49% chose none of the above and 2% chose other (please specify) Sample answers: Vestaire, Grailed, Poshmark, ASOS Marketplace, Amazon. In total, 51% of students sold something online.

One of my friends makes custom clothes. She has been doing the whole kind of y2k aesthetic of the bedazzled crop tops and things like that for like a while, and now that's coming back. Another friend of mine, she has a jewelry line - she's bringing back the really chunky jewellery and just bedazzled everything with rhinestones.

Taylor, 22, US Student



Authenticity

Gen Zs are marketing experts. They've been portraying themselves online since they were 13 years old (some even earlier, if we're being honest). They've built up their own online personas. They're better at marketing than some marketers.

So it stands to reason that, sooner or later, they were going to start selling.

Over half of Gen Zs have sold something online - Ebay and Depop are battling it out for their most preferred platform (24% have sold on eBay, 23% via Depop). At present, Gen Zs who identify as male are more likely to sell online - 55% of males vs 49% of those who identify as female and 35% of non-binary respondents.

The Reason

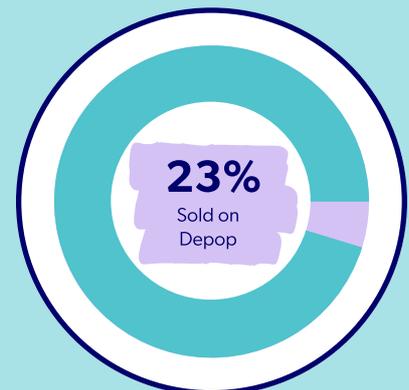
We often talk about Gen Z's love of authenticity. They see straight through tick-box marketing efforts like rainbow washing and greenwashing.

They have little to no time for brands who try and fail to speak their language. And they've long since turned their backs on aspirational super-celebrity influencers.

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Ebay and Depop are battling it out for their most preferred platform.

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Combatting throwaway culture

Sustainability underpins a lot of Gen Zs' reasoning for recommerce. 95% of UK Gen Zs and 93% of US Gen Zs want brands to do more to combat climate change and sustainability. As greenwashing runs rife across the world, Gen Zs are taking matters into their own hands. Apps like Depop empower them to give their clothes, shoes and accessories a second - or third or fourth - lifespan.



TikTok has been an unlikely resource for young people tapping into recommerce. From small business owners documenting their packaging processes, to trend forecasters shedding insight on why the trend life cycle is so hypercharged, it's a place to get educated and celebrate small businesses.

This goes some way to explaining why Gen Zs are starting their own online side hustles and ecommerce brands - but not the full way. Their interest in reviving fashion eras from their childhoods taps into their nostalgia - reselling Y2K fashion or 90's restructured clothing is a way to tap into a cultural moment with their peers.



Social Selling

It's easier than ever for a Gen Z student to start a small business. All they need is a social media profile, some marketing flair, and something to sell. In the US, 12% have bought from someone on Facebook. 10% of Gen Zs have bought something from an individual on TikTok or Instagram. In the UK, the more popular platforms are TikTok and Facebook - where 14% have bought from individuals. In all of these cases, the buyer bought from an individual in their network rather than a brand.

This sort of recommerce not only creates another user journey - it also points to a different way of life. Just 7% of Gen Zs would describe themselves as having an "online business" - but 43% want to. Young people see reselling and recommerce as a valid way to make money and explore their creativity - they're inserting themselves into the ecommerce narrative - which means the life cycles of your products are only getting longer.

Brand example: Vans

At first, it's easy to see recommerce and ecommerce as direct competitors. But a huge part of being a Gen Z-centric brand is recognising the resell potential of your products. When it came to this, Vans understood the assignment, becoming one of the first brands to collaborate directly with Depop. Four Depop users and creators put their unique stamp on the traditional Vans shoes, creating four limited-edition products sold via Depop and Foot Locker. It was a product launch that paid homage to Gen Z's creative spirit, while maintaining the exclusivity that young consumers love. In our Youth Brand Affinity Tracker, Vans has remained in the top three Sport and Athleisure brands for the past three quarters. 89% of Gen Z students recognise the Vans brand, and 38% plan to buy a pair of Vans in the next three months.

