



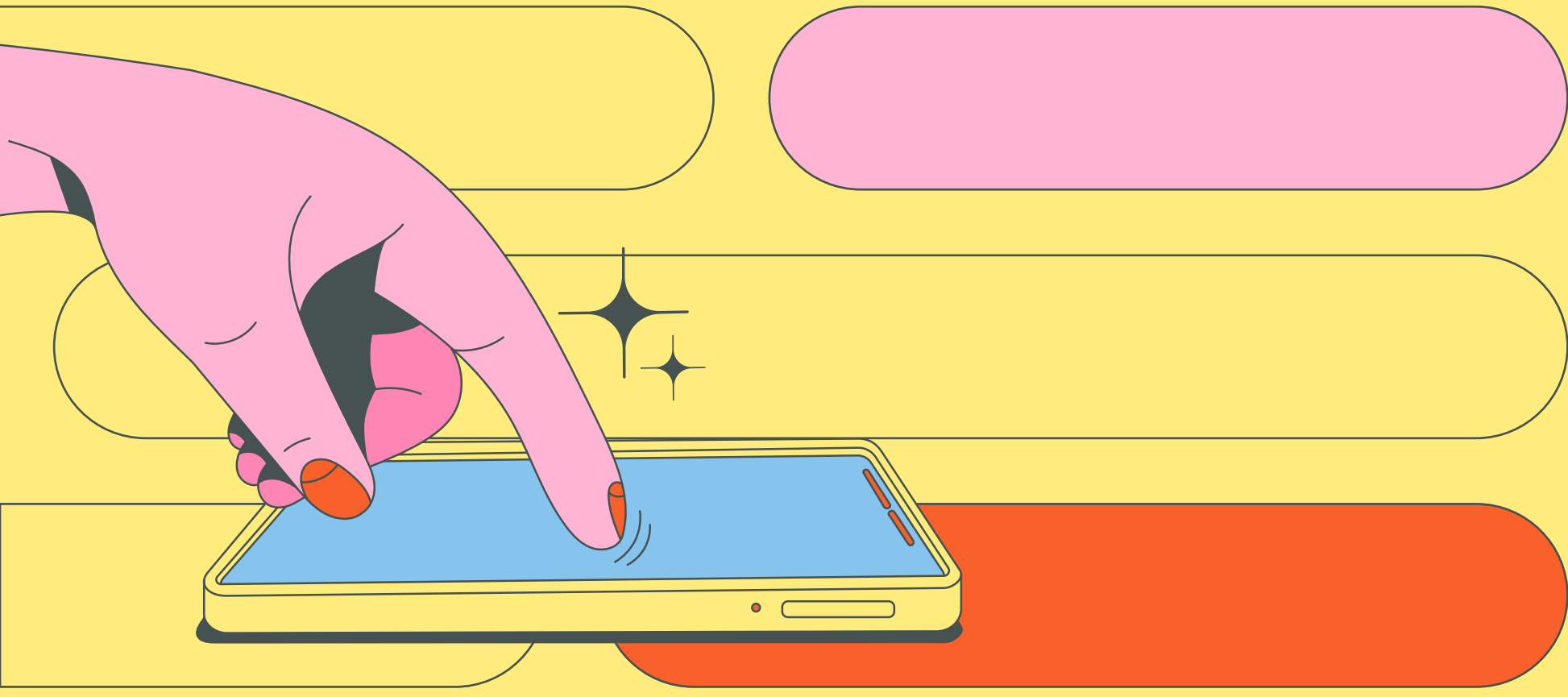
ALMANAC

THE

FUNNEL

IS F*CKED

VOL. 8



THE FUNNEL IS F*CKED

Any smart marketer of the last several decades has implemented the “consumer funnel,” that steadfast marketing method built for a world in which shopping (even if online) was linear. This predetermined path to purchase followed conventional stages — Awareness, Interest, Desire, and Action — and prioritized reaching as many people with sweeping, general adverts. **But the consumer funnel was built for the old world — and Zs don’t live there anymore.**

This generation is growing up with radically different priorities, influences, and technology than previous ones, causing their path to purchase — along with most once-clear aspects of life — to blur. Consider the fact that Zs are constantly balancing values such as sustainability against, well, value, and their not-so-full wallets. Or the fact that their primary marketplace — social media — is also their entertainment center, social hub, learning platform, and news source, making shopping a medley of influences and mindsets.

TREND

1

ALGO LIFE

TREND

2

THE NEW CONSUMER MINDSETS: INSPIRE & INQUIRE

TREND

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BRANDS WITH BENEFITS



Meanwhile, Zs dip in and out of the traditional funnel stages, breaking down the barriers between brand awareness, inspiration, product discovery, and intentional shopping.

All of this makes one thing abundantly clear: the funnel is f*cked. And in this new world, brands are constantly asking us how they can get it right. Marketing — the foundation of how we reach consumers — has yet to catch up to Zs, creating an “obstacle course” for that 20% of the U.S. population with an estimated \$360 billion in spending power.

So what does the consumer journey look like now? **Read our latest issue of ALMANAC to get the lowdown on how Zs are discovering, purchasing, and interacting with brands today — and how to reach them.**

METHODOLOGY

For this issue of ALMANAC, Archrival conducted qualitative and quantitative research with Gen Zs (13-25) and their Millennial (26-40) counterparts in the U.S. We surveyed a nationally-representative sample of 750 Zs and 250 Millennials, and conducted qualitative focus groups with dozens of Zs. Additional insights were gathered through interviews with thought leaders around the world, including marketing executives and journalists.

“ [THE CONSUMER FUNNEL] IS OVER-ENGINEERED FOR THE WAY THAT PEOPLE ARE ENGAGING WITH THE WORLD RIGHT NOW. **IT'S TRYING TO GET THE CUSTOMER TO GO THROUGH AN OBSTACLE COURSE** TO AN EVENTUAL ENDING VERSUS RIDING IN THE PASSENGER SEAT WITH THEM TO WHEREVER THEY'RE GOING.”

— STEPHEN CANFIELD, DIRECTOR OF BRAND MARKETING AT AIRBNB



ALGA
LIFE





In today's era of TMI, brands no longer have the power to lead Zs down a preordained consumer path. Instead, Zs are letting their algorithms take the wheel and drive their path to discovery. As their engagement with brands becomes increasingly driven by the scroll, Zs have accepted the fact that they're being influenced — and they're increasingly taking that influence into their own hands.



GEN OVERWHELM

We all know that Gen Zs are true social media natives, but it's impossible to emphasize enough just how influential these apps and platforms are in their lives — not to mention their consumer journeys. Every day, this generation is exposed to an avalanche of cultural incoming that reaches them through their screens. More than half (54%) of Zs use social media at least four hours a day — almost double the amount of other U.S. adults (28%) — and 38% of Zs spend more than four hours a day perusing their favorite feeds.

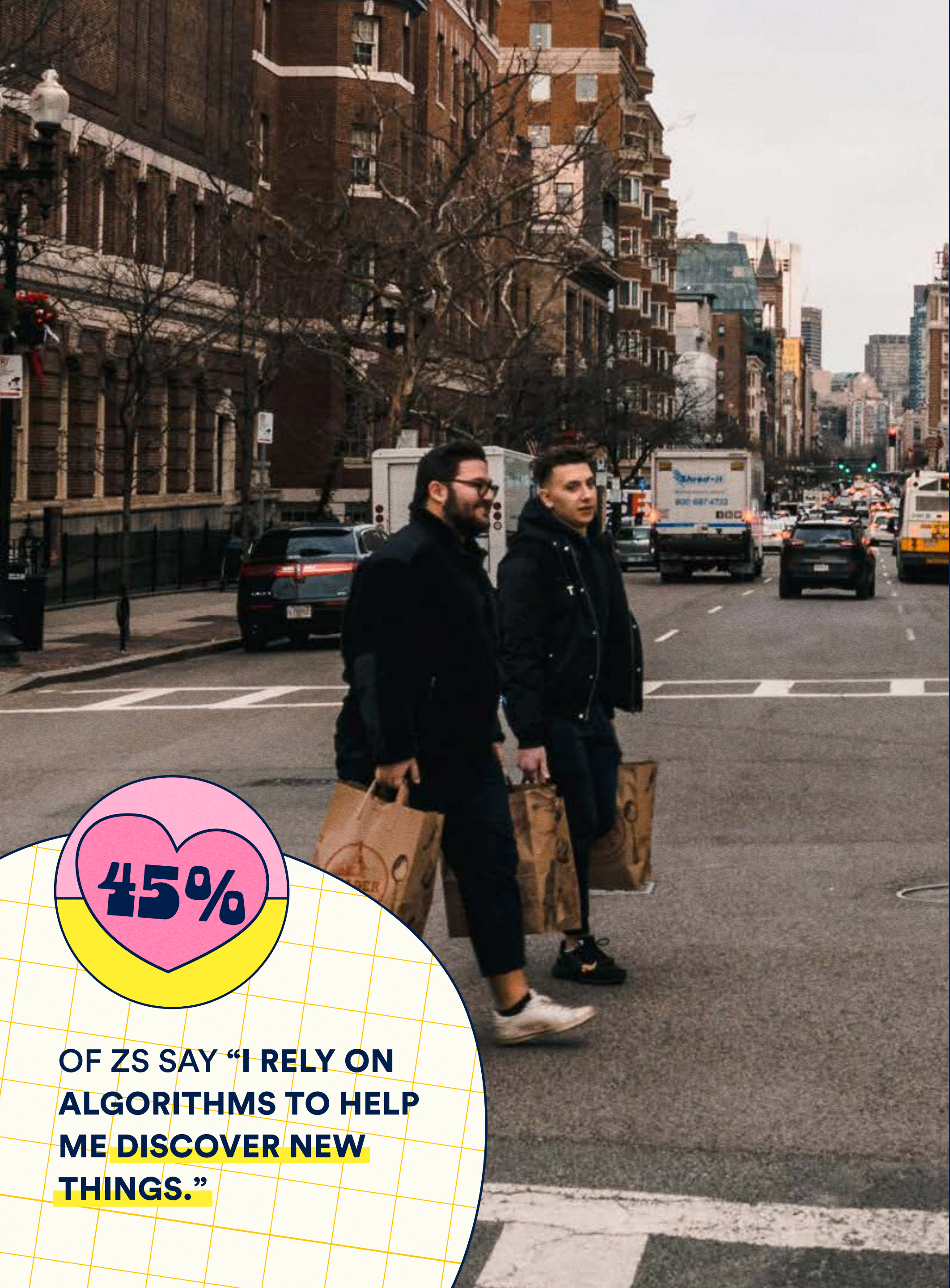
Meanwhile, research shows that this generation sees a brand every minute, and **80% of Zs tell Archrival their generation is exposed to more brands and advertising than any other generation.** On the one hand, this makes Zs a generation that is always browsing the virtual aisles — a plus for brands. But there's pain with the gain: Zs are becoming overloaded and burned out from this content onslaught, and nearly two-thirds (64%) say their generation is more overwhelmed than any other.



