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The Great Generational Shopping Divide

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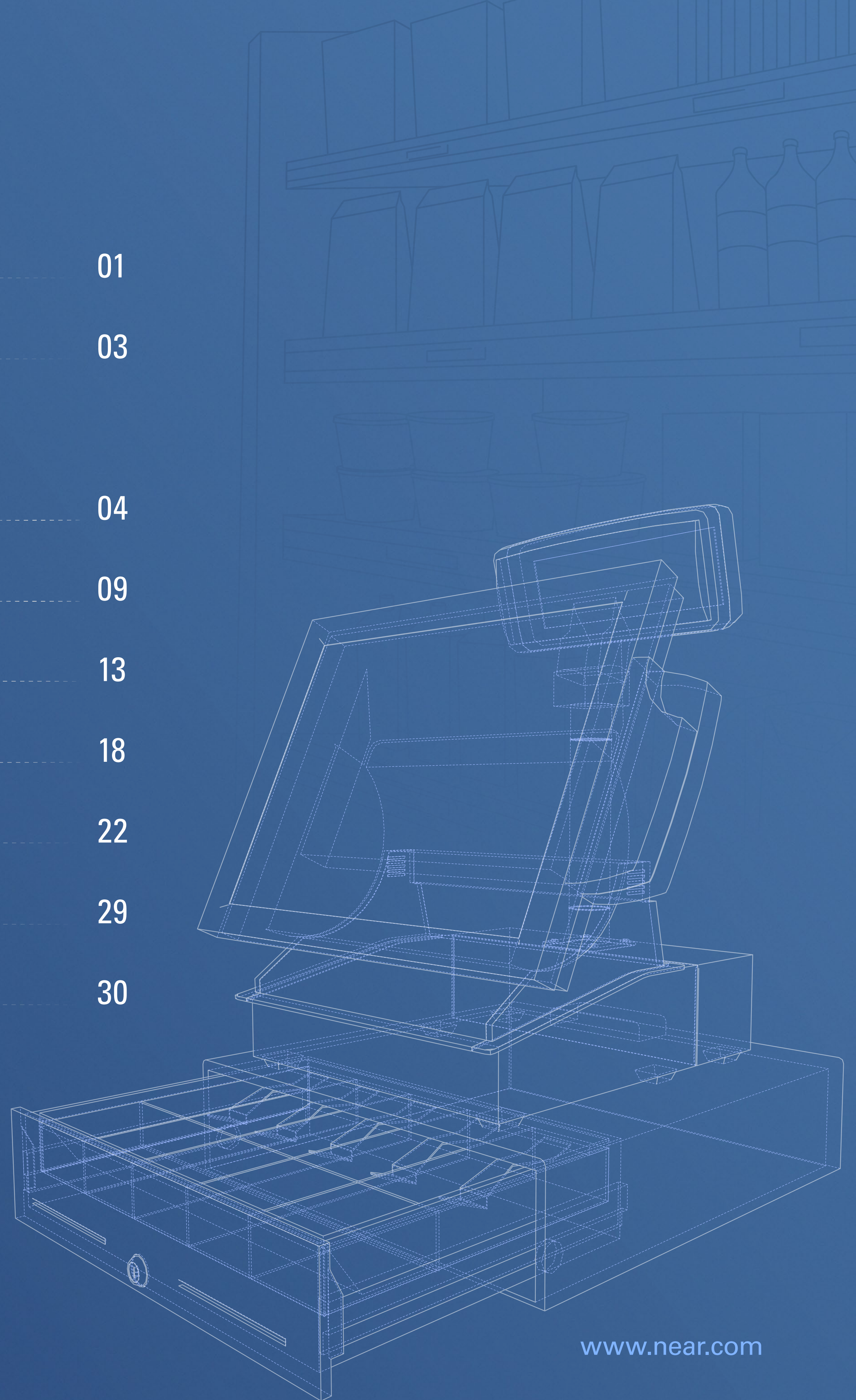


Executive Summary

The rapid evolution of consumer behavior in the modern era has led to a profound transformation in the way individuals approach shopping, interact with brands, and engage with shopping centers. However, to truly understand this evolution, businesses need to recognize that each cohort brings unique preferences, values, and expectations to the shopping experience. There are clear divisions between groups of consumers, and one of the biggest divides is generational.

Gen Z, Millennials, Gen X and Boomers all have distinctly different approaches to shopping. Understanding these generational disparities is vital for brands and shopping centers to effectively adapt their strategies and cater to the diverse needs of their consumer base.

To delve into the generational differences in consumer shopping behavior, Near surveyed 2,048 global consumers in the United States, United Kingdom, and Australia, census-weighted by age, gender, and geography.

In the survey, which ran from July 7-19, 2023, we asked them 25 questions on topics including:

- What attracts them to shop at certain shopping centers and stores
- How they're feeling about spending for the upcoming holiday season, and how they're looking for deals
- How they approach shopping using online, in-store, and omnichannel shopping behaviors

The results shed light on how distinct age groups approach shopping, their expectations from brands and shopping centers, and the platforms they prefer for their shopping experiences.

Executive Summary

The significance of high-quality, privacy-compliant consumer behavior data in strategically responding to generational differences cannot be overemphasized. Consumer behavior data unites various data sources to shed light on how consumers dine, shop, travel, work and more. Businesses can inform their marketing and operations strategies with insights including trade area, path to purchase, dwell time, demographics, and more.

Only through robust and reliable consumer behavior data can brands and shopping centers make informed decisions and craft consumer-centric strategies. By acknowledging the unique attributes of each generation and leveraging high-quality consumer behavior data, businesses can tailor their marketing approaches, product offerings, and shopping experiences to resonate with their target audiences effectively.

Key Insights

The Great Generational Shopping Divide survey examined the ways in which different generations approach shopping. Here are the key findings, presented in more detail throughout the report.

1. Younger shoppers are leading the way on omnichannel shopping.

Our survey revealed that while a majority of shoppers of all ages (80%) are regularly online shopping, roughly half of shoppers (52%) are engaging in omnichannel shopping, where they use 2 or more channels in their purchase journey. Gen Z and Millennials are roughly 2x more likely to do omnichannel shopping than Boomers (63% and 65% vs. 33%, respectively).

2. Gen Z and Millennials have higher expectations for brands and shopping centers around experience and technology.

A majority of Gen Z & Millennials indicated that they shop more from brands that have an app (55% and 53%, respectively). They also are more likely to visit stores with unique and personalized experiences, like recommendations based on shopping history and digital catalogs. Finally, 88% of Gen Z and Millennials want to engage with their favorite shopping center via app, social media, loyalty programs and more.

3. Different generations are drawn to different aspects of the shopping experience.

Gen Z and Millennials are more likely to visit shopping malls and outlet malls than older generations, while older generations are more likely to prefer discount stores. Gen Z and Millennials also favor shopping centers with more entertainment and dining options, while Boomers seek out shopping centers with good parking and grocery stores.

4. Shoppers overall are preferring shopping near home more, and remote work is enabling this more.

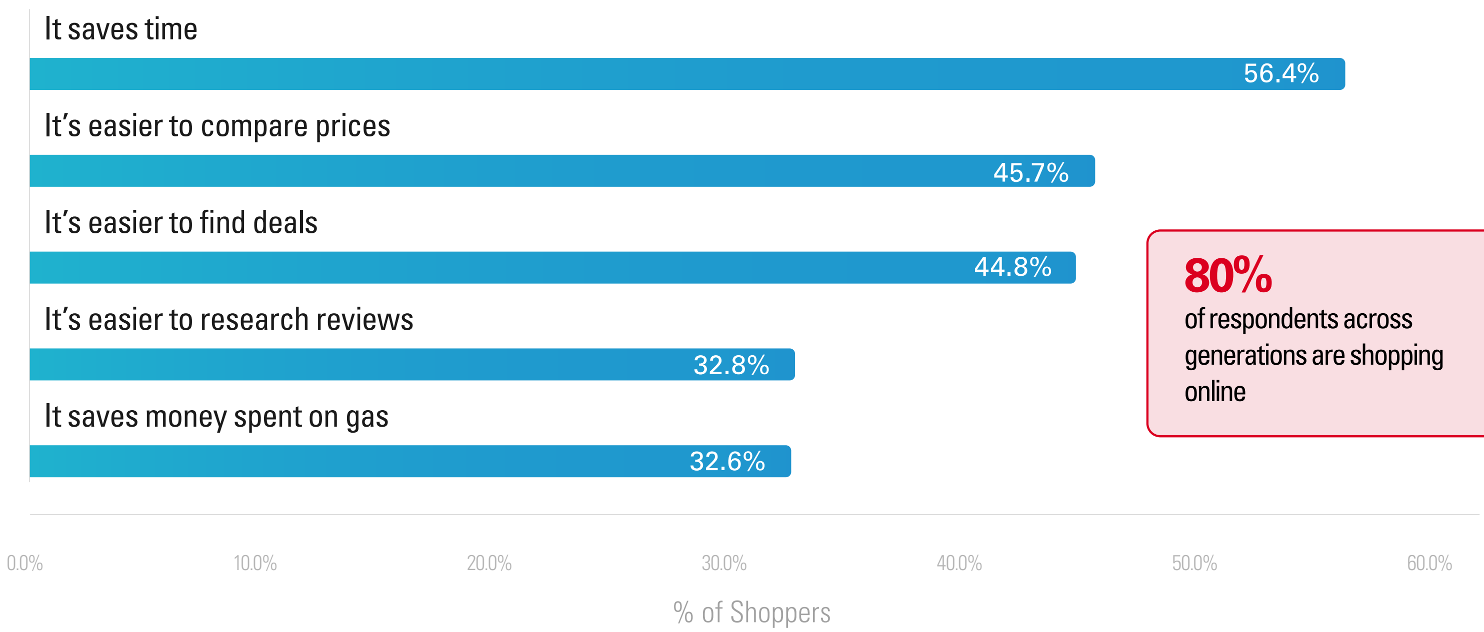
Proximity to home was the top factor for shoppers of all ages in preferring one shopping center over others - 57% indicated this was a top factor, versus 16% saying proximity to work. Even among office commuters, 60% indicated that they're visiting stores near their homes more than they were a few years ago. Among newly-remote workers 68% said they used to visit shops near their workplaces before 2020.

5. Younger consumers are planning to spend more for the rest of the year, even though they're concerned about the economy.

52% of Gen Z and 48% of Millennials plan to spend more for the rest of the year, including the holidays, versus just 29% of Gen X and 21% of Boomers. However, Millennials and Gen X shoppers are the most impacted by the economy - 42% of Millennials and 43% of Gen X say the economy is affecting their spending plans a lot versus 33% of Gen Z and 34% of Boomers.