TREND 4

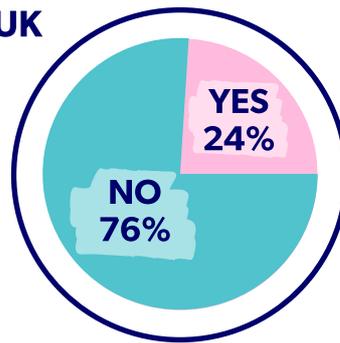
The mall experience digitized



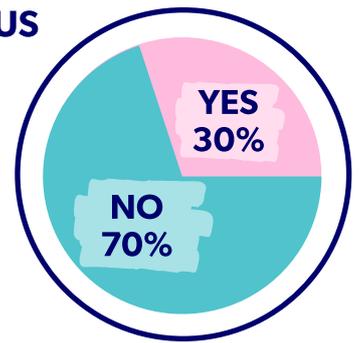
Have you ever used Augmented Reality to trial a product?

e.g. previewed what a haircut/pair of glasses/outfit might look like on you before buying.

UK

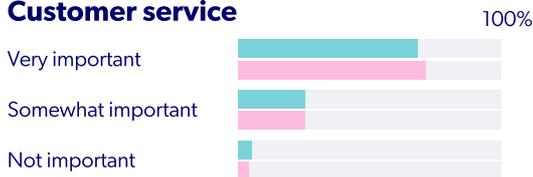


US



When you're shopping in-person, how important are these elements to you?

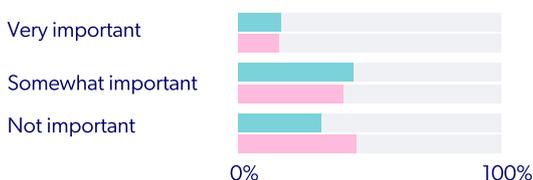
Customer service



Scents/smells



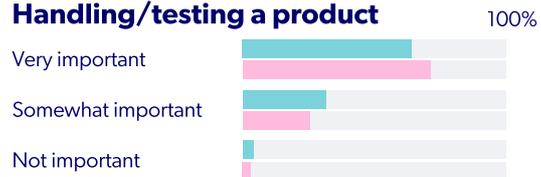
In-store music



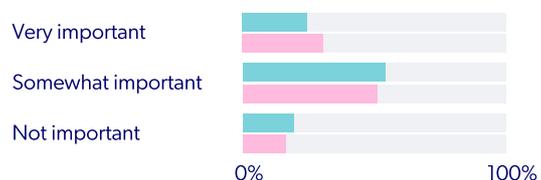
Colour Key



Handling/testing a product



Concept stores/decor



Welcome to the metaverse

The parent company of Facebook, Instagram and Whatsapp - formerly known as Facebook Inc - recently announced a new name: Meta. "3D spaces in the metaverse will let you socialize, learn, collaborate and play in ways that go beyond what we can imagine", the website reads.

While the metaverse is a futuristic rendering of what life could look like online, it points to something that Gen Zs have been telling us for years - we need in-person experiences to function. Or, at least, something that resembles them.

Gen Zs are digital natives. This doesn't mean they default to online experiences over in-person ones. In fact, when shopping for health, beauty, food and drink products, UK Gen Zs are still more likely to shop in-store. In the US, there's a clear preference in every category to shop both online and in-store - which indicates that mall culture means a lot to Gen Z. Ecommerce retailers need to ask themselves: what can I learn from the mall?



Augmented Reality

If you think "the future", it's likely that Augmented Reality (AR) plays a part in what you're imagining. It will be a big theme for 2022, says Danny Denhard. "We are starting to see this as a trend in high-end retail, and with tech improvements and cost reductions we will see many adopt AR to reduce returns and improve experiences".

AR has been around in e-commerce for some time now - homewares brands like IKEA and Dulux have enabled users to virtually paint and furnish their homes before investing in high-value products. While these product categories tend to cater to an older demographic of homeowners, there's clearly demand for them among Gen Z, too. For 71% of US students, testing, handling or touching a product is very important to the shopping experience - this is also true of 64% of UK Gen Zs.



Among younger shoppers, AR is starting to make waves. 30% of US students and 24% of UK students have used AR to trial a product. ASOS, GlassesDirect and MAC have experimented with short or long-term AR solutions. The latest development, though, is the brainchild of Snapchat - and brings another level of luxury to the lives of young consumers. Farfetch and Prada have been quick on the uptake.