“I DO FEEL OVERWHELMED [BY SOCIAL MEDIA]. PART OF THE TIME I'M LIKE, 'AH, INSTAGRAM AD. THIS IS WHAT I'M LOOKING FOR.' AND PART OF THE TIME, I'M JUST LIKE, 'I DIDN'T COME ON INSTAGRAM TO BE INFLUENCED. I JUST WANT TO SEE MY FRIENDS.’” — CLARA, 18

69%

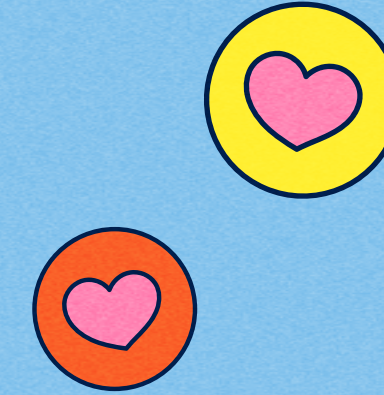
OF ZS SAY “WITH SOCIAL MEDIA, BRANDS ARE MORE IN MY FACE THAN EVER BEFORE.”



45%

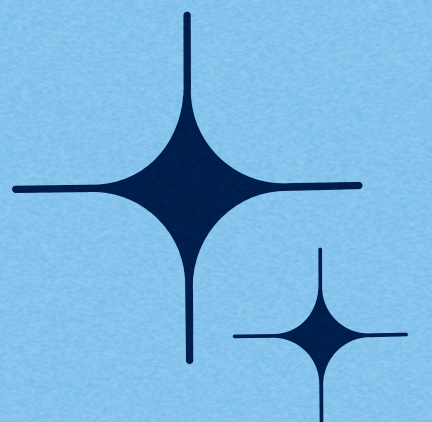
OF ZS SAY “I RELY ON ALGORITHMS TO HELP ME DISCOVER NEW THINGS.”

ALGO-NOMIES



Zs have found some relief from this overwhelm, though, and it's come in the form of their trusty algorithms. Serving them only what they want to see (and what they didn't even know they wanted to see), Zs' highly personalized feeds have become the be-all, end-all of this gen's interests — and therefore their purchasing habits, too. It's a virtuous cycle in selfhood as they build their algorithms through intentional clicks, and their algorithm builds them through content. This is a massive shift from all other consumers before them; **Gen Z is a generation that doesn't know a world where their path to discovery wasn't shaped by their algorithms.** Zs see their algorithms as an almost shockingly intimate part of themselves: Half of Zs

say their algorithm knows their tastes and interests better than their own parents. For this gen, Instagram's Explore page and TikTok's For You page (aka FYP) really deliver on their “for you” promise. In fact, Kaj, 20, tells Archrival that his TikTok algorithm is so honed to his passions that “it's scary” — in a good way, of course. And for Amaria, 22, her FYP is chock-full of the funny videos, true crime deep dives, and fashion tips she craves. “I love that because I need that inspiration in my life,” she says.



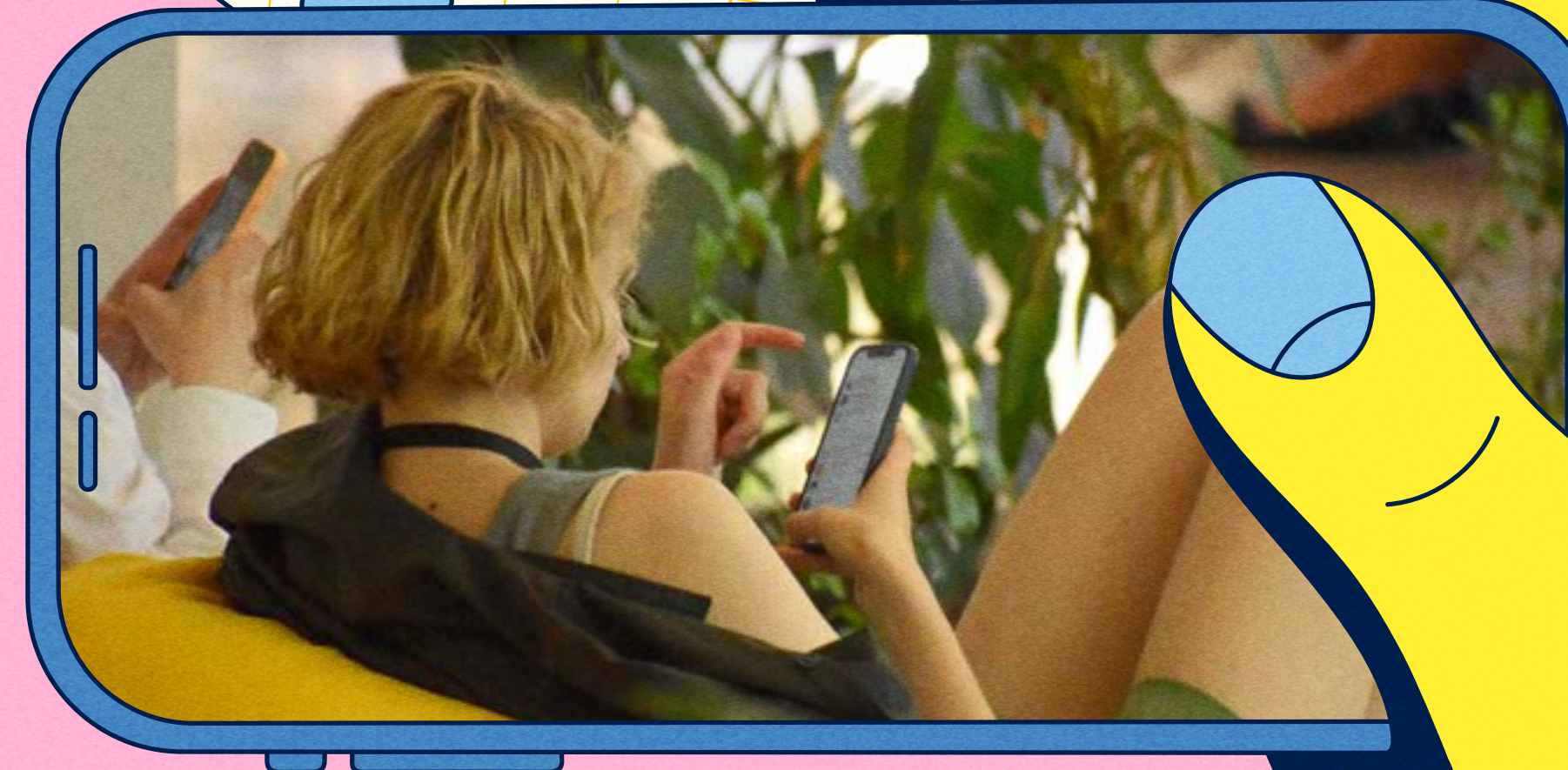
“ALMOST EVERY TIME YOU JUMP ON SOCIAL MEDIA, EVERY TIME YOU'RE ON TIKTOK OR INSTAGRAM, THERE'S ALWAYS ADS. THE ALGORITHM WILL BRING BACK THE THINGS THAT YOU'VE SEARCHED FOR. SO IT'S ALWAYS SOMETHING NEW AND IT'S ALWAYS SOMETHING BEAUTIFUL. I FEEL I'M AN ONLINE SHOPPING ADDICT.” — MEEZAB, 21