Online vs. Omnichannel Shopping - The Path Forward

Top Reason Shoppers Are Motivated to Shop Online

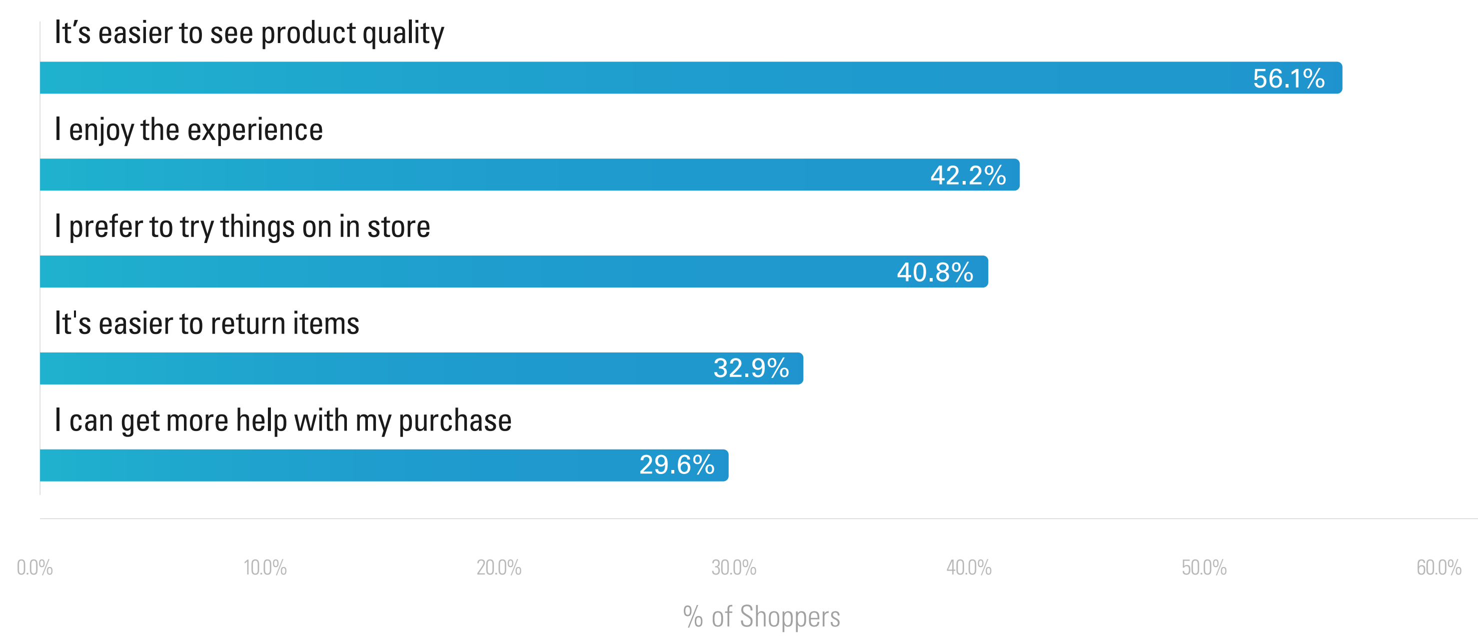


80%
of respondents across generations are shopping online

A majority of shoppers of all generations shop online, and their reasons are consistent across age groups

There are still many reasons shoppers prefer to go into store

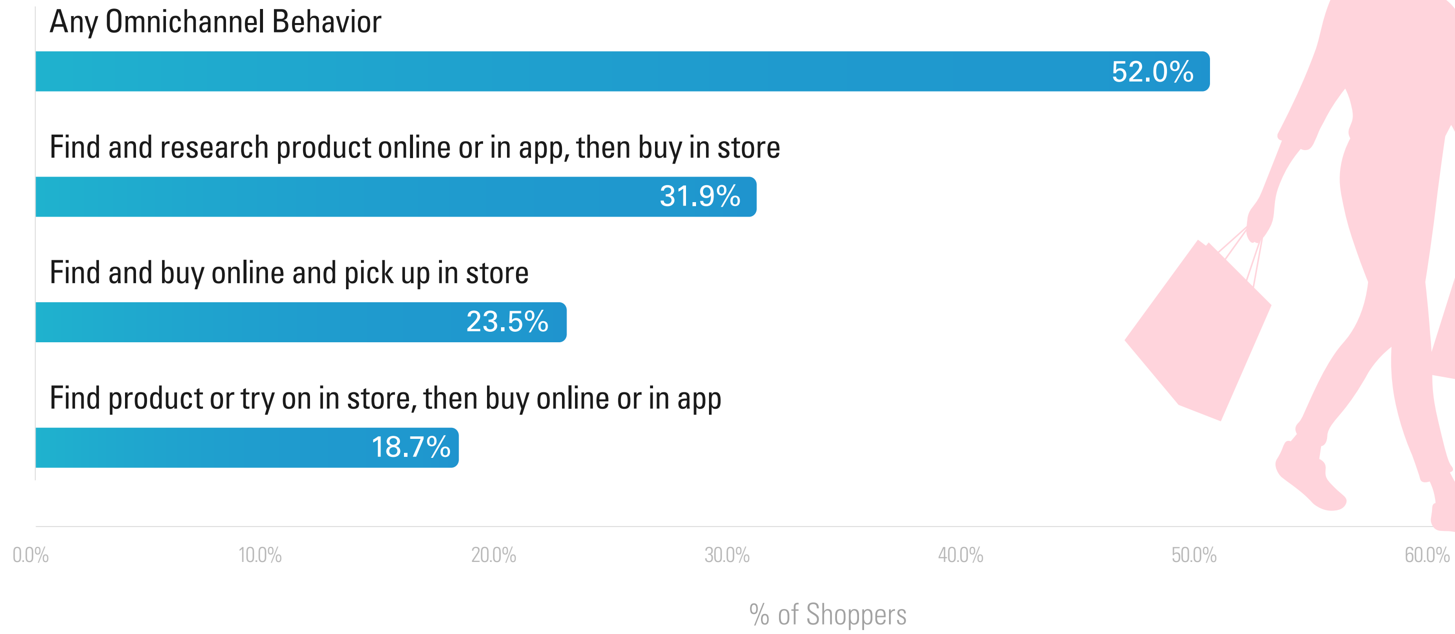
Top Reason Shoppers Are Motivated to Shop In-Store



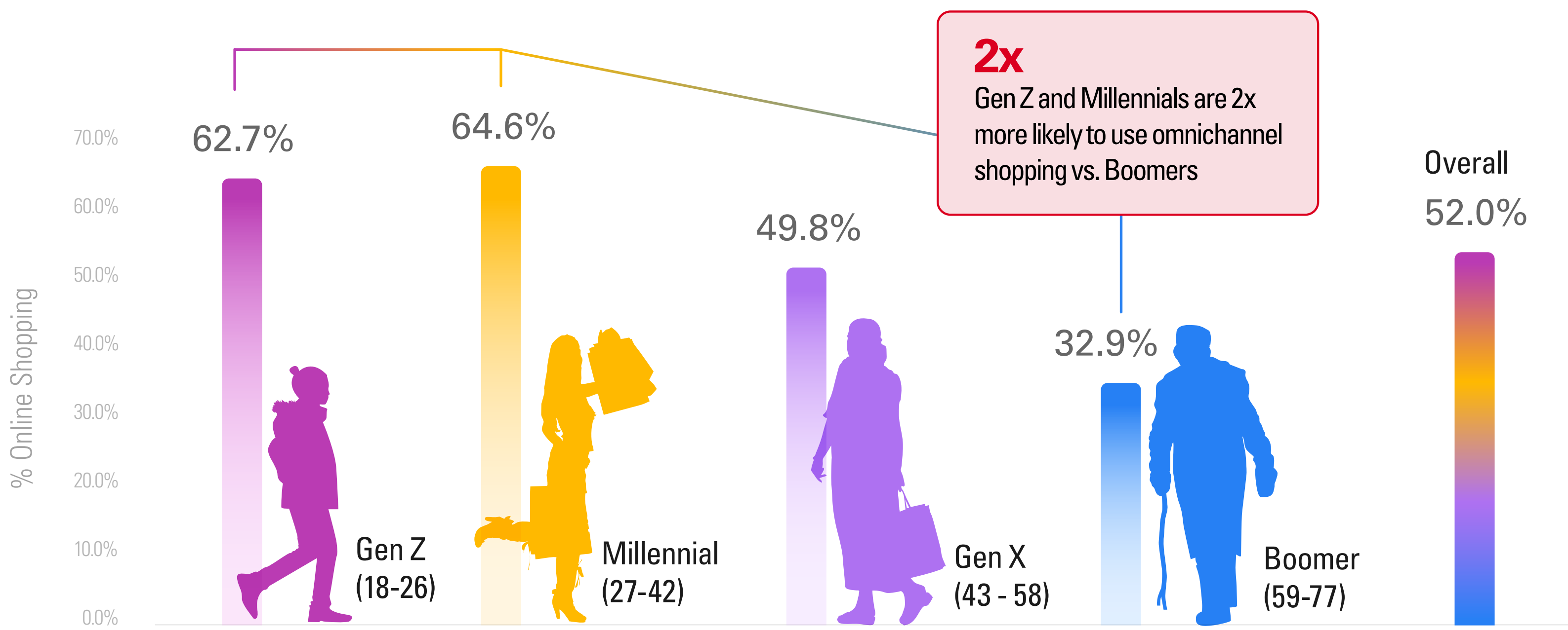
Key Finding

Omnichannel shopping, where shoppers used >1 channel in their purchase journey, is used by > half of respondents overall (52.0%)

% of Shoppers Using Omnichannel Shopping Approaches



% Online Shopping by Generation

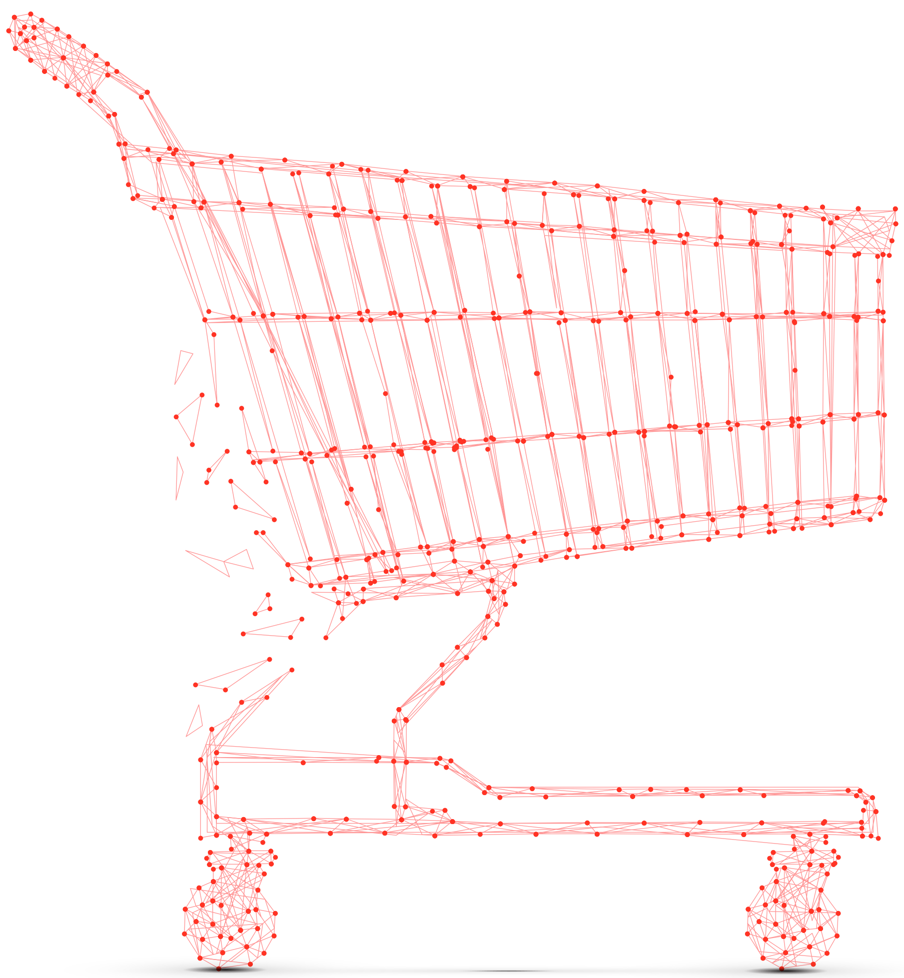


But younger generations are clearly leading the way on omnichannel shopping

Implications for Retailers

It's critical to utilize multi-channel advertising that adapts to the omnichannel approach of more than half of shoppers (and 2/3 of younger shoppers). Consumer behavior data can be an effective tool for omnichannel marketing, allowing marketers to retarget store visitors, and attribute store visits to consumers who saw digital, social or CTV ads.

Retailers must understand both visitation patterns and demographics in locating and formatting stores. Consumer behavior data can provide deep and location-specific insights into demographics, trade areas, activity by daypart and day of week, and more.



