

Centennial Shopper Study

*Connecting with
the next generation
of consumers*



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Introduction

In our last white paper, we saw how mobile and wearable technology is transforming consumer behavior when it comes to shopping. This latest research report analyzes shopper trends in the generation which is the most familiar with technology; the Centennials.

As our newest generation of shopper, the Centennials have high expectations and won't wait for retailers to engage with them. Armed with technology, they have the power to source information and make decisions without the influence of retailers.

While online still plays a pivotal role in their shopper journey, Centennials are more likely to make their final purchase in-store. They also aren't quick to spend; they do their research and make considered purchase decisions. Nearly all Centennials demand reviews while they're shopping which helps them validate their product choice. In fact, reviews are more

important to Centennials than a brand name or perks such as free delivery and nearly half say they won't buy a product if there aren't enough reviews.

And if they can't find the content that they're looking for, they'll go elsewhere – straight to a competitor. So how do brands best engage with Centennials? What are they looking for and how can you facilitate their shopper journey all the way through to final purchase?

This PowerReviews Centennial Shopper Study answers just that. It investigates the online and in-store shopping habits of the Centennial generation, identifying how retailers can hone their marketing plans to best influence this demographic. This white paper reveals three key areas; the Centennial personality, the truth about Centennials and reviews and how best to get them to engage with your brand.



Meet the Centennials



Centennial

Also known as Generation Z, the Centennials are a new generation of consumer who are growing up fast. Aged 13-18 and born around the turn of the century, they already make up nearly a quarter of the population, and by 2020, this will rise to 40%.¹

Centennials are the first mobile native generation; they don't remember a time when a connected world wasn't at their fingertips. Different from previous generations, technology isn't exciting – it's expected. And they don't hang around. The average Centennial has an attention span of eight seconds.² After that, if they're not engaged, they're gone. Centennials are empowered with the tools to make their own decisions and find solutions, and unless brands and retailers work with them, they'll be left behind. Influencing Centennial conversation is a hot topic and one retailers and brands must leverage in order to cultivate revenue and loyalty.



Aged 13-18
Born with technology
Mobile-native generation

High expectations for information – instantly



Average access to five screens³



Equipped with tools to seek out answers and make informed decisions



1. United States Census Bureau 2. National Center for Biotechnology Information, U.S. National Library of Medicine, the Associated Press 3. International Business Times, 2015



The demands of the Centennials have naturally evolved from that of the previous generation; the Millennial. In this white paper, retailers and brands are encouraged to take advantage of the many similarities between the generations and alter marketing strategies to capitalize on their differences. The report found that there is one major difference marketers need to be aware of: while nearly all Centennials do their shopping research online, more prefer shopping in-store.

We also discovered that online reviews are more important to Centennials than Millennials with 95% reading reviews, and nearly two thirds reading at least four reviews before they

buy. Reviews are also more valued by Centennials than a brand name or free shipping. What's more, twice as many Centennials trust reviews on a retailer's website than they do a friend's review on social media. But while Centennials want to read reviews, 62% have never written one.

In this white paper, we'll reveal how retailers and brands can better understand Centennials and their shopping habits and leverage this knowledge to drive in-store and online sales.

A close-up photograph of a woman with dark sunglasses and a wide smile hugging a man from behind. The man is wearing a voluminous white wig and a colorful plaid shirt. They are in a crowded, brightly lit outdoor setting, likely a festival or party, with other people blurred in the background.