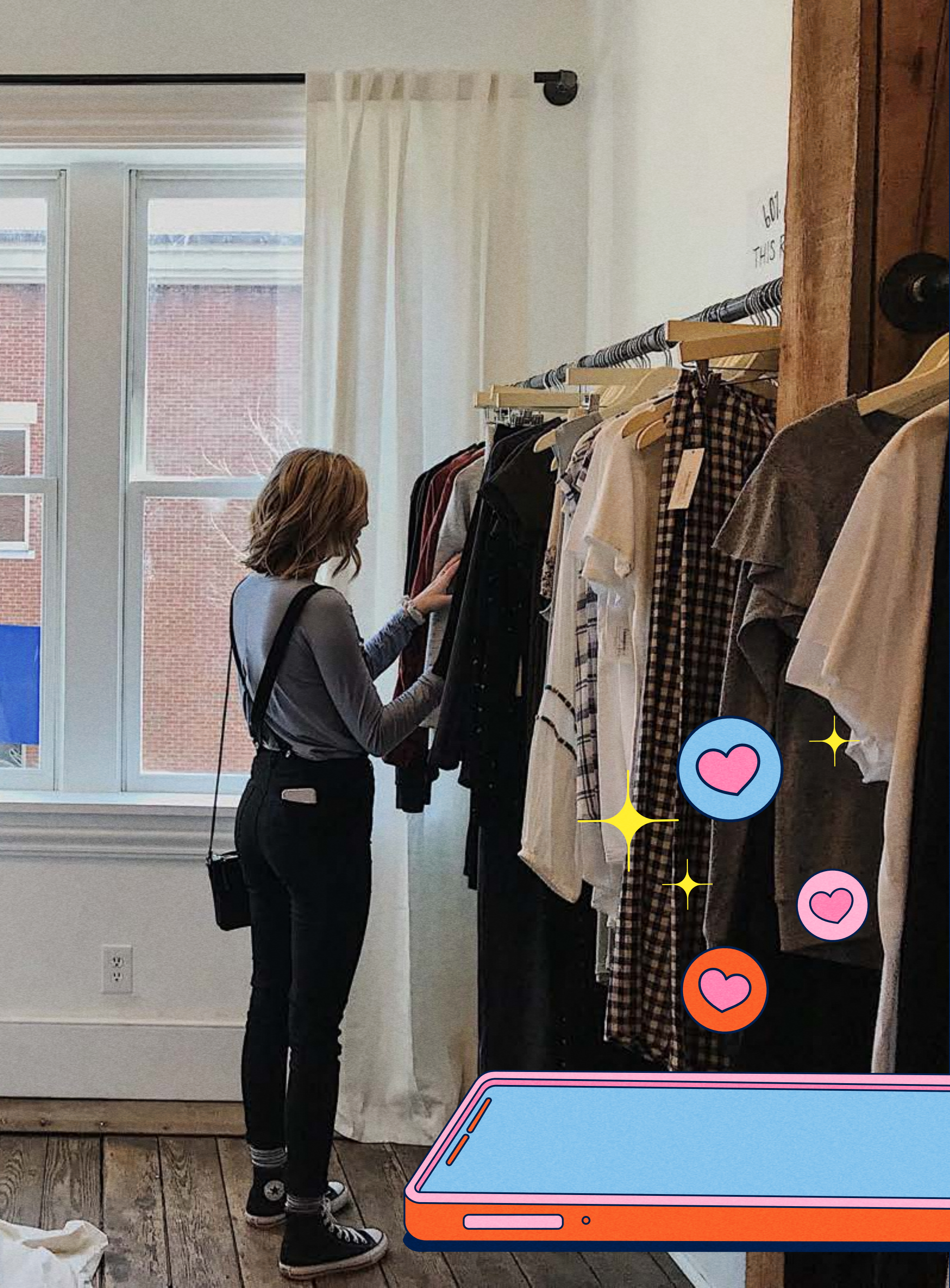
Living the Algo Life, Zs can simply open their phones and let the inspiration wash over them — and that means their paths to discovery and engagement have grown progressively outsourced and peer-led. And for the most part, Zs are cool with this state of being. “I've only been alive in an age where technology and social media has been around, but it has been really inspiring,” according to Elisa, 18, who says that the content served to her on TikTok has influenced her inside and out, from her OOTDs to her self-care routines to how she spends her money.

For brands, the Algo Life means there's more competition for eyeballs than ever before. But the algorithm also holds the potential for major opportunity: When asked how they most often discover new brands and products, Zs' top response is “I'm scrolling through social media and am passively served up recommendations.” In other words, if brands can crack the algorithm, Zs are primed to engage with the marketing it sends their way.

49%

OF ZS AGREE “I TRUST MY ALGORITHM TO SERVE ME THE CONTENT/PRODUCT I WANT.”





INFLUENCE STATE OF MIND

Though their time on social media may be largely spent scrolling, Zs are far from ignorant to the effect this is having on their lives. Unlike generations before them, Zs are acutely aware that their path to purchase is shaped by outside influence. In fact, “influence” has become both a verb and a state of mind for this gen — and one they believe they can willingly step in and out of. Now, slightly more Zs believe they’re the ones being influenced by other people, rather than being the ones to influence others (54% versus 46%). **This is a huge shift in perspective from Millennials, who were the original content**

creators-slash-influencers. While the older gen sees their consumer preferences as self-determined, Zs have more or less embraced the Algo Life: 44% agree, “I’ve accepted having my behavior influenced by my algorithm as part of modern life.”

“[WHEN IT COMES TO PURCHASING], I’M OBVIOUSLY DETERMINING WHETHER THE PRODUCT IS ACTUALLY CUTE OR IF I ACTUALLY LIKE IT. BUT MY DECISION IS ALSO ABOUT HOW OFTEN IT’S SHOWN UP ON MY FOR YOU PAGE OR MY EXPLORE PAGE. EVERY TIME I SEE SOMETHING, IT STARTS GETTING MY ATTENTION A LITTLE MORE.”

—ELISA, 18

FEEDING THE BUBBLE

But the story doesn't end there. As Zs age up, it's become crystal clear that this is not a passive generation. Now, when algorithms become a little stale — serving up the same viral content again and again — Zs are taking matters into their own hands. **By consciously liking, disliking, saving, and ignoring the content on their feeds, many Zs are training their algorithms to feed them what they want to see and to get rid of what they don't.**

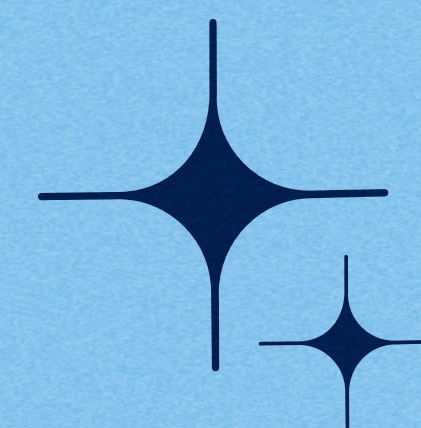
This level of mass customization is hard for most brands to compete with. Elisa, for instance, wants her FYP to churn up gaming content — and is telling it as much. “I haven't really gotten TikToks on [gaming] so in the rare chance that I do, I force myself to favorite it or like it so that maybe I can train the algorithm to make it return back to my page,” she says. Amaria, meanwhile, did a mass unfollow sweep on Twitter which “1000% helped. [The algorithm] caught on immediately and it weeded out what I didn't care about in my feed.”



The point here is that there's a time and a place for the passivity of the Algo Life, so long as Zs have some control over what exactly the algorithm feeds them. After all, Zs are not known for sitting back and letting life happen to them — and that includes their path to discovery. **In our next trend, we'll tell you about the two mindsets fueling this generation's consumer journey — and how they're moving seamlessly between scrolling and scrutinizing.**

“WHENEVER I'M BORED ON TIKTOK, I'LL GO ON INSTAGRAM REELS BECAUSE IT SHOWS THE MOST RANDOM THINGS EVER. I GO ON THERE JUST FOR PEACE OF MIND OR JUST RANDOM STUFF THAT I TYPICALLY WOULDN'T SEE.” ✨

— KAJ, 20



WHAT IT MEANS FOR BRANDS



GEN ZS' CONSUMER JOURNEYS ARE FAR MORE FLUID THAN PREVIOUS GENS, SO ADJUST YOUR BRAND TOUCHPOINTS ACCORDINGLY.

While the traditional consumer path had a wide funnel to catch consumers en masse, consumers today each follow their own meandering nonlinear route. Brands must be agile and multifaceted enough to reach consumers in more niche moments.

OPTIMIZE ZS' ALGORITHMS.

When Gen Z consumers are searching out a new brand or product, their hunt often starts with the scroll (e.g. letting the algorithm serve it up to them). Brands today need to be savvy at utilizing meme culture, SEO, influencers, and the like, to ensure they appear in moments of discovery.

SWAP BRAND CONTROL FOR BRAND COMMUNITY.

In the old world, brands were at the center of the consumer journey — today, people are. Embrace more fluid human-powered marketing systems; think networks of different types of people who create and collab in ways that resonate with Zs' algos.



THE NEW
CONSUMER MINDSETS:

INSPIRE & INQUIRE



The consumer funnel is f*cked; now, a simpler, more relevant consumer framework has emerged. **Social media has given rise to two distinct yet intertwined mindsets: Inspire & Inquire.** Zs meander in and out of Inspire and Inquire mode, moving from flashes of influence to detail-oriented deep dives on brands and products and back again. While the funnel of yore placed brands at its center — tracking consumers proximity to purchase — these two mindsets reflect how Gen Zs really navigate the world, and where, how, and why they embrace brands along the way. Understanding them is a must for brands that want to win with Zs.

INSPIRE MINDSET

First, the Inspire mindset. Zs live and breathe inspiration. When asked what is most fundamental to who they are, Zs are most likely to say “Inspired: I’m constantly finding inspiration in the things around me” (compare that with Millennials, who are most likely to say “Practical: I make responsible choices”). And for Zs, social media is their inspiration oxygen supply: 62% of Zs say that with so much content available, they’re often inspired — while just 38% say the abundance of content makes it harder than ever to feel inspired.