Leading with Omnichannel

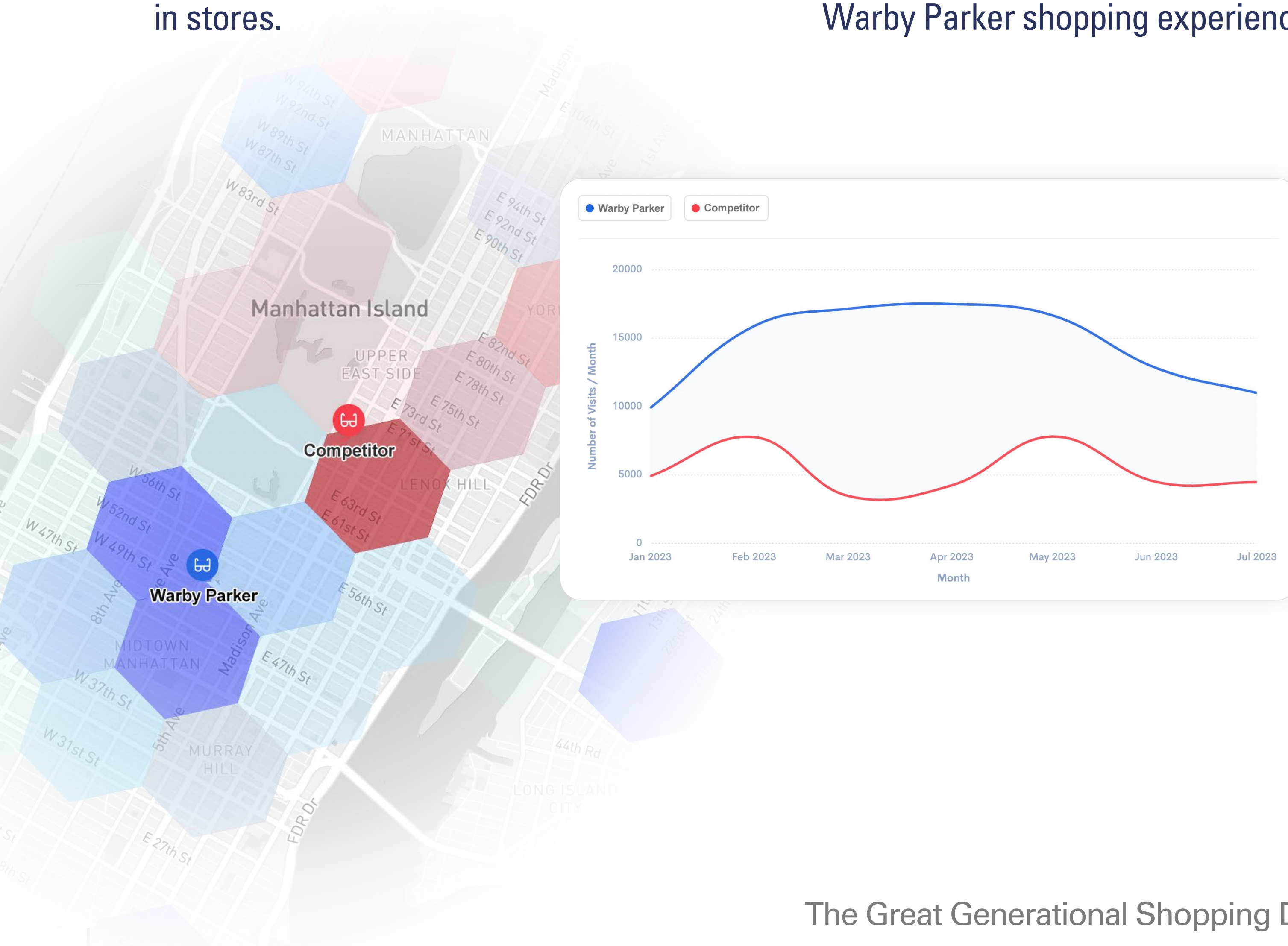
WARBY PARKER VS. ESSILORLUXOTTICA

Warby Parker was founded in 2008 as an online retailer providing an affordable eyeware alternative, challenging EssilorLuxottica's stronghold on the market.

Warby Parker pioneered the omnichannel experience before it became common - giving shoppers options to try on frames at home or in stores.

Warby Parker has since expanded to more than 200 stores, and is still actively expanding. Omnichannel shopping is still critical to the Warby Parker shopping experience.

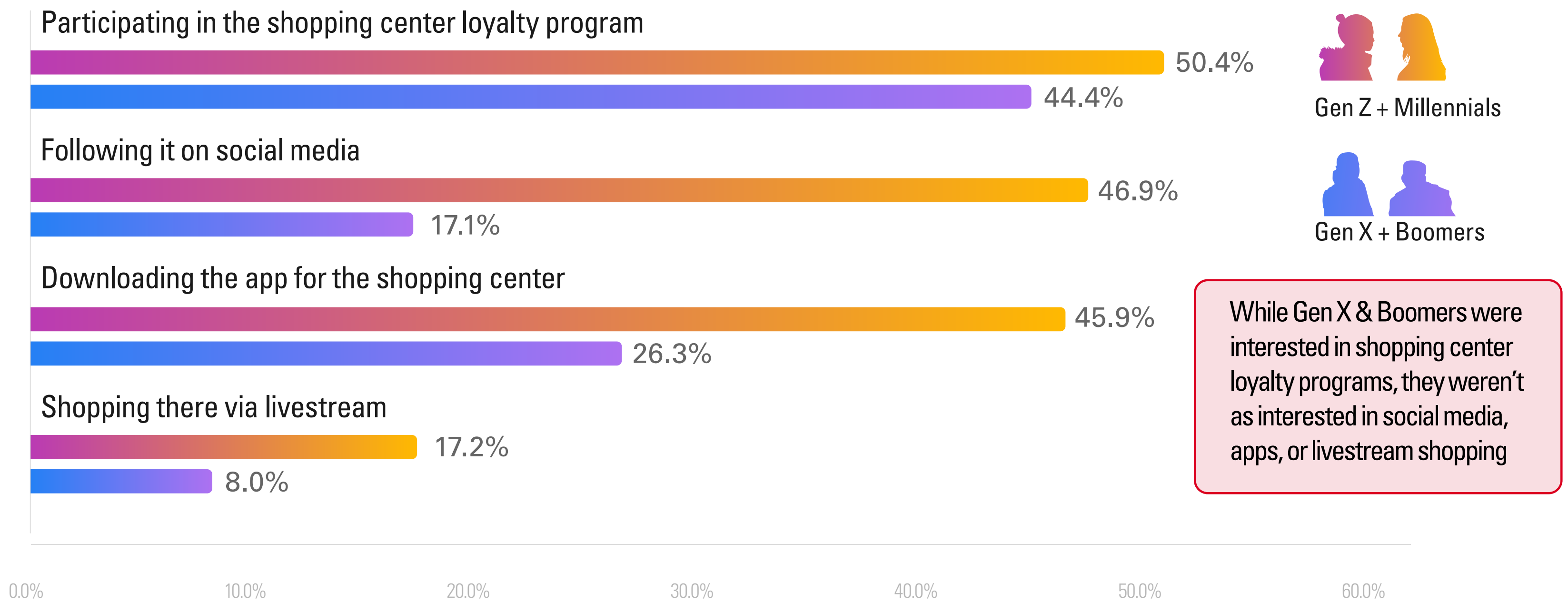
Its omnichannel retail strategy and competitive prices have been effective - consumer behavior data shows that the retailer is dominating in visitation and market share over its competitor in these nearby NYC locations.



Expectations Around Engagement & Personalization

88% of Gen Z & Millennials would like to engage with their favorite shopping center (vs. 73% of Gen X & 53% of Boomers)

In which ways would you like to engage with your favorite shopping center?

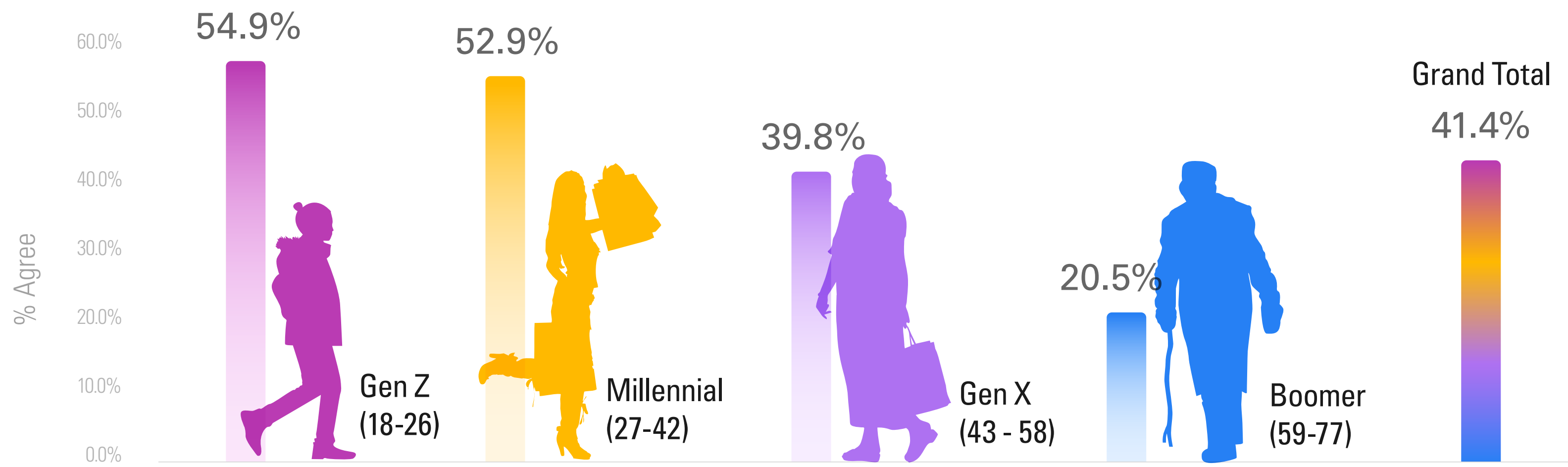


Which of the following experiences would encourage you to go into stores?

A majority of shoppers of all generations shop online, and their reasons are consistent across age groups

A majority of Gen Z & Millennials indicated that they shop more from brands that have an app

"I shop more often from brands if they have apps"



Implications for Retailers

Lean into personalization for shoppers - ensure you have high quality consumer behavior data on shopping patterns, demographics, and more. With consumer behavior data insights you can ensure more relevant messaging - for example, targeting a new offering around baby apparel specifically to parents.

Encourage adoption of your loyalty programs by emphasizing the benefits and potential for savings, and giving consumers clear instructions for how to join.