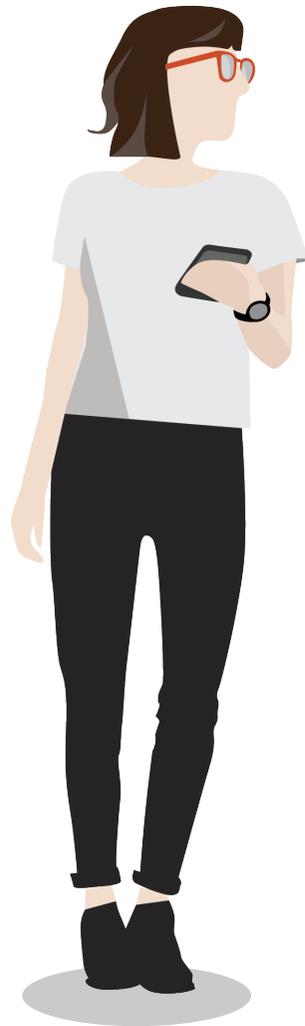
Distinguishing Centennials and Millennials



Distinguishing Centennials and Millennials

While Centennials were born with technology, the Millennials, age 19 to 34, discovered it. Millennials grew up with the high-pitched tones of dial-up internet at home, they had their first mobile phones as teenagers and watched social media develop from MySpace to the vast social networks of today dominated by Facebook, YouTube, Twitter and Instagram.

Their discovery of technology impacted their consumption habits as well as their expectations. Millennials came of age during some difficult times; the recession began as many were starting their careers and they were also part of the credit era – with easy access to credit cards and loans making large purchases more attainable.



Aged 19-34

Discoverers of technology where options appeared limitless

Pioneers of social media

High expectations for information

Average access to three screens¹

Technology provides Millennials with a wider spectrum of options, encouraging less brand loyalty

1. International Business Times, 2015



The PowerReviews Centennial Shopper study reveals major similarities between both generations, but it's clear that the needs and habits of the Centennial are evolving from that of the Millennial.

Technology is embedded into the lives and demands of Centennials. Their expectations from retailers are bigger, their desire for information greater and their patience shorter than any other generation. Centennials also don't want to be talked at – they want a two-way dialog. If you fail to

engage with this generation, they have the independence and control to conduct their entire shopper journey without you.

And the journey doesn't end with the final purchase. Successful retailers and brands will engage with Centennials beyond the sale by incentivizing reviews, and they'll provide great customer service by replying to all of them, good and bad. The sections that follow will highlight how to engage with the Centennial generation to the point of purchase and beyond.

“If you fail to engage with this generation, they have the independence and control to conduct their entire shopper journey without you.”



Starting the Shopping Journey



Research first, spend later

Centennials have grown up in the worst recession on record, which makes them more resourceful and practical when it's time to spend money. Accordingly, nearly three quarters of Centennials say they take their time with most purchases by researching price, reading product reviews and looking at different brands.

When it comes to parting with their cash, three quarters of Centennials say they prefer to save money for the future rather than immediately spending on the products they want. They also strive to be independent: when they need to make a big purchase, they're more likely (46%) to save up and buy it themselves. A third admit they do have help from their