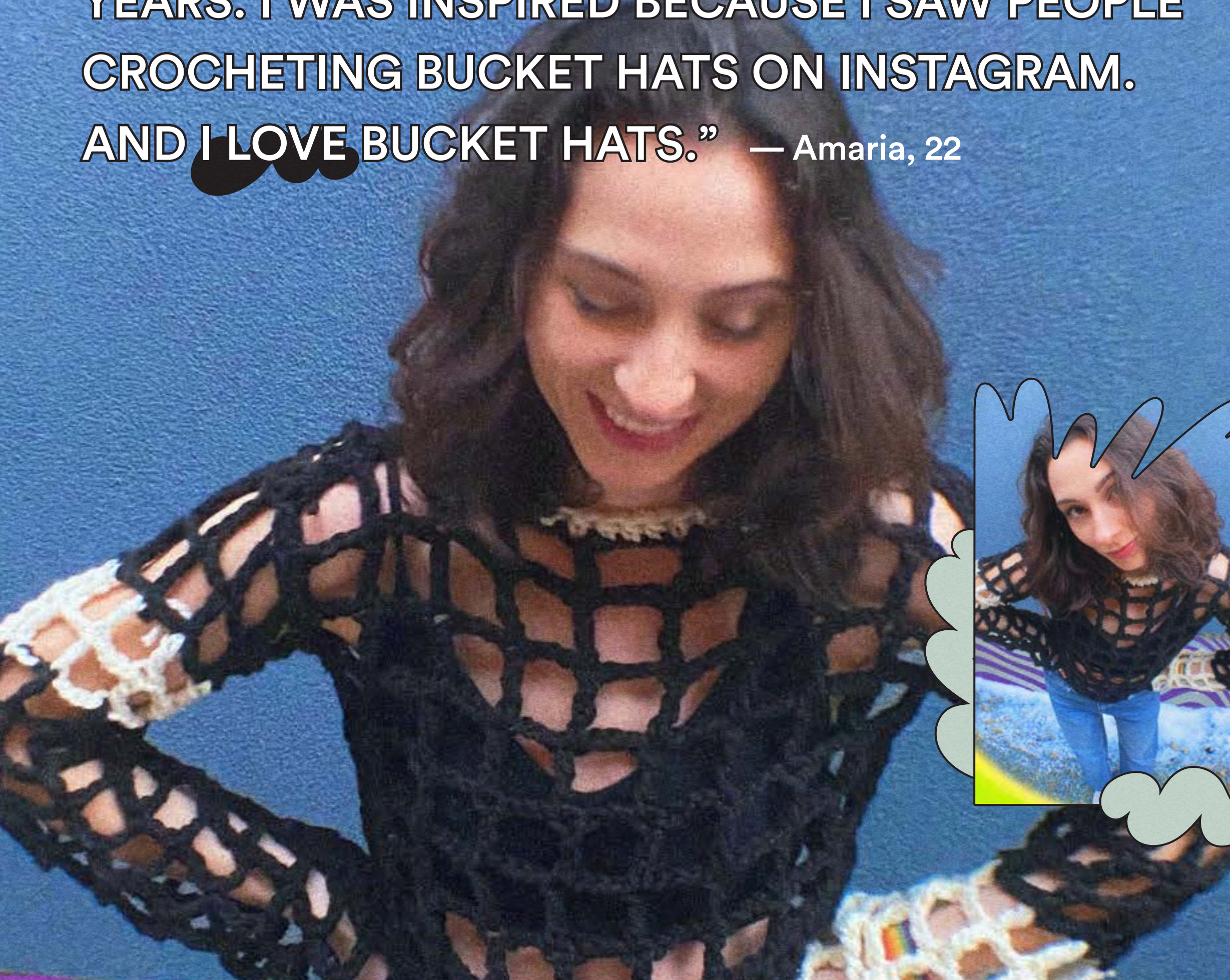
As a result, Zs are constantly on the hunt for new inspiration. Consider that 84% of Zs seek out new music at least weekly (and 25% do so hourly), while 66% are doing weekly digs for cultural content and 56% for new style inspiration. **This craving for constant inspo extends to brands too:** 71% of Zs agree, “I’m always open to discovering new brands,” and 57% are actively seeking new brands at least weekly. Amazon has tapped into this mindset with the recent launch of its “TikTok-like shopping feed” called Inspire, which offers users the chance to, well, get inspired – they can find what they didn’t even know they were looking for.



48% OF ZS SAY THEY MOST OFTEN GO TO SOCIAL MEDIA TO DISCOVER STYLE INSPIRATION.



“SEEING PEOPLE DOING DIFFERENT THINGS ON SOCIAL MEDIA HAS INSPIRED ME TO STOP MY **BAD HABITS** TO PICK UP **NEW HOBBIES**. RECENTLY I STARTED GETTING BACK INTO CROCHETING, WHICH I HAVEN'T DONE IN 15 YEARS. I WAS INSPIRED BECAUSE I SAW PEOPLE CROCHETING BUCKET HATS ON INSTAGRAM. **AND I LOVE BUCKET HATS.**” — Amaria, 22



50% OF ZS SAY THEY'VE SCROLLED THROUGH A **BRAND'S FEED OR WEBSITE**, WITH NO REAL INTENT TO PURCHASE AT THAT MOMENT (*VS 36% OF MILLENNIALS*).

This Inspire Mindset is a powerful one – it's the inception point of Zs' path to purchase. As Lucy Maguire, senior trends editor at Vogue Business, tells us, a study from BCG found that 70% of young people decide to purchase at the point of inspiration. But there's an important distinction to be made here: "That doesn't mean that [consumers] are purchasing at the point of inspiration," she says. "They might make the decision, but then they go away and they do their research — and they won't take it lightly." **There's another consumer mindset to consider too: Inquire.**

INQUIRE MINDSET

Once Zs' inspiration has been sparked, they shift into a wholly new mode: inquiry. In this headspace, they're incredibly savvy. They want the nitty-gritty details stat — the price, the fit, the materials, the mechanics. They're looking for credible data from brands, and beyond — seeking out trustworthy info to give them confidence that what they're buying is exactly what they need. **This is their Inquire Mindset, and they won't click "purchase" until all their lines of inquiry have been satisfied.**

Marketers might think this is the moment they flock to a brand website to scan product stats — but that's not necessarily next for Gen Zs. More than half (56%) of Zs agree, "brands often lie about their products/services," and just 40% say they trust brands' claims about their products/services, compared to 58% of Millennials. (By the way, Zs increasingly see online influencers with hundreds of thousands or millions of subscribers as similarly untrustworthy like big brands.) **This distrust of marketing institutions fuels the intensity of Zs' inquiry, as they put their faith in real people** — perhaps quickly scanning a brand website, but then checking the comment section of creator's posts to see what random strangers have to say about a product.

46% OF ZS WOULD BE DISCOURAGED FROM MAKING A PURCHASE IF THEY WEREN'T ABLE TO FIND INDEPENDENT INFORMATION OR REVIEWS ABOUT A BRAND OR PRODUCT (VS 35% OF MILLENNIALS).

While in this Inquire Mindset, Zs' craving for inspiration is on the back burner. **In fact, the worst thing a brand can do is hit them with narratives around purpose, story, beliefs, or pure aesthetics.** In our research, Zs told us that rather than entertaining content, in this moment their primary need is for a brand to "just tell me why your product is good."

WHEN IT COMES TO SHOPPING, **66% OF ZS PREFER DOING A LOT OF RESEARCH VS 34% WHO PREFER BUYING IMPULSIVELY.**



THE NEW SEARCH

Fueling Zs' Inquire Mindset are the very same channels where they also find their inspiration: social media — only now as a tool for deep research rather than random scrolling. While Millennials still go to Google to research potential purchases, TikTok is the new search engine for Gen Z. Even Google execs admit it: "Almost 40% of young people, when they're looking for a place for lunch, they don't go to Google Maps or Search. They go to TikTok or Instagram," Prabhakar Raghavan, a Google senior vice president, said at a technology conference last year.

"GEN ZS ARE EASILY INFLUENCED BY SEEING HOW THE PRODUCT IS USED, WHETHER IT'S A FASHION PRODUCT OR A TECH GADGET OR ANYTHING LIFESTYLE-RELATED. IF WE SEE HOW A PRODUCT IS USED, I FEEL LIKE THAT REALLY PERSUADES AND MOVES US."

— Elisa, 18





Kaj, 20, confirms this: “If I’m looking for a restaurant or a museum or a place that I want to go, I’ll look it up on TikTok. It has a more organic feel rather than just looking it up on Google.” Amaria, 22, meanwhile, goes to TikTok to find new music because it’s “easier to figure out what you’re looking for” — and because “that’s usually where the trends start.”

Of course, these social media-fueled investigations go far beyond restaurant recs and playlist fodder. **Zs are diving deep into the feed to decide whether or not to buy products of all kinds.** “I always, always do my research. I go straight to TikTok before I click ‘Purchase,’” says Cristy, 19. Meanwhile, Kaj says, “Whether I’m getting a new phone or if I want an opinion on a company, I’ll look it up on TikTok.” Now, 70% of Zs say they only trust brands after they’ve done their own research on them.

“I LIKE WATCHING TIKTOKS OF **NORMAL PEOPLE** USING A PRODUCT IN THEIR EVERYDAY LIVES. I THINK THAT REALLY GIVES A FEEL OF HOW WE WOULD BE USING THE PRODUCT TOO, **NOT JUST FROM AN INFLUENCER’S PERSPECTIVE.** SINCE THEY’RE NOT PAID, THEY’RE REALLY ABLE TO SAY WHAT THEY WANT TO SAY ABOUT A PRODUCT.” — Ysabelle, 18



SPLINTERED PATHS

This is just a snapshot of how the path to purchase splinters into a million directions, turning into a choose-your-own-adventure that's unique to each Z.

When deciding what to buy, their search for information may take them on a meandering path from TikTok to YouTube to Discord to Amazon — and even deep into the comments — to dig up the real dirt.

Consider 21-year-old Meezab's personal path to purchase: "I'm always looking for inspiration. When I'm scrolling on TikTok just out of boredom, and I see an outfit I really like, I look in the comments. And I see if someone asks, 'Where is this from?' Then I'll then go to Google and I'll search what they said. And then I'll see how much it is. I'm always looking for inspiration for what to buy."

"I OFTEN COLLECT [PRODUCTS] IN MY SHOPPING CART. I PROBABLY HAVE 10 TABS OPEN RIGHT NOW, AND I WILL JUST PUT AN ITEM IN A CART BECAUSE IT SAVES YOUR INFORMATION RIGHT THERE. THAT'S HOW I GO BACK TO THOSE THINGS, AND SEE IF I REALLY WANT TO BUY THEM."

— Meezab, 21

Meezab's journey also makes an important point clear: While Inspire and Inquire may be two separate mindsets, Zs move seamlessly between the two. Mindless scrolling can lead to a spark of inspiration, which then triggers their more active mode of discovery and inquiry, which in turn can lead to more inspiration. In case you were still looking, you're not going to find anything remotely resembling a funnel here.



“PART OF OUR ROLE AS MARKETERS IS TO MEET PEOPLE WHERE THEY ARE. YOU REALLY HAVE TO UNDERSTAND THESE MULTIPLE PERSPECTIVES AND FIGURE OUT HOW YOU’RE FEEDING THESE DIFFERENT MODES OF DISCOVERY.”

— Stephen Canfield,
Director of Brand Marketing at Airbnb

Meanwhile, conversion itself is far from linear for Gen Zs too. In our research, Zs repeatedly mentioned inspiration and inquiry leading to digital and literal shopping carts — but not necessarily to purchase. Instead of pulling the purchase trigger, Zs will collect and organize products into Pinterest boards, TikTok save folders, Amazon wish lists, and more. While 60% of Zs say they’ve made a wish list of products so they can buy them later (compared to 45% of Millennials), that number might be optimistic. Research shows that 80% of all online shopping carts fail to make it to the checkout stage, and 44% of Zs tell Archrival they’ve filled an online shopping cart with no intention of buying anything. **It’s another example of how Gen Zs loop back and forth between Inspiration and Inquiry until they have all the information and incentive they need to hit ‘buy.’**



WHAT IT MEANS FOR BRANDS



AUDIT YOUR BRAND — HOW ARE YOU SERVING BOTH ZS' INSPIRE MINDSET AND THEIR INQUIRE MINDSET?