Engaging Shoppers with Personalized Experiences

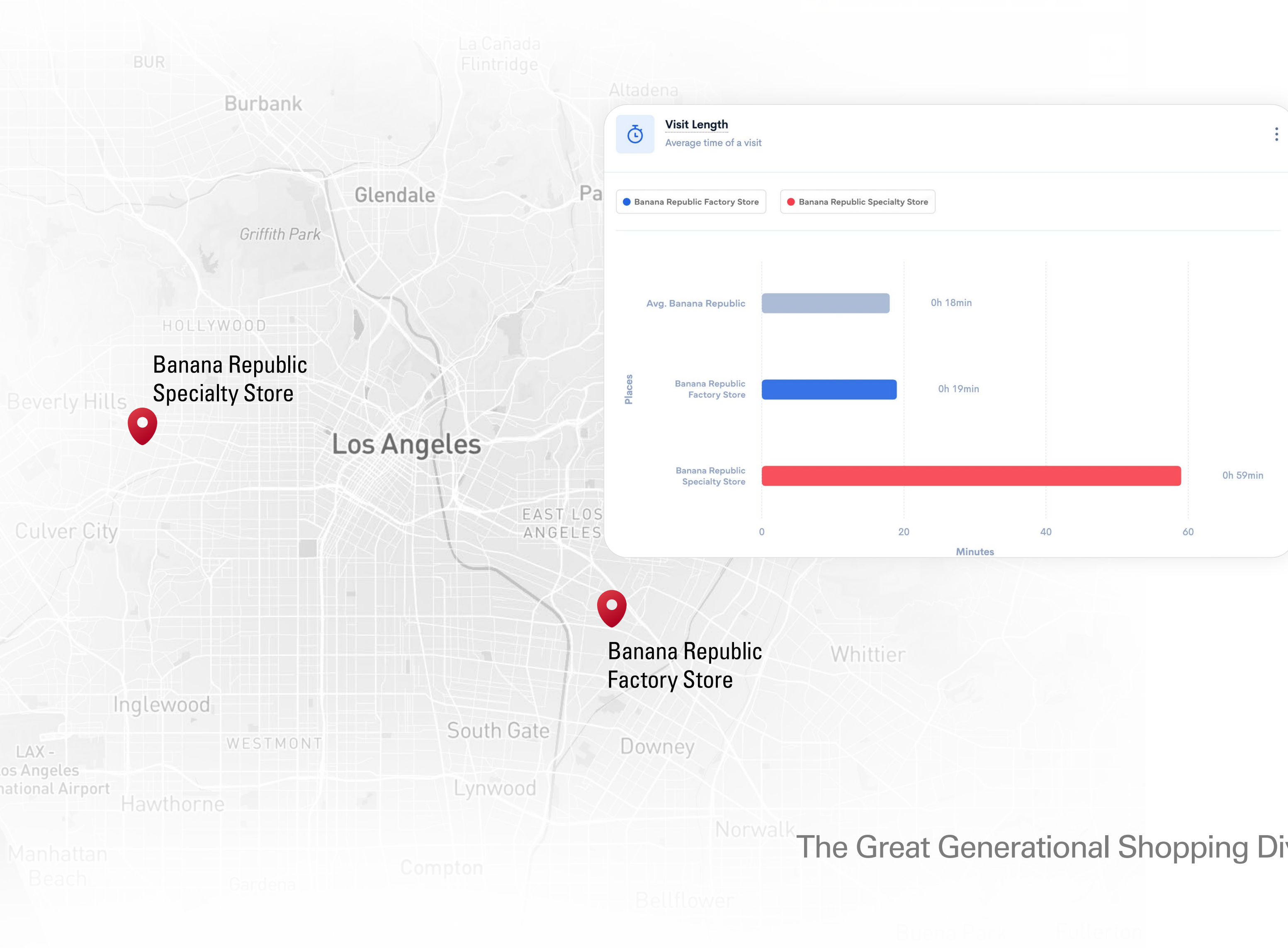
BANANA REPUBLIC FACTORY VS. SPECIALTY STORE

Banana Republic expanded their personal shopper offering to specialty stores in late 2022. The brand has also experimented with some stores having additional offerings such as baby lines and home decor.

The impact of this strategy can be seen when comparing two Banana Republic stores in the Los Angeles area.

One Banana Republic, at The Grove, has the full offering of BR Atelier, BR Art and BR Baby. The other is a Factory store with none of those services.

According to consumer behavior data, the Banana Republic with the additional services has an average visit length more than 3x that of the nearby Factory Store (59 min vs. 19 min).



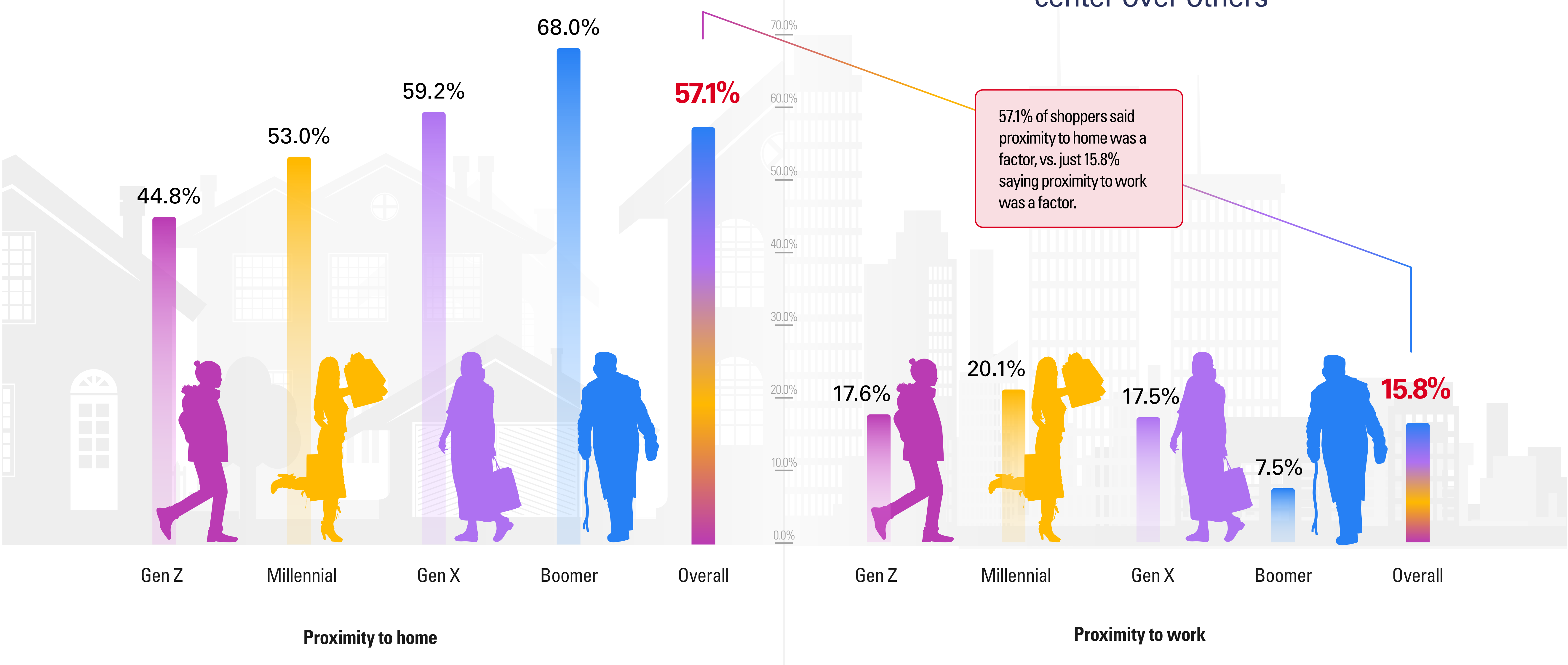
The Shift Towards Shopping Near Home

Key Finding

THE SHIFT TOWARDS SHOPPING NEAR HOME

What makes you prefer to visit one shopping center over others?

Proximity to home was the top factor for shoppers in preferring one shopping center over others

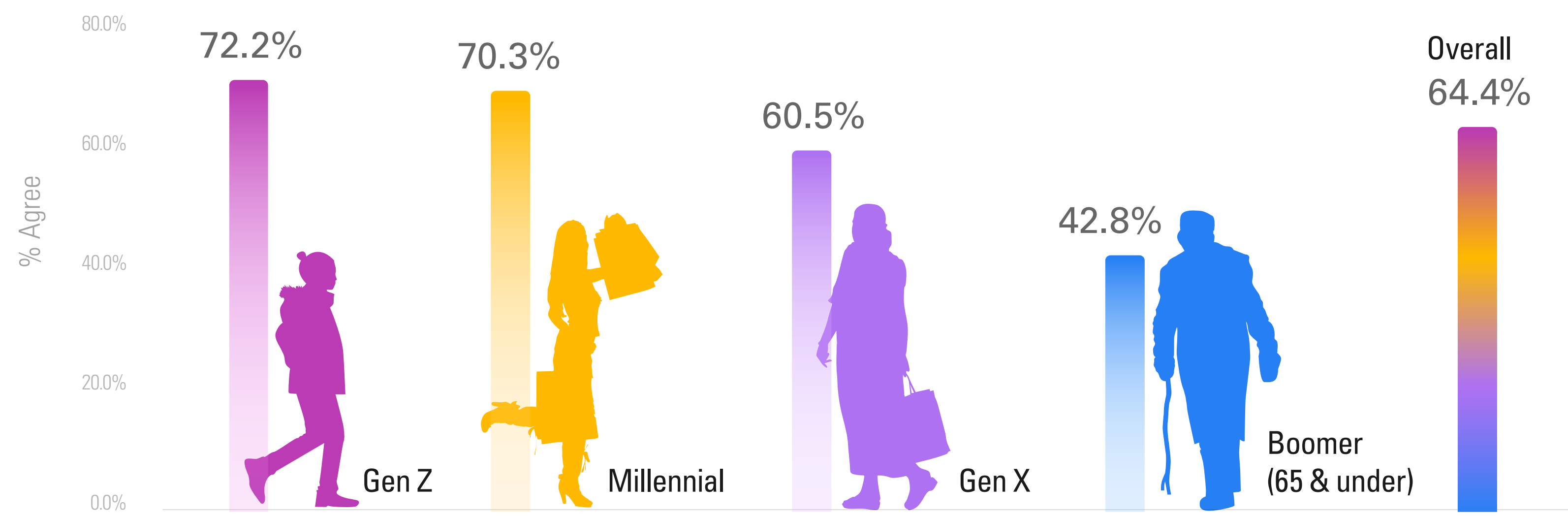


Key Finding

THE SHIFT TOWARDS SHOPPING NEAR HOME

2 in 3 working aged respondents (18-65) are commuting to an office at least once a week - this is higher for younger generations

Do you regularly commute to a work location (at least 1x / wk)?



NEAR WORK

73%

of office commuters say they visit stores near their workplaces

NEAR HOME

60%

of office commuters say they're visiting stores near their homes more than they were a few years ago

MORE FLEXIBILITY

56%

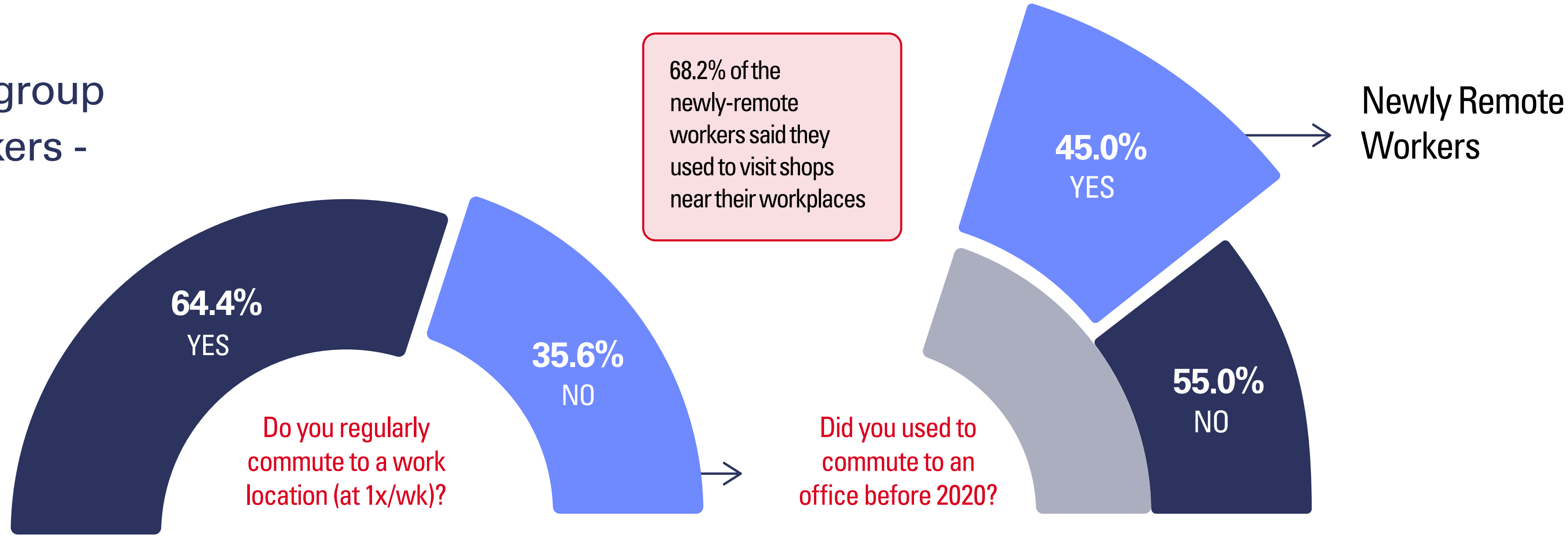
of office commuters also agree that "remote & hybrid working makes it easier for me to shop during the work week"

Office commuters are enjoying more flexibility to shop both near home and work

Key Finding

THE SHIFT TOWARDS SHOPPING NEAR HOME

There is a significant group of newly remote workers - and they're no longer visiting shops near workplaces



Implications for Retailers

Leverage consumer behavior data to understand how your locations - both in downtowns and suburbs - have been impacted by the shift towards increased remote and hybrid work. With consumer behavior data, you can see both overall visitation trends over time, as well as specific patterns around home locations of visitors to downtowns, top days of the week and times of day for visitation, and more

Identify former visitors to your locations near workspaces with consumer behavior data to try to win back those lost customers by attracting them to more suburban locations.