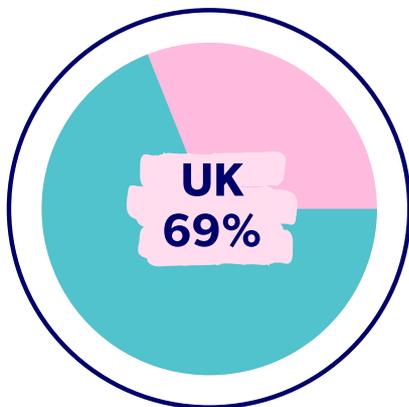
Keeping things experiential

AR is a fantastic way to blend the phygital together for a generation of digital natives. But Gen Zs want more from their digitised shopping experiences.

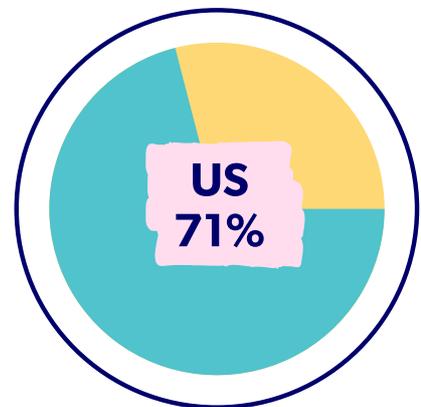
One of the big draws of ecommerce is the seamless user journey and speedy delivery it offers. Moving into 2022, ecommerce retailers will need to find ways to preserve and integrate the elements of the IRL experience loved by Gen Z.



UK and US Gen Zs are united in that neither is ready to forego customer service



69% of UK Gen Zs and 71% of young US shoppers said that it was very important to their shopping experience.



While chatbots and AI have made excellent headway in solving problems in real-time, Gen Zs are signalling that they need more than just a troubleshooter. As social commerce continues to move from strength to strength, every brand will need to have an interactive voice if it wants to function online.



Expert perspective:
Danny Denhard,
Founder and CEO, Focus

We have seen a swing towards online shopping and we will see that continue to grow, the store and pop-up will be important for presence and speedy local delivery, alongside being seen as a marketing activity. We are, however, likely to see many classic retailers have to focus their moves online and concentrate their efforts online to cut costs to bring their brands into 2022.

I predict we will see a rise of in-store only exclusives that combat the lower order values of online shopping and attempt to drive consumers in-store and retain customers.

One recommendation for large stores is to introduce the option to book bespoke shopping trips and offer a personalised experience versus the generic pop in and out. Connection is key to winning in the world of in-person shopping.

Supermarkets will continue to be a blend of in-person shopping and online delivery. The rapid deliveries app companies will have to consolidate, meaning reliance back on the major supermarkets, especially with the major supermarkets and Amazon building out their offerings and building cashierless stores.

Marketplaces have become essential shopping destinations, and this won't go away any time soon - we will continue to actively buy from people versus large businesses.

I predict we will see younger marketplaces market their sustainable angle, while the larger marketplaces will market on price and convenience.

This will force many stores to consider how to bring in local sellers and high-end products in store.



**Visit the Future of
Ecommerce website**

www.studentbeans.com/future-of-ecommerce

About Student Beans

Your gateway to success with Gen Z



Student Beans creates lasting relationships between Gen Z and brands. Our suite of solutions help brands to find, attract, engage and convert verified students. And that's just the start. Our extensive network of global media touchpoints, along with our conversion optimization tools, drive repeat purchases, building the habits that turn Gen Z into your lifelong customers.

The story of Student Beans

Student Beans was founded in 2005 in Birmingham, UK, by James and Michael Eder. Today, we partner with thousands of the world's biggest brands across fashion, technology, food, entertainment and more, and power a global network of students in over 160 countries.

Find out more about our [conversion optimization tool](#) and [Gen Z media suite](#) today.

 [LinkedIn Student Beans](#)

 [Twitter Student Beans](#)

Our conversion optimization tool

Reduce basket abandonment, and ensure that every discounted purchase comes from a fully verified student.

Our Gen Z database

Leverage our global Gen Z database to retarget more efficiently, earning loyalty that lasts way beyond their student years.

Our global publisher network

Once your student discount program is live, we'll place it in front of the audiences that work for you.

Our Gen Z media suite

Make use of our Gen Z-centric media suite to speak to them wherever and however they browse.