On the one hand, brands today must be aspirational, entertaining, and inspiring. On the flip side, brands need to build passionate communities who are actively unboxing, reviewing, and disseminating functional product info. Today, all brands must deliver on both.

MATCH CONSUMERS' MINDSETS IN THE RIGHT MOMENTS.

Now that you've developed distinct ways to engage consumers around Inspire versus Inquire, make sure to target the right messaging to the right mindset. Nothing is more of a turnoff for a Gen Z than a brand pushing its belief system when they're looking for product info, or serving up product stats when they're seeking inspiration.

REIMAGINE CONVERSION AS PART OF THE JOURNEY, YET NOT ALWAYS THE FINAL DESTINATION.

Consider that the consumer journey now includes more pit stops and cul-de-sacs (Pinterest boards, TikTok save folders, Amazon wish lists, among others) where products may hang out for a bit before journeying on to purchase.

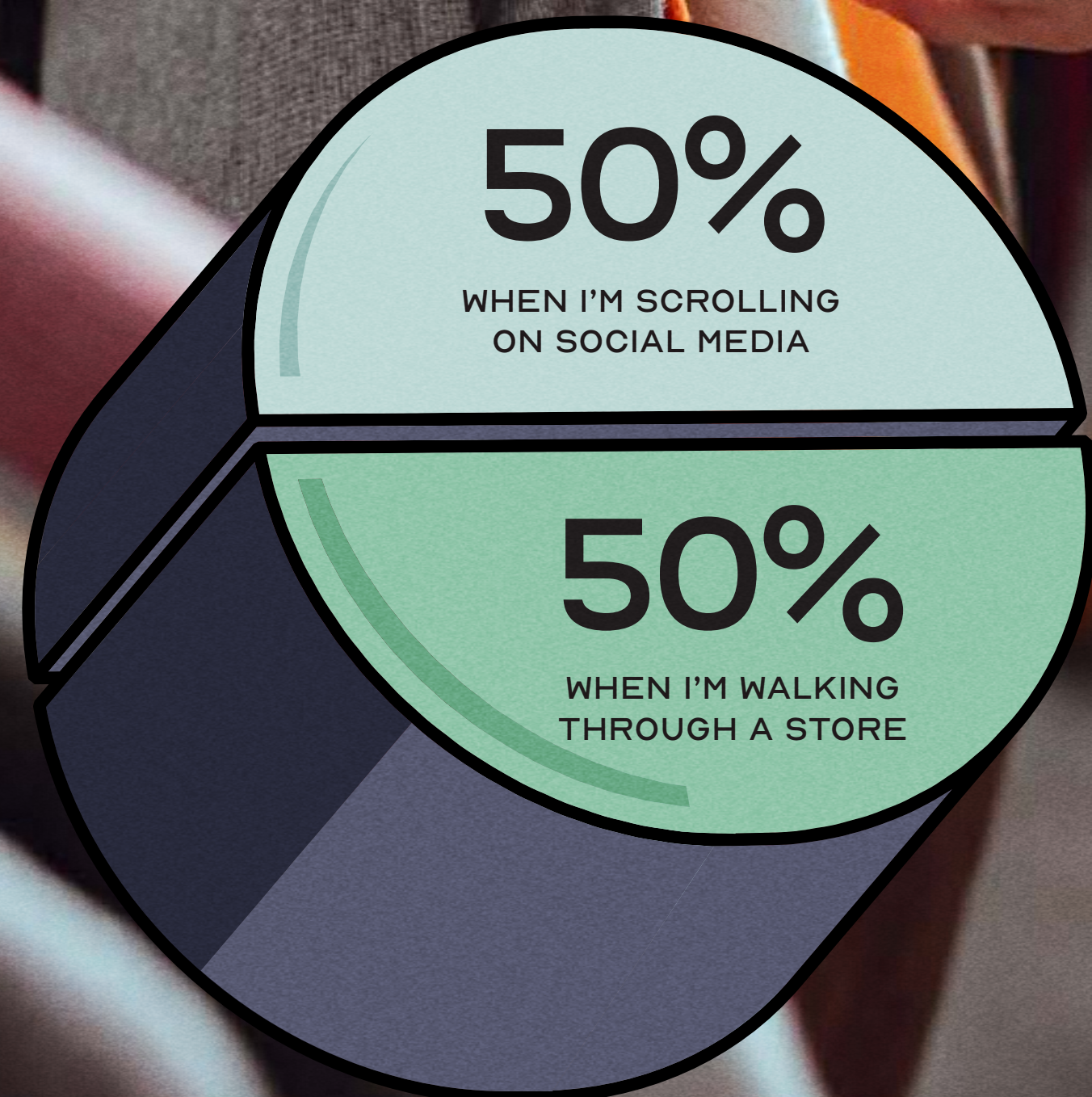




Digital spaces are essential to Gen Z's consumer journeys but, the truth is, engaging with brands via the metaverse is eliciting more eye rolls than excitement from these digital natives. That said, **IRL retail holds a shockingly huge place in Zs' hearts, according to our study.** If it's up to the next gen, the future of retail will be built by both pixels and bricks — as long as brick-and-mortar continues to deliver the IRL entertainment, inspiration, and discovery they crave.



WHEN ARE YOU MOST
OPEN TO DISCOVERING
A NEW BRAND OR
PRODUCT?



RETAIL RESURRECTION



From middle America's abandoned malls and blocks of empty Manhattan storefronts, to the rise (and rise and rise) of online shopping, a singular narrative has taken shape about brick-and-mortar retail: that it's a dying breed. Of course, there's some pretty damning evidence to back this up. Even in the innocent, pre-pandemic days of 2019, physical store closures were surging. And we don't need to tell you what two years of lockdowns did for IRL shops. **With online shopping now the norm, it's been assumed that as the world's first full digital natives, Gen Z would all but forget that "shopping" once involved more than tapping a finger on a screen.**

But our research shows that this generation isn't conforming to expectations. **Rather than ushering in the death of IRL retail, Gen Z just might be its saving grace: 78% of Zs tell Archival that physical stores will always have a purpose.** Meanwhile, just 29% agree that physical stores will be obsolete someday, compared to 41% of Millennials — highlighting an unexpected generational divide. In fact, while 38% of Millennials say they will go to great lengths to avoid having to set foot in a store, just 22% of Zs agree. As Kaj, 20, put it, even in our digital-first vision of the future, "everyone's still going to have to go to the store."



Beyond just necessity, though, Zs actually *like* shopping IRL — and many even *prefer* it to buying from their digital feeds. In fact, 73% of Zs say they prefer making a purchase in-store versus 27% who prefer to do so on social media. Meanwhile, 53% say they prefer discovering products in-store over social media. But that doesn't mean brick-and-mortars can rest on their laurels. **After all, when it comes to discovering new products and brands, Zs are divided evenly:** Half say they're more open to discovery when they're walking through a store, while the other half says it's when they're scrolling social media. In other words, the competition between IRL retail and TikTok is very real. Though it's predicted that U.S. retail closures over the next few years will be less severe than anticipated, brands still need to understand that getting Zs in the door will require appealing to their unique senses.

JUST A BUNCH OF RANDOM KNICK KNACK STORES AND A COUPLE OF FAST-FASHION

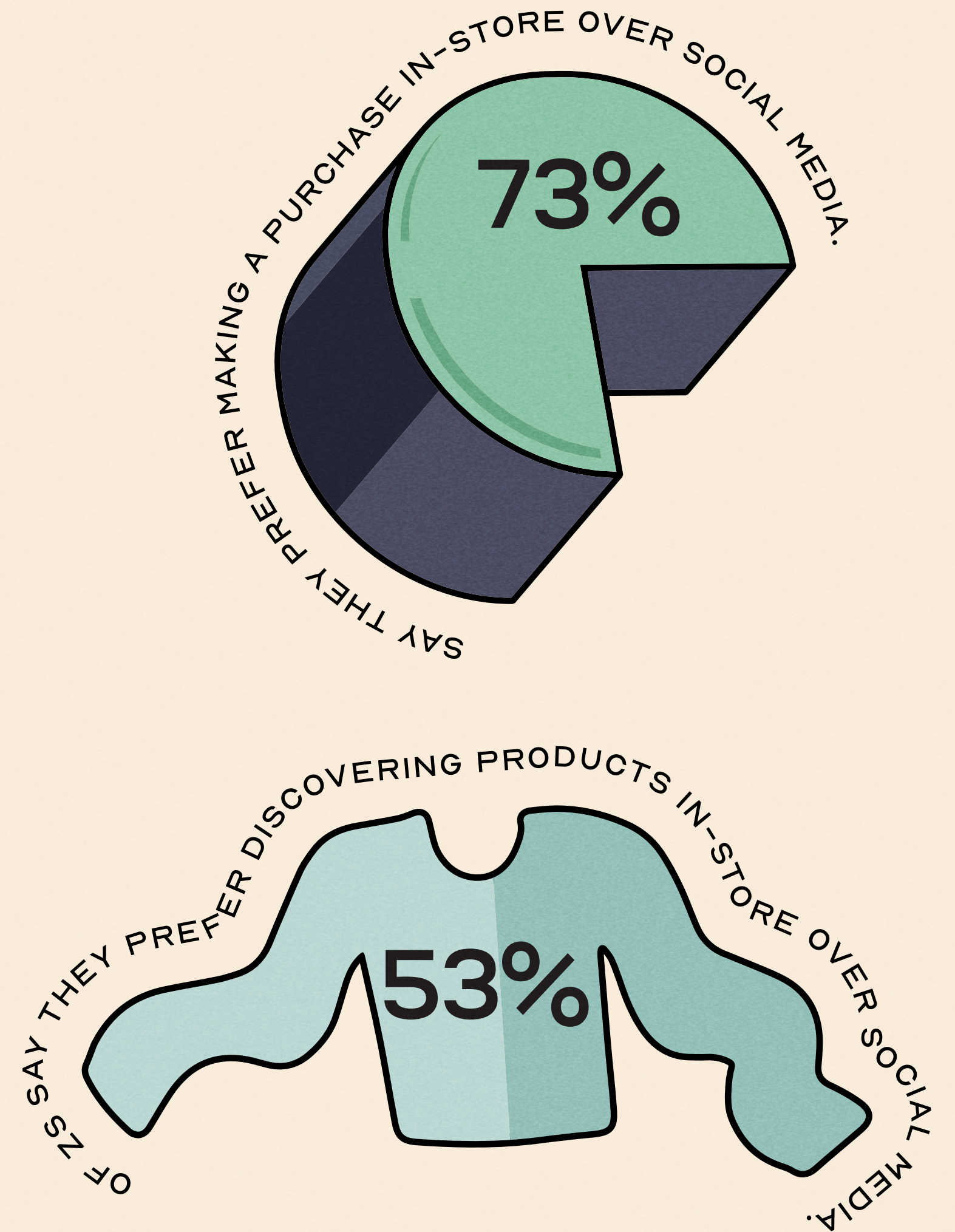
“BIG STORES LIKE WALMART AND TARGET WILL STAY AROUND. BUT MALLS, WHERE IT'S



STORES, I DON'T THINK THOSE WILL BE AROUND IN THE NEXT THREE TO FIVE YEARS.”