Strategy in Action

A Tale of Two Malls

WESTFIELD SAN FRANCISCO VS. STONESTOWN GALLERIA

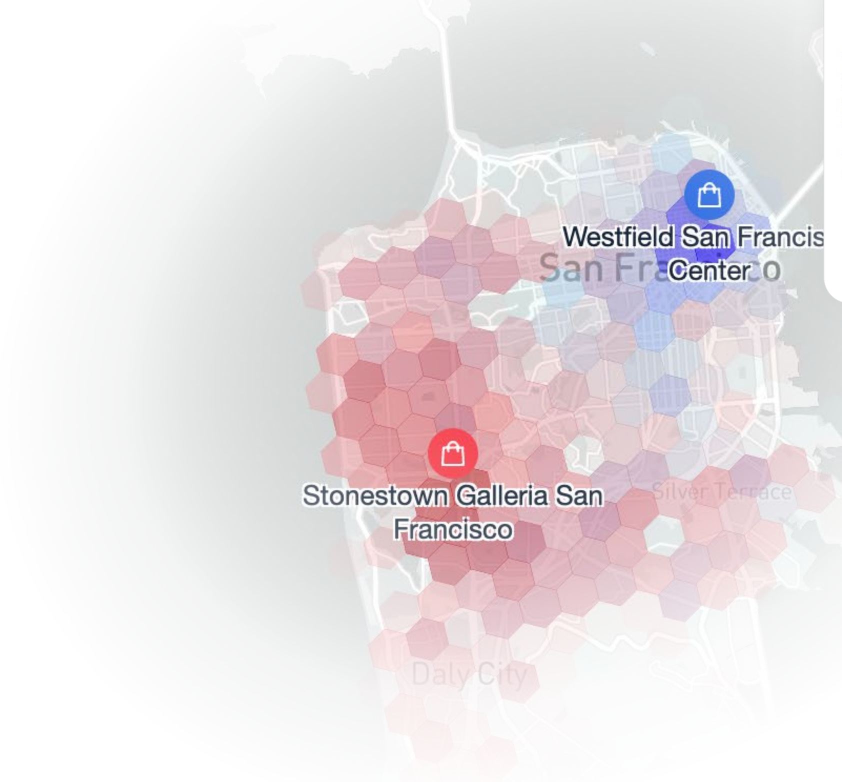
In 2019, Westfield San Francisco in the heart of downtown San Francisco, and suburban Stonestown Galleria had similar levels of visitation.

While both malls were hit hard by the pandemic, Stonestown Galleria started recovering faster and stronger than Westfield San Francisco, which heavily relied on office-goers and tourists for traffic.

Anchored by Regal Cinemas, Target and Whole Foods, and including many popular fashion brands, Stonestown attracts a younger crowd, including students from nearby San Francisco State.

According to consumer behavior data, in 2022 visitation to Westfield was still 58% down from 2019. Stonestown was just 27% down. Stonestown also draws from a much wider trade area than the Westfield.

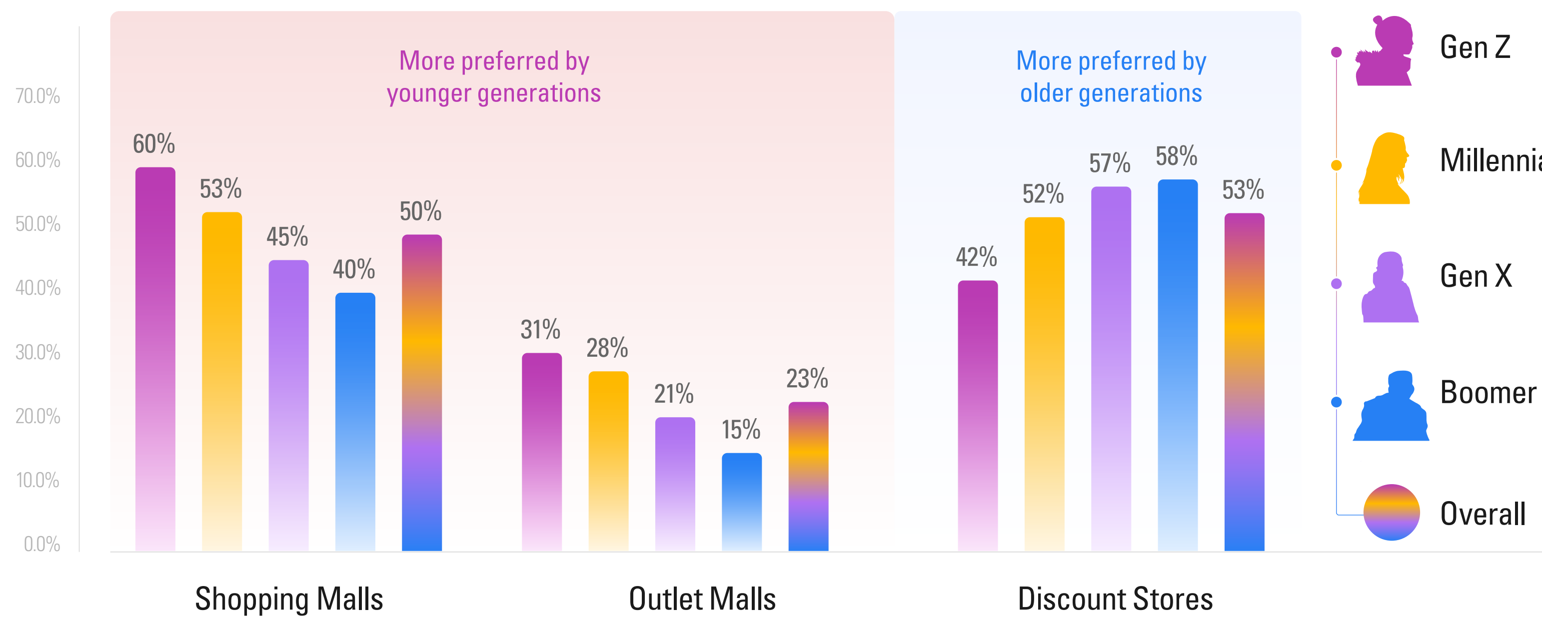
In 2023, Westfield announced that the beleaguered Westfield San Francisco mall would be closing.



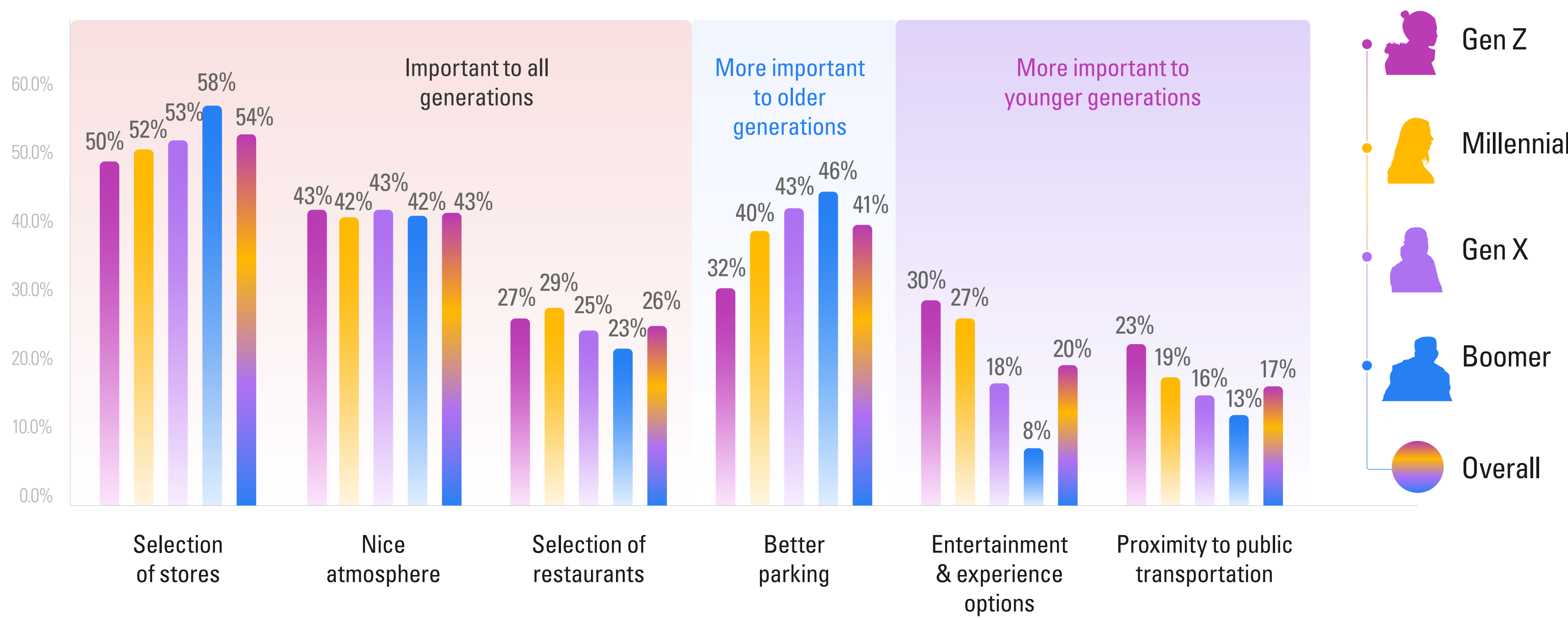
The Shopping Experience

Younger generations more likely to prefer malls & outlets, while older generations prefer discount stores

Which types of stores do you shop in? (Select all that apply)