— KAJ, 20

RATHER THAN USHERING IN THE DEATH OF IRL RETAIL, **GEN Z JUST MIGHT BE ITS SAVING GRACE.**



SOMETHING IN THE ATMOSPHERE AND THE ENERGY THERE

“I’M ALWAYS GOING TO WANT TO GO TO TARGET. THERE’S



THAT’S ALWAYS GOING TO MAKE ME WANT TO SHOP THERE.”

— AMARIA, 22



IRL-GORITHM

As we explored in The New Consumer Mindsets trend, inspiration is fundamental to Gen Zers’ identities. And while social media offers a never-ending supply of influence and interest, **Zs’ Inspire Mindset extends far beyond their screens.** In fact, 74% say IRL experiences are more inspiring than digital ones, and 53% agree that “I’m being more mindful about getting offline to find inspiration outside of my algorithm.” One place they’re finding inspiration? In physical stores. Kaj, for instance, says that when he goes out to “touch grass,” he seeks out secondhand shops because “they have a plethora of things that are shuffling throughout the day.” Meanwhile, Elisa, 18, is a Target megafan — not just because it’s affordable and convenient, but because she always manages to find what she didn’t know she was looking for there. “They arrange things so well that I’m always inspired by random furniture or house decor,” she says. “It just makes me want to buy things.” In fact, **for Zs, this IRL inspiration is what drives their impulse purchases.** As Amaria, 22, put it, “Target is probably the only place where I will go for apples or salad or seasoning, and I’ll leave with two pairs of jeans and maybe a humidifier just because I passed by it and I said I needed it.”

THE ANTIVERSE

Though Zs still clearly see value in IRL shopping, the metaverse has been sold to marketers as the next frontier of retail for this digital-first gen. Big brands made major investments in the space, from Gucci to Walmart to Nike and beyond. And, lest we forget, Facebook bet so big on the virtual world that it's fully rebranded to Meta. Before AI stole some of its hype — and brands from Disney to Microsoft shuttered their metaverse shops — McKinsey forecast that the metaverse would be worth \$5 trillion by 2030.

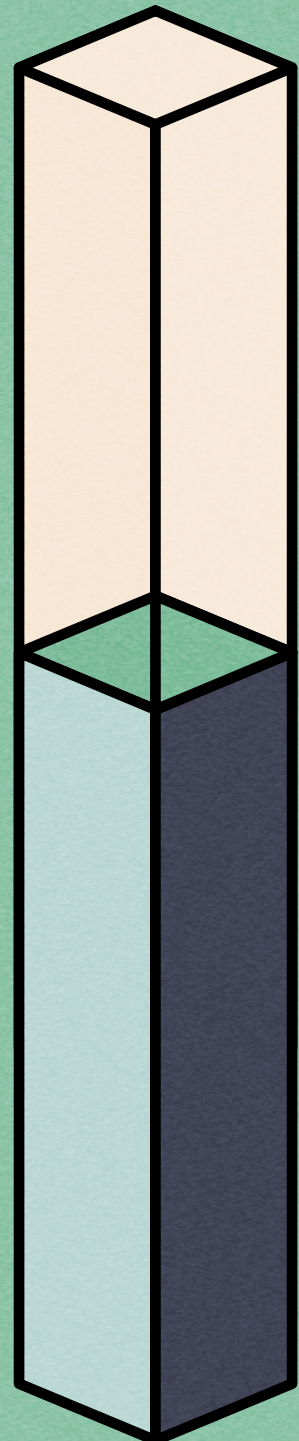
We're here to confirm: The metaverse probably doesn't deserve its mega-hype. According to our research, Zs don't give a shit about the metaverse. 42% of Zs tell Archrival that the metaverse is a fad, and 43% agree that "the idea of the metaverse makes me cringe." In fact, when it comes to shopping, it's Millennials that want to peruse the virtual aisles: 53% of Millennials say the metaverse is the future of shopping and retail compared to 31% of Zs.



Meanwhile, 37% of Millennials agree that "I would rather shop in a virtual store (e.g. in the metaverse) than in a physical one," versus just 22% of the younger gen. For Zs, the metaverse is a glorified gaming space — if even that. When asked if any brand experience would entice him into the metaverse, Kaj replied, "not that I can think of. To me, it's just like an adult Roblox." Amaria, meanwhile, made Zs' feelings on the fad crystal clear: "I don't even know what that is. Is that the Facebook?" Sorry, Zuckerberg.

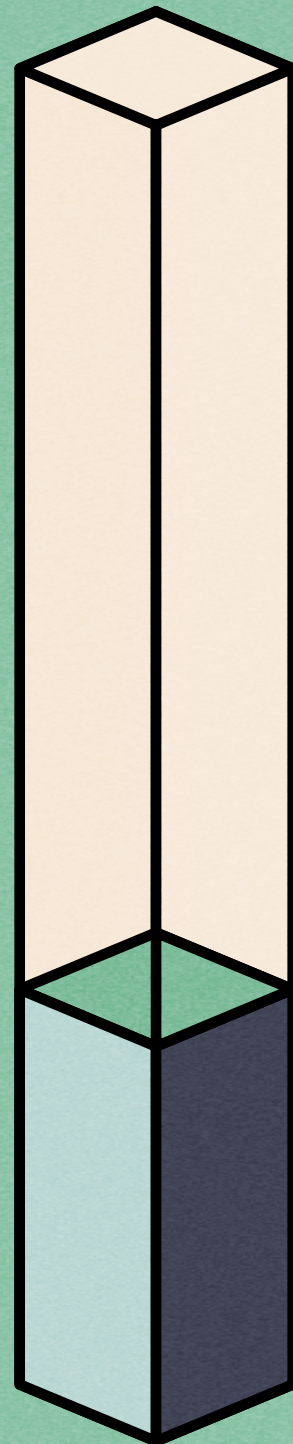
60%

OF ZS SAY THE METaverse STILL NEEDS TO BE REFINED.



29%

OF ZS SAY A VIRTUAL SHOPPING EXPERIENCE WOULD MAKE ONLINE SHOPPING MORE APPEALING TO THEM (VS. 40% OF MILLENNIALS)



OF ZS SAY HAVING A PRESENCE IN A VIRTUAL WORLD MAKES A BRAND SEEM LESS COOL TO THEM.



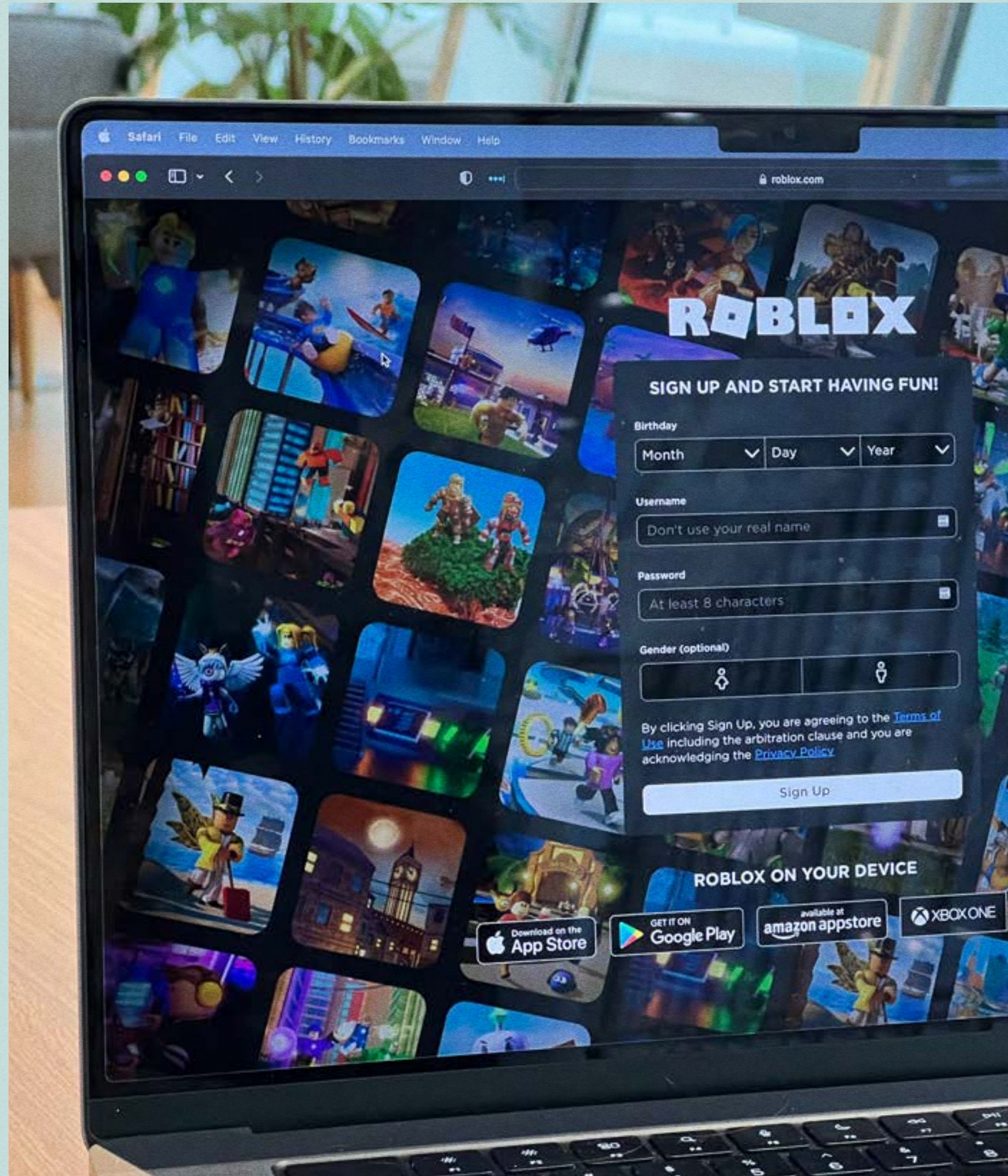
OF ZS SAY THAT MARKETERS THINK CONSUMERS CARE ABOUT THE METaverse FAR MORE THAN THEY DO.