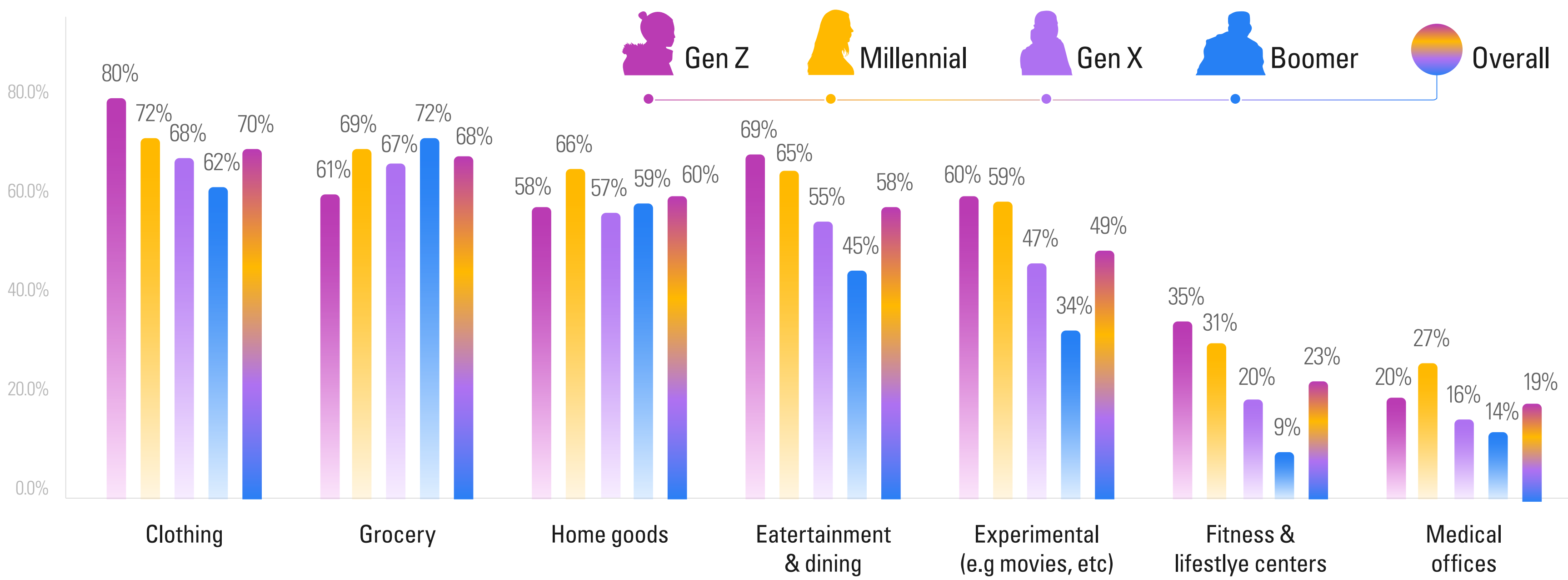
What makes you prefer to visit one shopping center over others? (Select all (Select all that apply)



Some shopping center features were important to all generations, while others saw greater importance to some generations

Key Finding

Which types of retailers are most likely to attract you to a shopping center?



Younger generations are most drawn to experiences & dining, while older generations stick to the basics

Implications for Retailers

Consider generational preferences around experience when choosing store locations. Consumer behavior data can enable this by providing insights on brand and location affinities of visitors to any place, how far consumers are willing to travel to shopping centers, their paths to purchase, and more.

For example, to optimize for older shoppers, you want to consider solid parking access and proximity to practical offerings like discount retailers and grocery stores.

Meanwhile for younger shoppers, optimize towards more outlet and shopping malls, and near good food and entertainment options.

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Generational Experiences in Action

DOLLAR TREE VS. WESTFIELD UTC VS. CARLSBAD PREMIUM OUTLETS

Generational preferences come to life when using consumer behavior data to compare visitation patterns of different store experiences.

In this example, we compare three shopping experiences in the San Diego area:

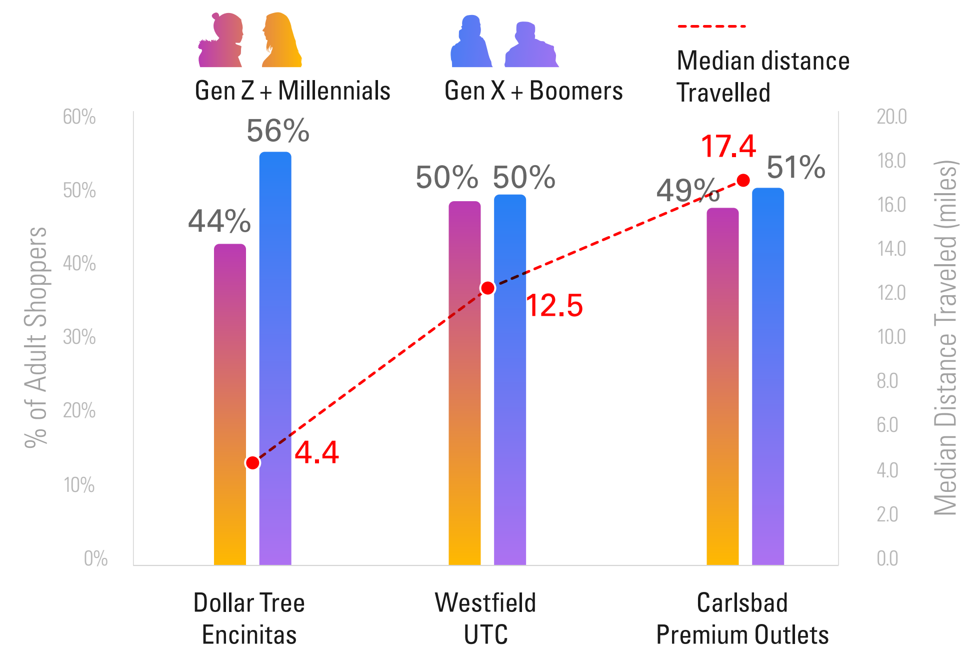
- The premiere shopping mall of the area (Westfield UTC) - featuring a movie theater, ice skating rink, and top brands and dining options
- Popular outlet mall (Carlsbad Premium Outlets) featuring brands like Coach and Adidas, family-friendly dining, and proximity to tourist attractions like Legoland and Flower Fields
- A Dollar Tree near the two malls

The Dollar Tree attracts older shoppers, with a shorter median distance traveled.

Not surprisingly, the visitors to the Westfield UTC and Outlets were both younger and willing to travel farther.

Brand affinities for the Dollar Tree were practical staples like Target and a local supermarket. Brand affinities for the mall were a hip coffee chain and premium natural grocer. For the outlets, brand affinities included Nike and family-friendly restaurant chain Texas Roadhouse.

Discount Store vs. Shopping Mall vs. Outlet Mall



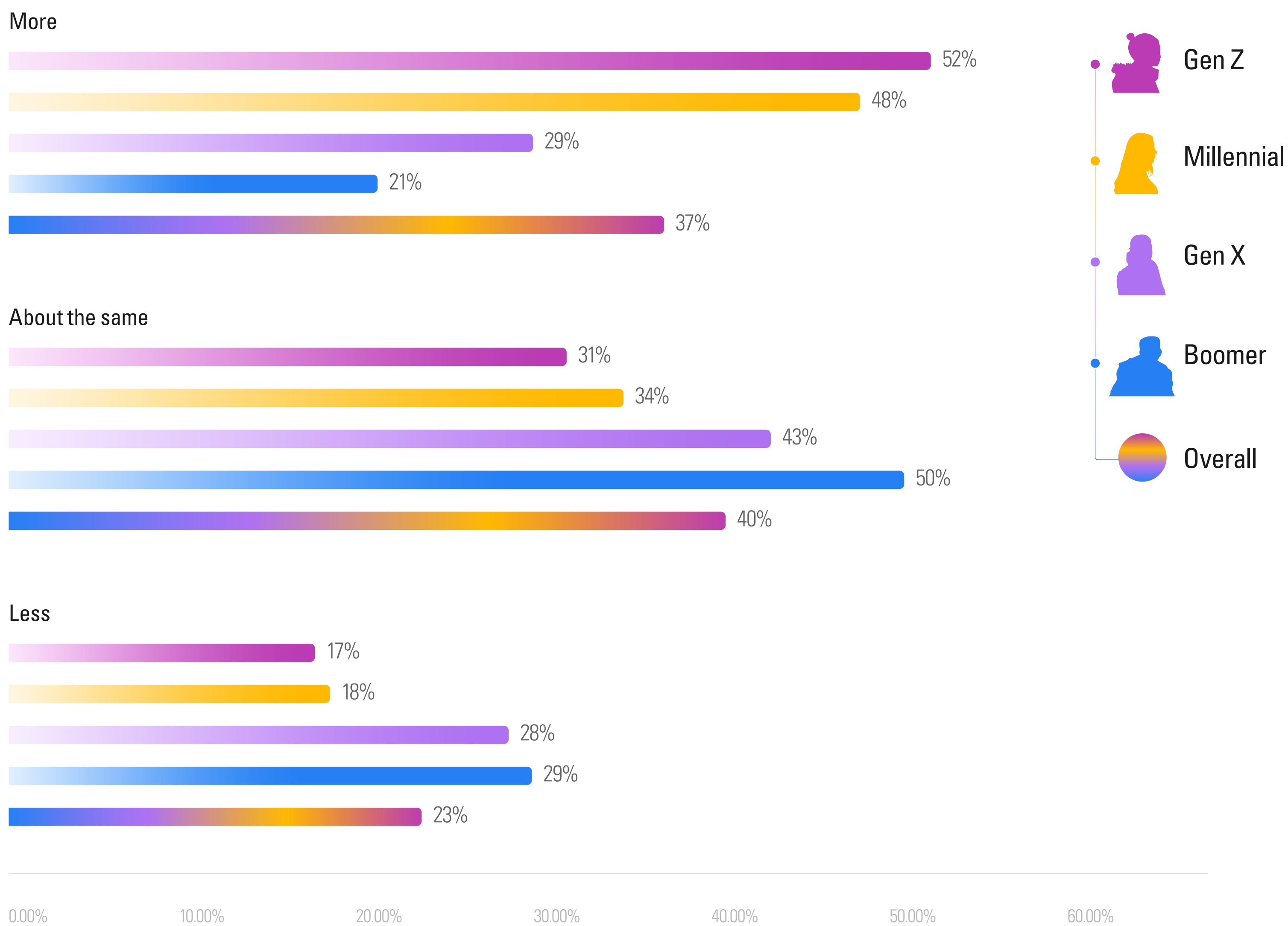
Affinity Brands (increased likelihood to visit):

Dollar Tree Encinitas	Westfield UTC	Carlsbad Premium Outlets
Target (1.8x)	Philz Coffee (2.9x)	Nike (2.3x)
Vons Grocery (1.4x)	Jimbo's Natural Grocer (1.4x)	Texas Roadhouse (1.3x)