54%



“SOMETHING ABOUT THE METAVERSE

IS A LITTLE BIT IMPOSING, A LITTLE SCARY. IT FEELS



A LITTLE TOO DYSTOPIAN FOR ME.”

— ELISA, 18

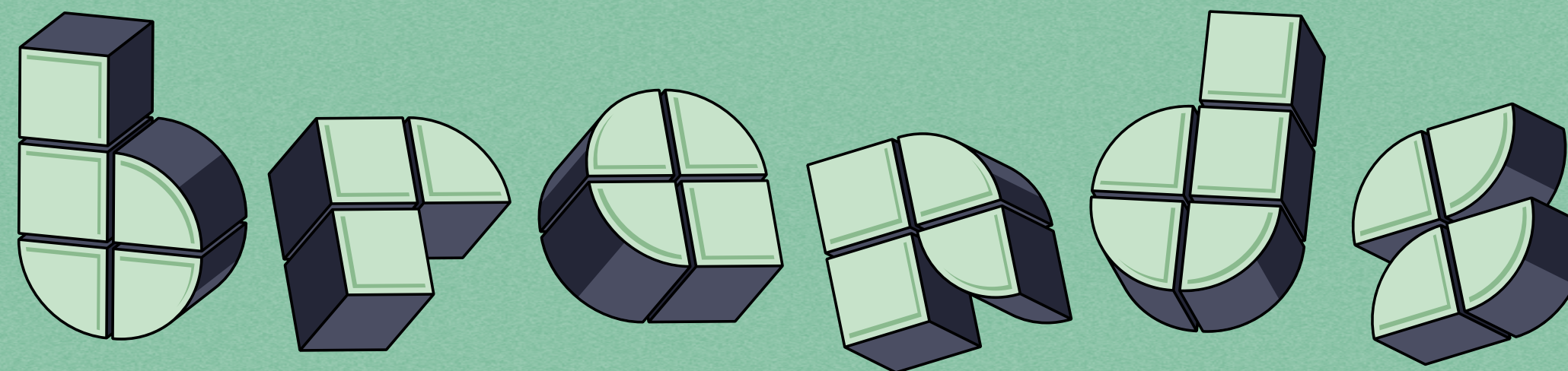


OF ZS WOULD BE EXCITED TO SHOP IN A PHYSICAL STORE IF THEY OFFERED SPECIAL IN-STORE SALES OR DISCOUNTS.

This isn't to say the metaverse doesn't hold some potential for brands. After all, in late 2020, 2 million 13- to 16-year-olds spent 5 million hours a day on Roblox alone, according to the company. And metaverse enthusiasts are opening their pixelated wallets for some branded virtual goods. But that doesn't mean brands should be putting their full marketing budgets into the metaverse. In other words, based on what we heard from Zs in our study, **our metaverse playbook consists of just three words: Don't do it.**



WHAT IT MEANS FOR



DON'T COUNT OUT BRICK-AND-MORTAR.

While headlines have touted the end of retail for going on a decade, Gen Zs like physical retail and believe it's here to stay. IRL stores — updated to reach the next gen — should remain a long-term part of brands' omnichannel approach.

TARGET BOTH OF ZS' CONSUMER MINDSETS: THE INSPIRE MINDSET AND INQUIRE MINDSET.

Brick-and-mortar retail remains unmatched in “try before you buy” experiences, but this gen wants stores to inspire them too. Introduction to new products, playful merchandising, and in-store experiences will drive both impulse purchases and overall brand love among Zs.

INVEST IN THE SPACES WHERE ZS ACTUALLY ARE.

Zs might not be roving around metaverse lands, but they are playing Roblox, Fortnite, and the like. If your brand is able to engage and interact with consumers in the game space, go all in on it.



BRANDS



WITH

BENEFITS



Gen Z is rethinking the brand-consumer relationship, uncoupling it from product alone — and asking brands, “What have you done for me lately?”

Now, Zs’ relationships with brands are akin to “situationships” — they’re keeping it casual while continuing to play the field. Brands that want to take it to the next level with Zs need to keep the benefits coming, and to build an entire universe of content, events, community, and more, for Zs to engage with.



WHAT
HAVE
YOU
DONE
FOR ME
LATELY?



60%



OF GEN ZS BECAME EVEN
LESS BRAND LOYAL IN 2021

LOYAL-ISH

On the long list of things that Zs have been blamed for killing, brand loyalty may just take the cake. For years, marketers have been told to assume the worst from this generation — and most data out there supports this assumption. Statista recently reported that nearly 60% of Gen Zs became even less brand loyal in 2021, scorching whatever hope brands had of securing this gen’s future affinity. But we’re here to tell you: **don’t give up on Zs just yet. Our research shows that this gen is open to being loyal, but brands will have to reinvent what it means to earn their loyalty.** While just over a third of Zs (36%) identify as being loyal to brands, 41% say they’re “kind of” loyal — meaning they’re open to being repeat customers as long as brands treat them right. Until then, they’re staying noncommittal and playing the field.

That said, when we asked Zs to define their relationships with individual brands, we found that they’re more monogamous than the stats alone let on. Megan, 21, for instance, says that she’s “not super into

“THIS GENERATION HAS *LOST TRUST* IN SO MANY THINGS: HIGHER INSTITUTIONS, BIG COMPANIES, POLITICS, RELIGION, EVERYTHING. SO WHEN IT COMES TO PURCHASING DECISIONS, THEY NEED TO *TRUST BRANDS* AND COMPANIES BEFORE LETTING THEM INTERACT WITH THEM.”

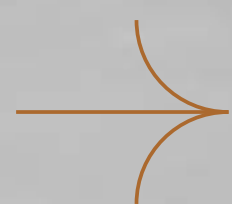
— Marion Boeri, Global Lead of Thought Leadership Research at Spotify

brand loyalty” but does buy from Lululemon “all the time.” Meanwhile, Jack, 25, says he’s “guilty of brand loyalty” when it comes to Nike — and Nike only. “I’m a ‘Just Do It’ kind of guy,” he says. Then there’s Bailey, 18, who says that he’s “loyal to a specific style,” and therefore sticks with certain brands because they evolve as he does.

The reality is that Zs are evolving the very definition of brand loyalty. **This generation is loyal-ish; they’re playing the competitive “brand field” for now, while keeping their eyes out for brands worthy of their long-term love.**



54%



OF ZS SAY SHOWING BRAND LOYALTY MEANS SIMPLY TELLING YOUR FRIENDS ABOUT A BRAND

TAKING IT TO THE NEXT LEVEL

So how do brands get Gen Zs to drop the *-ish* and go full loyal? The key is understanding what Zs want from their relationship with brands. **If the old model of brand loyalty centered around how the consumer served the brand through repeat purchases, Zs seek brand relationships that feel far more reciprocal.** While the loyalty programs, discounts, and early access to products that brands have always offered customers are still important to this gen, they expect brands to offer them benefits... even if they're not customers (yet).

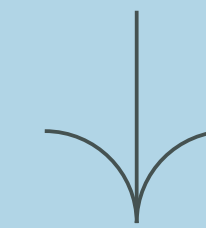
In fact, loyalty to a brand isn't defined by purchase, according to Zs. To this generation, the more intimate and personal aspects of a brand go further toward relationship-building than do transactions. Zs are much more likely than their Millennial counterparts to say that showing brand loyalty means simply telling your friends about a brand (54% vs. 41%). And when asked about the most important ways to show loyalty, Zs said simply loving the brand even if they don't purchase it (40%) and following the brand on social media (29%) are enough.

In fact, having an entertaining and engaging presence on social media is a key way for brands to earn Zs' hearts. While this obviously isn't new information, brands need to get out of the transactional mindset that makes Gen Z's feeds just another space to reach them with ads. Instead, brands should use social media to add value to Zs' lives. Think of it as that little daily dose of communication that lets your crush know you're into them — and makes them want to take it to the next level too. In fact, 72% of Zs say they're more likely to remember a brand that has an engaging presence on social media (and beyond) than one that just serves them ads. And nearly half of Zs say they prefer funny or entertaining content from brands over information about their products.

Kaj, 20, and Elisa, 16, both called out Duolingo's notoriously "unhinged" TikTok presence as an example of a brand that's getting it right — and is tempting them to commit. "If Duolingo didn't use TikTok like they do, I probably would never use them," says Kaj. "But since they do such a good job, I'm like, 'Okay, maybe I can do this in my free time.'" Meanwhile, Scrub Daddy's TikTok has earned 20-year-old Emma's loyalty: "Every time I go to the grocery store and I see Scrub Daddy, I think about their TikTok. So it's working." At the same time, 39% of Zs feel that having no social media presence makes a brand *less cool* — a clear indicator that brands playing coy will be left on read.



72%



OF ZS SAY
THEY'RE MORE
LIKELY TO
REMEMBER A
BRAND THAT
HAS AN
ENGAGING
PRESENCE ON
SOCIAL MEDIA.