Outlook By Generation

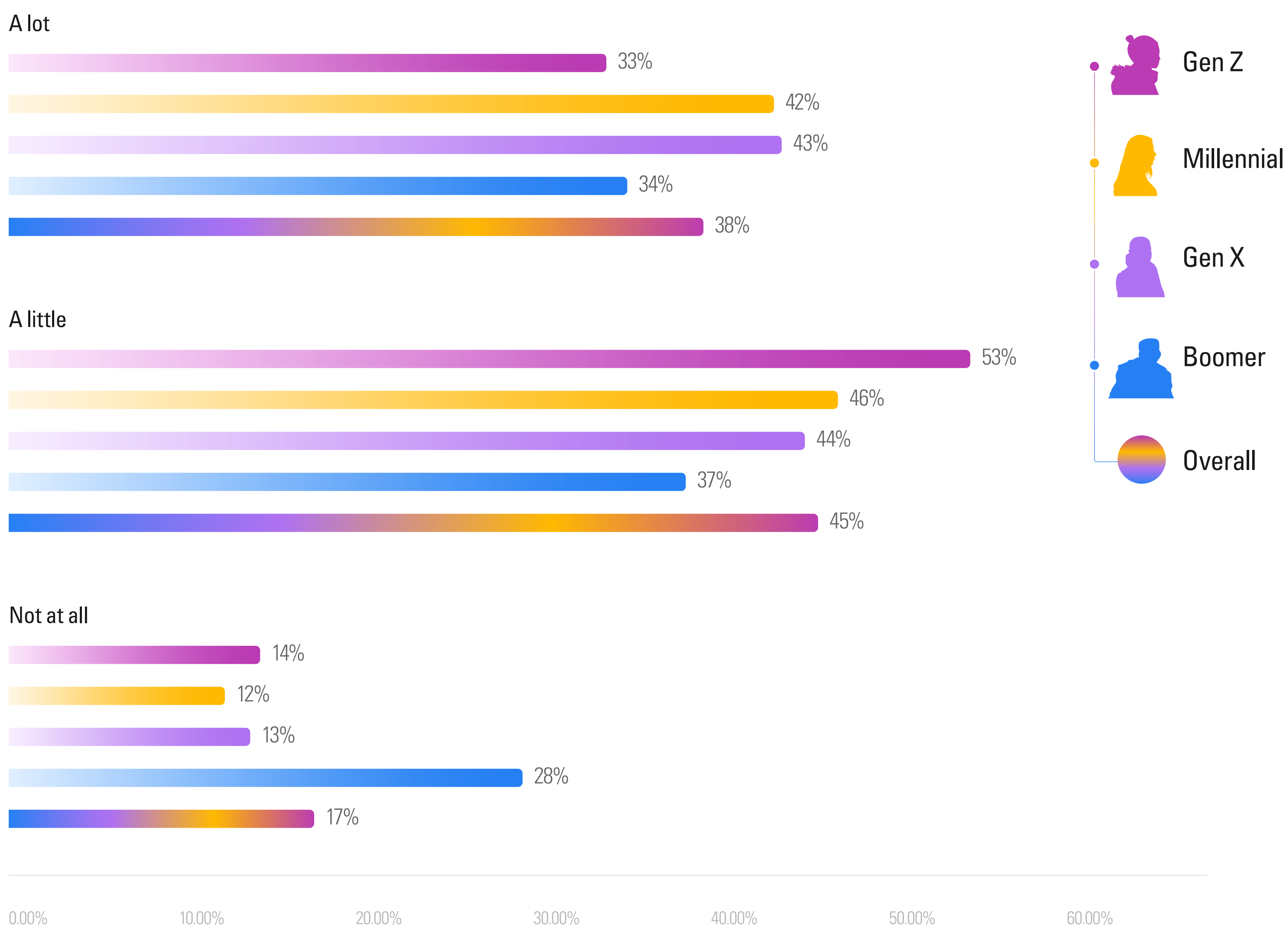
Younger consumers planning to spend more vs. last year

How much do you plan to spend for the rest of the year, including holidays, vs. last year?



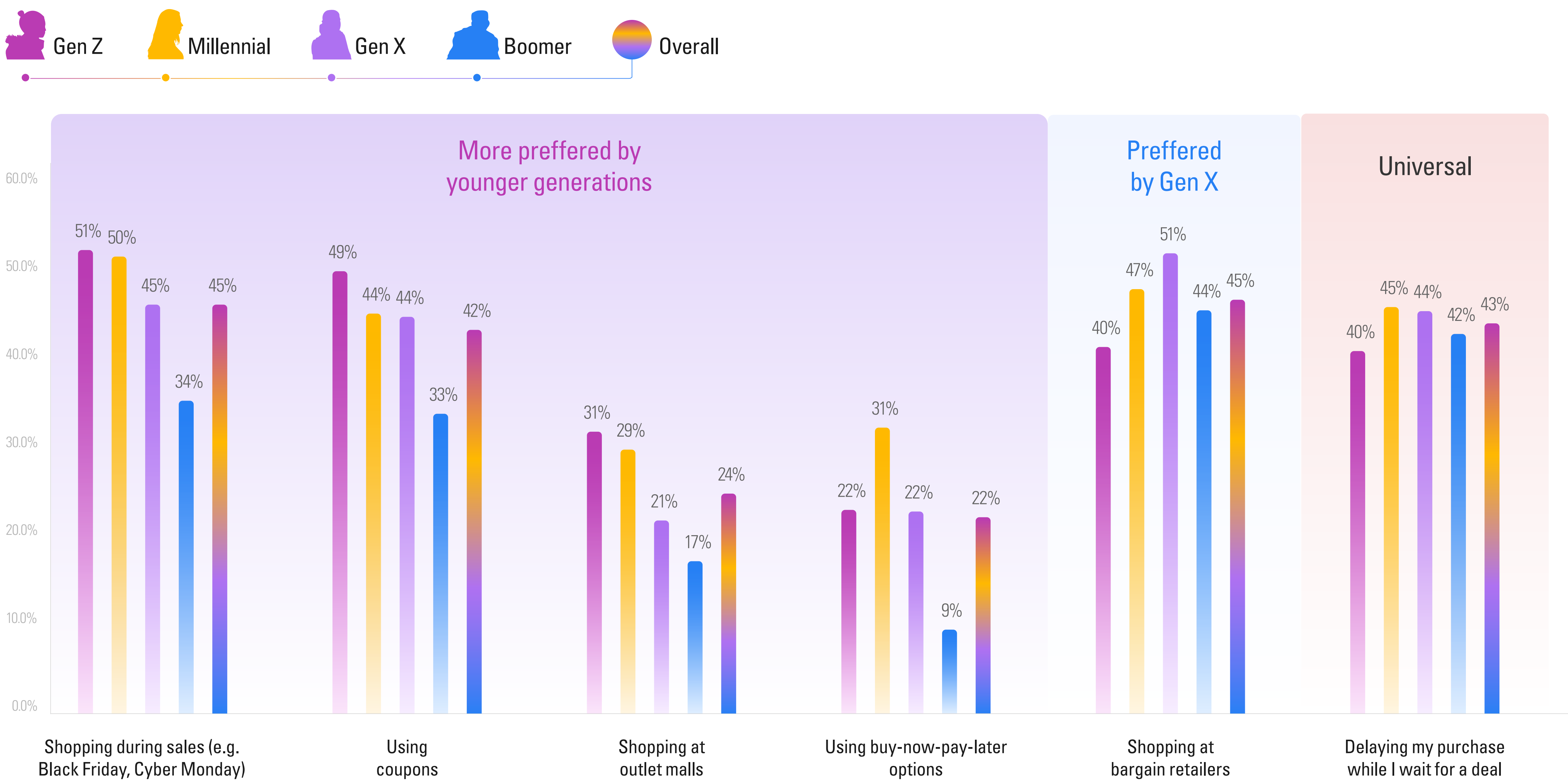
Even as Gen Z and Millennials plan to spend more, they still indicate that the economy is affecting their spending plans

How much is the state of the economy affecting your holiday spending plans?



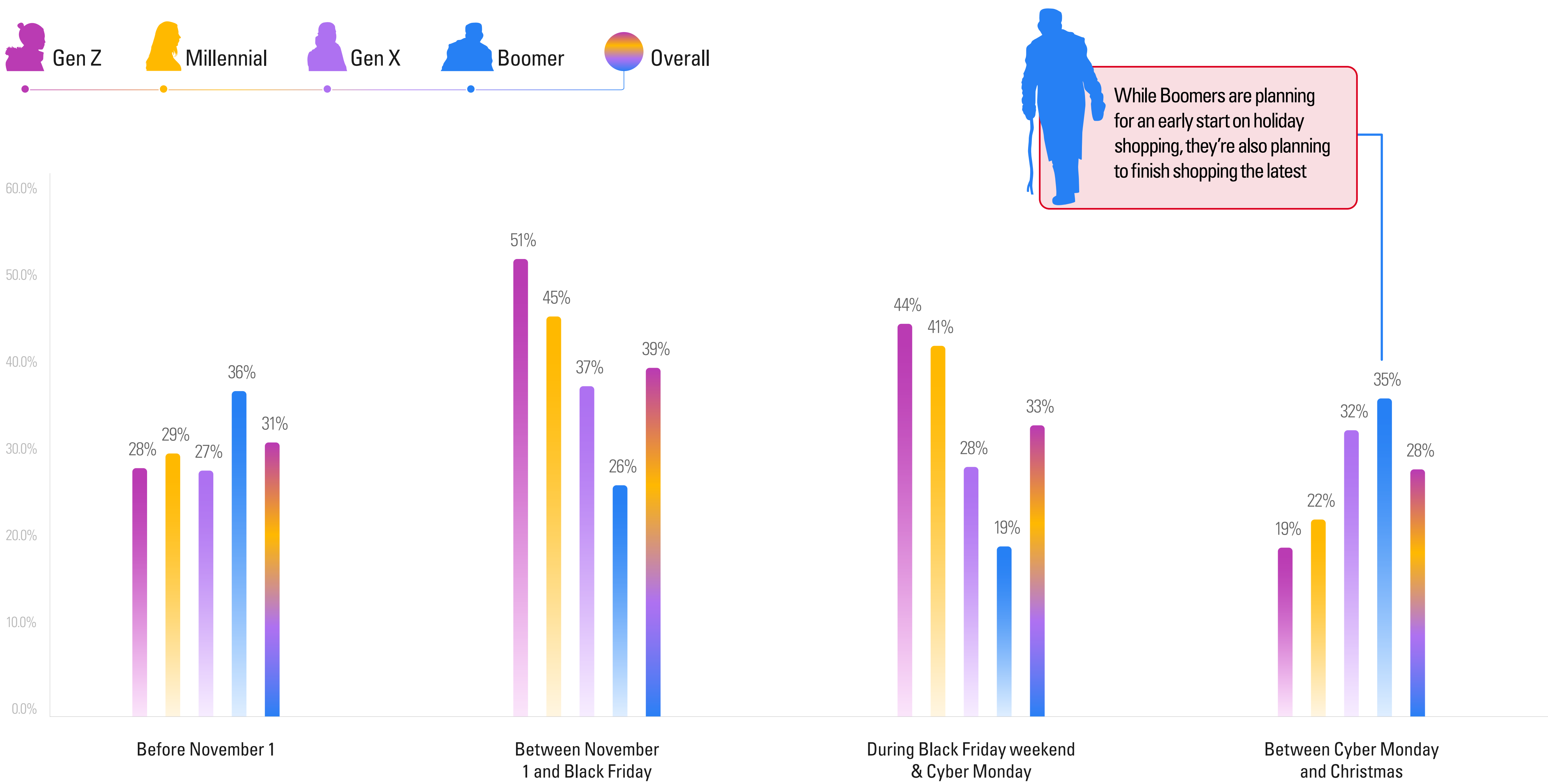
All generations are looking for deals - with some differences

What steps are you taking to find deals? (Select all that apply)



Boomers are starting holiday shopping first, while younger generations are most excited about Black Friday and Cyber Monday deals

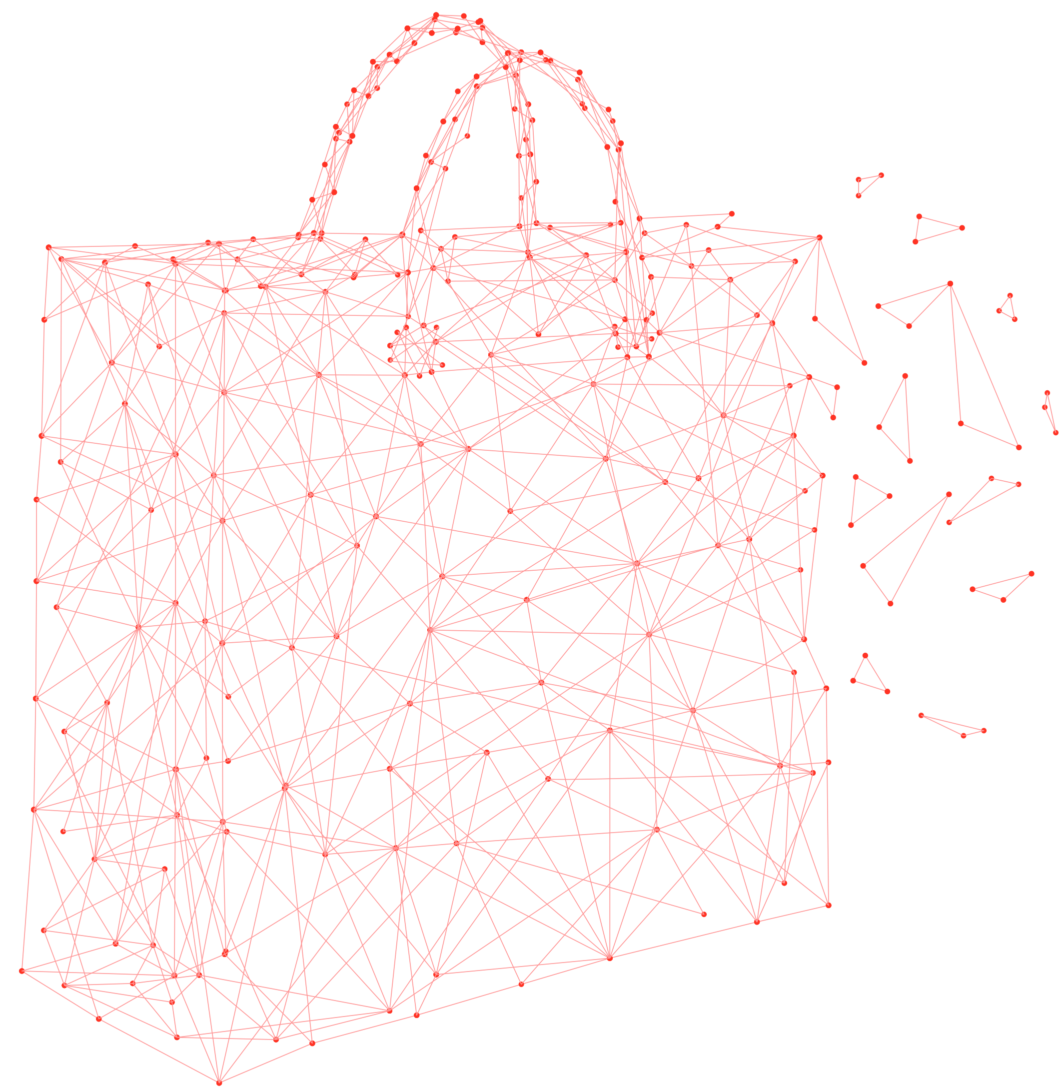
When do you plan to do your holiday shopping this year? (Select all that apply)



Implications for Retailers

Optimize marketing offerings towards the preferred deal-seeking strategies of each generation. Utilize consumer behavior data to curate highly-relevant audiences based on demographic, places visited, brand affinities and more. Then attribute store visits and other behaviors to consumers who saw ads, visited your website and more.

Consider your target customer demographic in deciding location and formatting - younger consumers are more likely to go to outlets, while older consumers prefer bargain retailers. Consumer behavior data can provide deeper insights around consumer visitation patterns for any shopping center or stand alone location.



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Double the Deal-Finding

LOOKING AT US MALLS' VISITATION PATTERNS OVER BLACK FRIDAY 2022

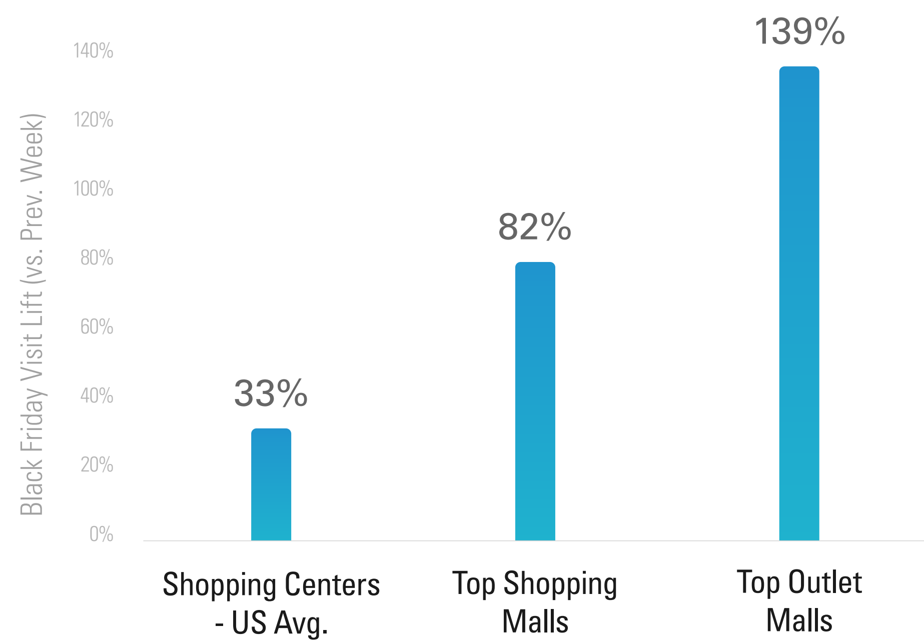
Two of Gen Z and Millennials' favorite deal-seeking tactics are sales and outlet malls.

While shopping centers overall saw a 33% lift in visitation vs. the week prior, the shopping malls saw an 82% lift.

We can see the lift in action by looking at consumer behavior data around the visitation lift on Black Friday 2022 for different types of shopping centers.

But outlet malls beat them all by a healthy margin, with a 139% lift in visitation on Black Friday vs. the week prior.

Black Friday Visit Lift (Black Friday 2022 vs. Prev. Week)



We compared the overall average of US shopping centers to 5 of the top shopping malls in the US and 5 of the top outlet malls.

Methodology

| Compare visitation to US shopping centers on November 25 vs. November 18, 2022

5 Top Shopping Malls studied:

| South Coast Plaza - CA
| Sawgrass Mills - FL
| King of Prussia - PA
| Aventura Mall - FL
| Mall of America - MN

5 Top Outlet Malls studied:

| Citadel Outlets - CA
| Tanger Outlets - TN
| Woodbury Commons - NJ
| Las Vegas South Premium Outlets - NV
| San Marcos Premium Outlets - TX

Final Thoughts

This exploration of generational differences in shopping approaches has substantial implications for businesses aiming to thrive in today's dynamic marketplace. With technological advancements and shifting cultural values, the preferences and expectations of consumers from different generations have given rise to a spectrum of shopping behaviors, with younger generations notably emphasizing omnichannel shopping, engagement with brands, and interactions with shopping centers.

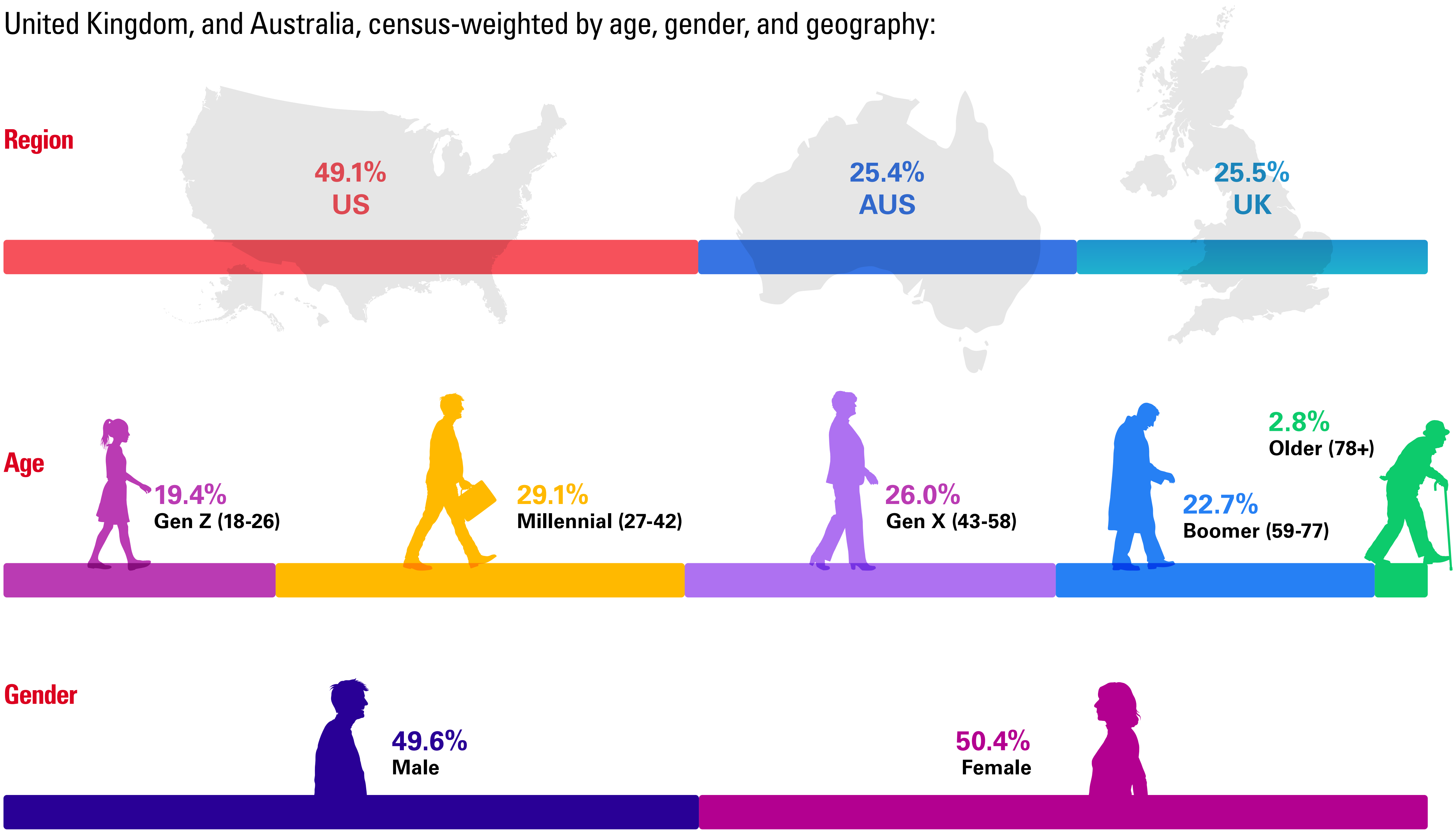
The emergence of younger generations as champions of omnichannel shopping underscores the significance of a seamless and integrated shopping experience. Unlike older generations, younger consumers seamlessly traverse both digital and physical realms when making purchase decisions. The integration of online platforms, mobile apps, social media, and physical stores has become pivotal in catering to the preferences of these digitally native shoppers. Harnessing the potential of omnichannel shopping by providing consistent and personalized experiences across various touchpoints is paramount.

Younger generations also expect high levels of personalization and engagement with brands. Retailers must prioritize authenticity and transparency to establish enduring connections with these discerning consumers. Meanwhile, shopping centers have transcended their traditional role as mere transactional spaces, morphing into dynamic hubs for experiences and community engagement.

As retailers decipher and adapt to this multifaceted generational shopping behavior, the significance of high-quality consumer behavior data and a steadfast commitment to consumer privacy cannot be overstated. It is imperative for retailers to gather accurate, comprehensive data that offers deep insights into the preferences and behaviors of diverse consumer segments. However, this pursuit of data-driven excellence must be underpinned by a profound respect for consumer privacy, fostering trust and goodwill with customers. While it can be delicate to strike the balance between utilizing consumer behavior data-driven insights and upholding privacy, it’s a critical for successfully navigating the ever-evolving landscape of generational shopping behavior.

Participant Profile

Near and Centiment surveyed 2048 global consumers from July 7-19, 2023, in the United States, United Kingdom, and Australia, census-weighted by age, gender, and geography:



Near, a global Privacy-Safe Data Intelligence Platform curates one of the world's largest sources of intelligence on people and places. Near's patented technology analyzes data to deliver insights on approximately 1.6 billion unique user IDs across 70 million points of interest in more than 44 countries. With Near's three-pillared approach– high-quality data, privacy, and AI – operational and marketing leaders are empowered with solutions to successfully engage and grow their businesses at scale. With a presence in Pasadena, San Francisco, Paris, Bangalore, Singapore, Sydney, and Tokyo, Near serves enterprises in a diverse spectrum of industries including retail, real estate, restaurant, travel/tourism, telecom, media, and more.

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