“I CONSIDER NEWSLETTER SUBSCRIPTIONS PART OF MY LOYALTY BECAUSE I USUALLY UNSUBSCRIBE FROM 95% OF THEM. BUT IF IT'S A BRAND THAT I REALLY LIKE, LIKE RARE BEAUTY, I STAY SUBSCRIBED AND CHECK THEIR NEWSLETTERS AND SEE WHAT TYPE OF SALES ARE GOING ON.” — Christy, 19



“IF YOU'RE TELLING PEOPLE ABOUT A BRAND, THEN THAT'S PRETTY MUCH LOYALTY.” — Hannah, 18

“GROWING UP, THE ONLY REALLY GOOD STORE WE HAD IN OUR MALL WAS AMERICAN EAGLE. AND SO I GREW UP ONLY SHOPPING AT AMERICAN EAGLE. I STILL ONLY WEAR THEIR JEANS BECAUSE THAT'S WHAT I LIKE AND WHAT FITS ME BEST. OTHER THAN THAT, I DON'T HAVE A WHOLE LOT OF BRAND LOYALTIES.” — Alena, 22



“CUSTOMER SERVICE PLAYS A HUGE ROLE IN MAINTAINING A STRONG CUSTOMER-BRAND RELATIONSHIP. A PERSON CAN VERY, VERY EASILY JUST STOP SHOPPING WITH YOUR BRAND, JUST BECAUSE OF ONE BAD INTERACTION. I KNOW I WOULD.” — Meezab, 21



“NIKE'S MEMBERSHIP PROGRAM IS WHAT KEEPS ME COMING BACK TO THE BRAND. WHEN SOMETHING THAT I'VE BEEN TRYING TO BUY IS ON SALE, I'LL GET AN EMAIL, LIKE, 'WE HAVE THIS ITEM ON SALE, IT'S BEEN IN YOUR CART.' IF OTHER CLOTHING BRANDS OFFERED SOMETHING SIMILAR, I WOULD DEFINITELY RETURN TO THEM A LOT MORE.” — Bailey, 18

84%

OF ZS SAY THEY'RE MORE LIKELY TO PURCHASE FROM BRANDS THAT THEY SEE AS "COOL."

BRAND

MONOGAMY

While the previous consumer journey saw the point of purchase as a brand's "happily ever after," for Zs, a brand that isn't still wooing them post-purchase may as well have ghosted them. **To earn Zs' elusive loyalty, brands need to keep this gen engaged for the long haul — and that means creating a whole universe of touchpoints for them to traverse and explore.** As Lucy Maguire, senior trends editor at *Vogue Business*, put it: "Brands that are successful in building loyalty know that the post-purchase journey is not actually just about the product. The secret sauce today is creating a universe and making Zs feel a part of a community."

Indeed, when we asked Zs about a range of options that could make a brand "more cool," products barely rose to the top. Instead the top efforts Zs said elevated a brand's cool factor in their eyes was exclusive content (55%), sponsored events (55%), and collaborations with artists, celebs, or other brands (52%). Meanwhile, 54% of Zs say that their favorite brands are the ones that make them feel like they're

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— Lucy Maguire, senior trends editor at *Vogue Business*

part of a community. Some of Gen Z's favorite brands are doing just that, going beyond products to create true two-way relationships. Dior, for instance, now creates podcasts, YouTube series, and documentaries that lift the veil on their most iconic products and figures, while fashion brands from KENZO to Adidas chat up their Gen Z fans in Discord channels. Brands such as Glossier are even opening concept stores more focused on building community than driving sales. Meanwhile, Maguire says she's seeing "cool Gen Z-founded streetwear labels" host pop-ups "where there's a DJ and a drink sponsor, and Zs go to meet like-minded people." **In other words, "cool" brands are the ones engaging Zs with far more than product. And with 84% of Zs saying they're more likely to purchase from brands that they see as "cool" compared to ones they don't, this universe-building is key to winning their loyalty.**

ACCORDING TO ZS, THE FOLLOWING MAKES A BRAND SEEM *MORE COOL*.

55%

EXCLUSIVE CONTENT
(E.G. BEHIND-THE-SCENES VIDEOS, TUTORIALS, ETC.)

55%

SPONSORING AN EVENT I'D WANT TO ATTEND

52%

COLLABORATING WITH ARTISTS, CELEBRITIES, OR OTHER BRANDS

52%

LIMITED-EDITION PRODUCT DROPS

51%

ACTIVE SOCIAL MEDIA COMMENT SECTION

45%

CHALLENGING SOCIAL NORMS
(E.G. AN AD REPRESENTING GENDER NONCONFORMING INDIVIDUALS, A DISABILITY INFLUENCER, OR A TABOO TOPIC, ETC.)

51%

PRESENCE ON COMMUNITY CHAT FORUMS
(E.G. DISCORD, REDDIT, ETC.)

41%



OF ZS SAY THE MOST IMPORTANT ATTRIBUTE WHEN IT COMES TO LOYALTY IS CREATIVITY.



“IF YOU BUILD A RELATIONSHIP WITH A CONSUMER IN THE RIGHT WAY CONVERSION WILL COME AS A BYPRODUCT.”

— Stephen Canfield, Director of Brand Marketing at Airbnb

SURVIVING THE 7-MONTH ITCH

Brand universes — including content, events, and collabs — are also a great way for brands to keep the consumer relationship fresh. In the same way that monogamous relationships lose their luster — hitting a rough patch seven years in — the fast-paced world Zs live in means that this itch may creep in a lot sooner, especially when it comes to brands. While it’s unrealistic to pivot one’s product every time the 7-month (or even 7-day) itch strikes, brands with content universes have more power to remix touchpoints to keep the brand-consumer relationship spicy. In fact, 41% of Zs say the most important attribute when it comes to loyalty is “Creativity: They’re always exploring new ideas.”

Finally, **just like any long-term commitment, there’s one thing that must be the foundation: trust.** When asked which attributes impact their loyalty to brands, products, and creators, Gen Z’s top answer is “Trust: I believe what they say” (51%). And while that means being consistent with delivery, quality, and performance promises, Zs want to know what brands stand for and how they operate. One of the benefits of the brand universe is to let Zs “lift the lid” on a brand and see if it’s one they can feel proud to support. As Stephen Canfield, director of brand marketing at Airbnb, told us, “Trust is not built in a day; it’s built through a relationship. And a relationship is the fundamental opposite of a funnel.”



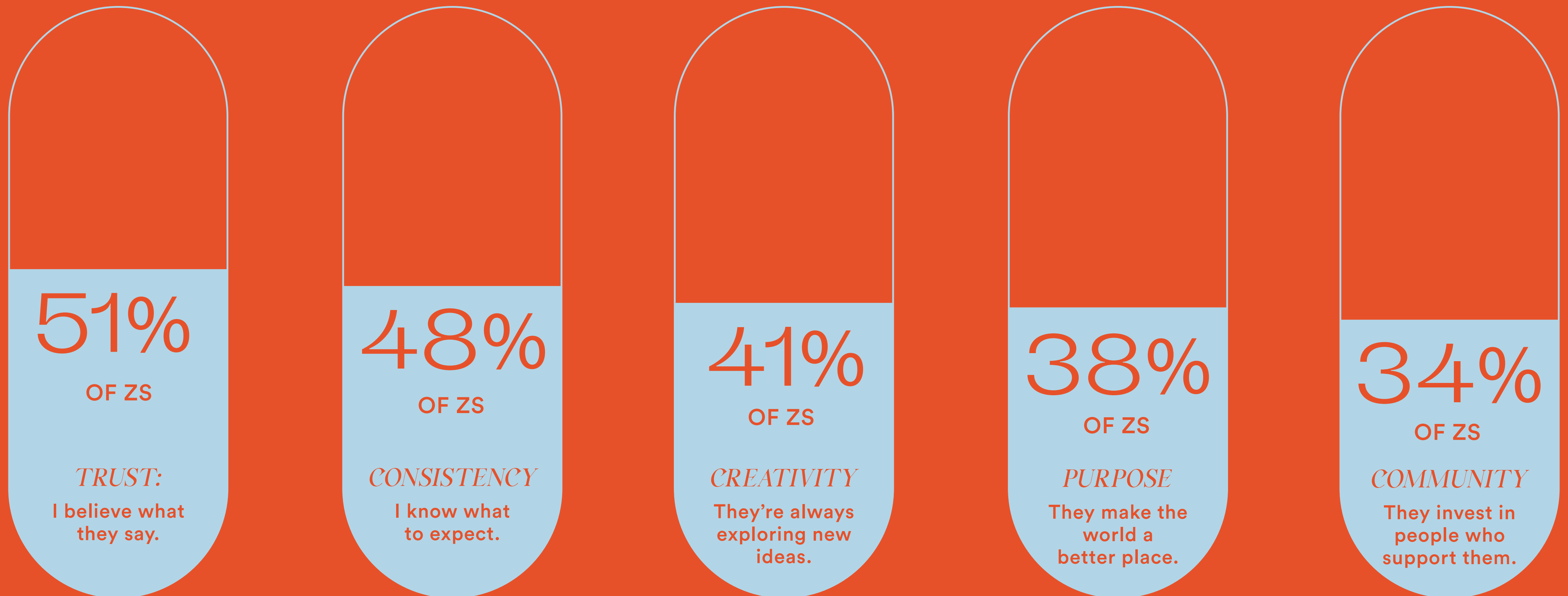
“I TEND TO TRUST
AND SUPPORT
THE BRANDS
THAT I KNOW
ARE CONSISTENT.”



— Christy, 19



WHEN IT COMES TO THE BRANDS, PRODUCTS, AND CONTENT CREATORS YOU SUPPORT, WHICH OF THE FOLLOWING IMPACTS YOUR LOYALTY TO THEM?



WHAT IT MEANS FOR BRANDS

EMBRACE THE
“SITUATIONSHIP.”

Zs may be playing the field, but that doesn't mean you can't have a meaningful relationship with them. Provide real value now, with the long view of how to keep them coming back for more.

REIMAGINE
LOYALTY AROUND
THEM, NOT YOU.

Zs expect to experience brand benefits before they consider being loyal. Go beyond traditional product-centered rewards, such as discounts, and offer ways for them to leverage their relationship. Think: a gifting program for early adopters or data-driven opportunities for self-expression.

INVITE ZS TO
BE A PART OF
YOUR UNIVERSE.

Zs don't see their relationship with brands as simply transactional; they want to step into your world. Chat with them on Discord, peel back the curtain through behind-the-scenes tours and tutorials, and invite them to hack your brand at IRL events.



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