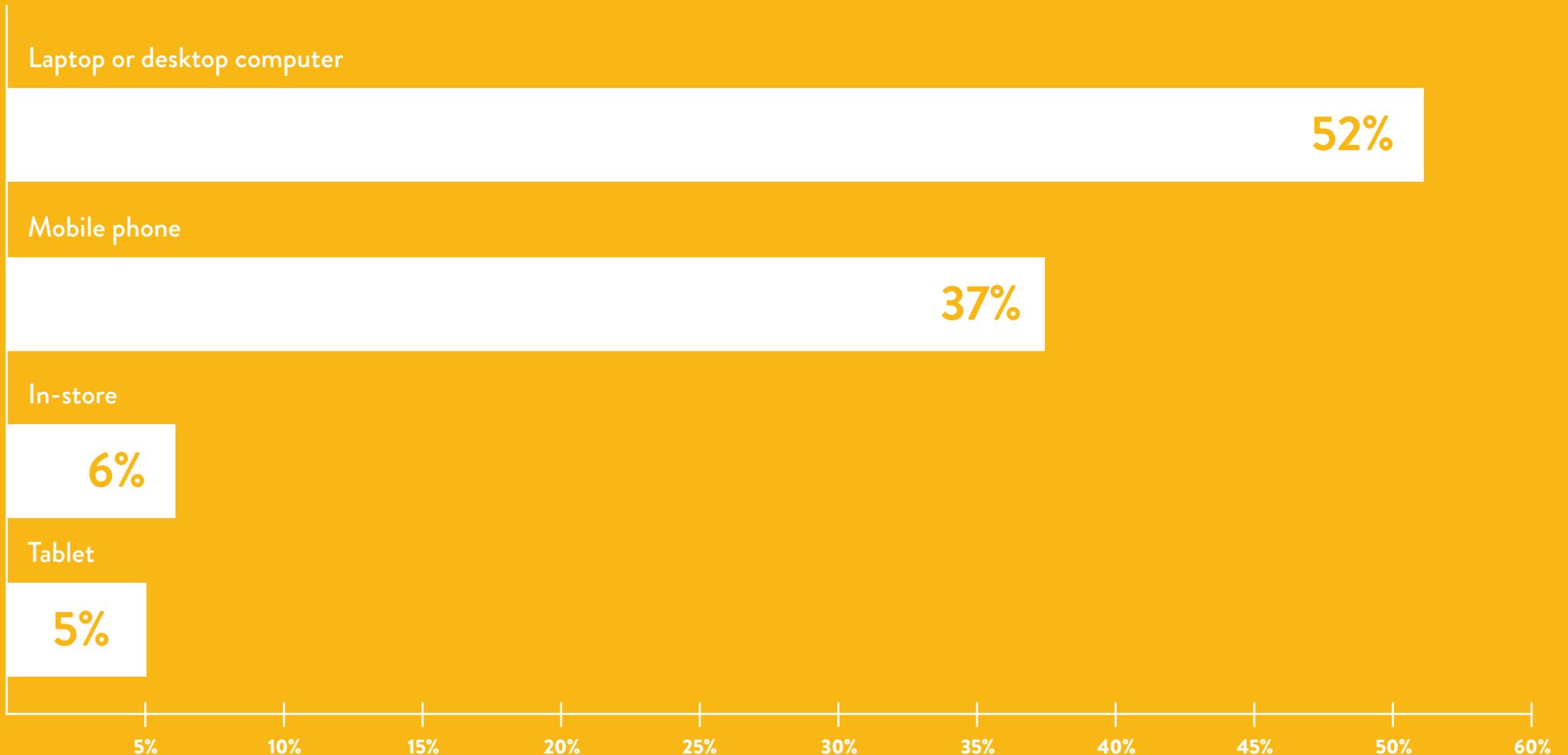
parents but still make a contribution. Just 13% of Centennials reported being treated to the product outright by their parents.

Preferred platforms

The most favored way of browsing and researching products among Centennials is on a laptop or desktop computer (52%). Second is the mobile phone (37%) for consumers on the move, followed by the tablet (5%). But while Centennials do purchase in store, just 6% will do their research there. This is a clear warning shot that retailers should give Centennials lots of information early in their shopping journey.

How are Centennials browsing for products?

Centennials prefer to browse on a laptop or desktop computer





Establishing quality

The majority (70%) of Centennials say that quality is more important to them than price. So how do they determine quality? By reading online reviews. In fact, nearly half of Centennials say they won't purchase a product if there aren't enough reviews.

Reviews are now an expected part of the shopping experience with 95% of Centennials searching and reading reviews to enhance and validate their product choice. The majority

(52%) seek out reviews on third party blogs and websites but a third (33%) want to see them directly on a retailer or brand's website. It's a new demand, which is on the rise.

Retailer and brand websites that don't have reviews are at a disadvantage and risk losing customers at a key part of their shopping journey.

Key tips:

Emphasize quality and differentiation

Centennials seek quality information over price, so make sure the reviews you celebrate discuss the best qualities of your product, rather than those that exclusively praise low pricing and delivery costs.

Engage early online

With nearly all shoppers doing their research online, retailers need to tailor their website for research purposes and purchasing. Make sure you have lots of interesting and helpful product information, descriptions, sizing, photos and reviews.

Bolster your online presence

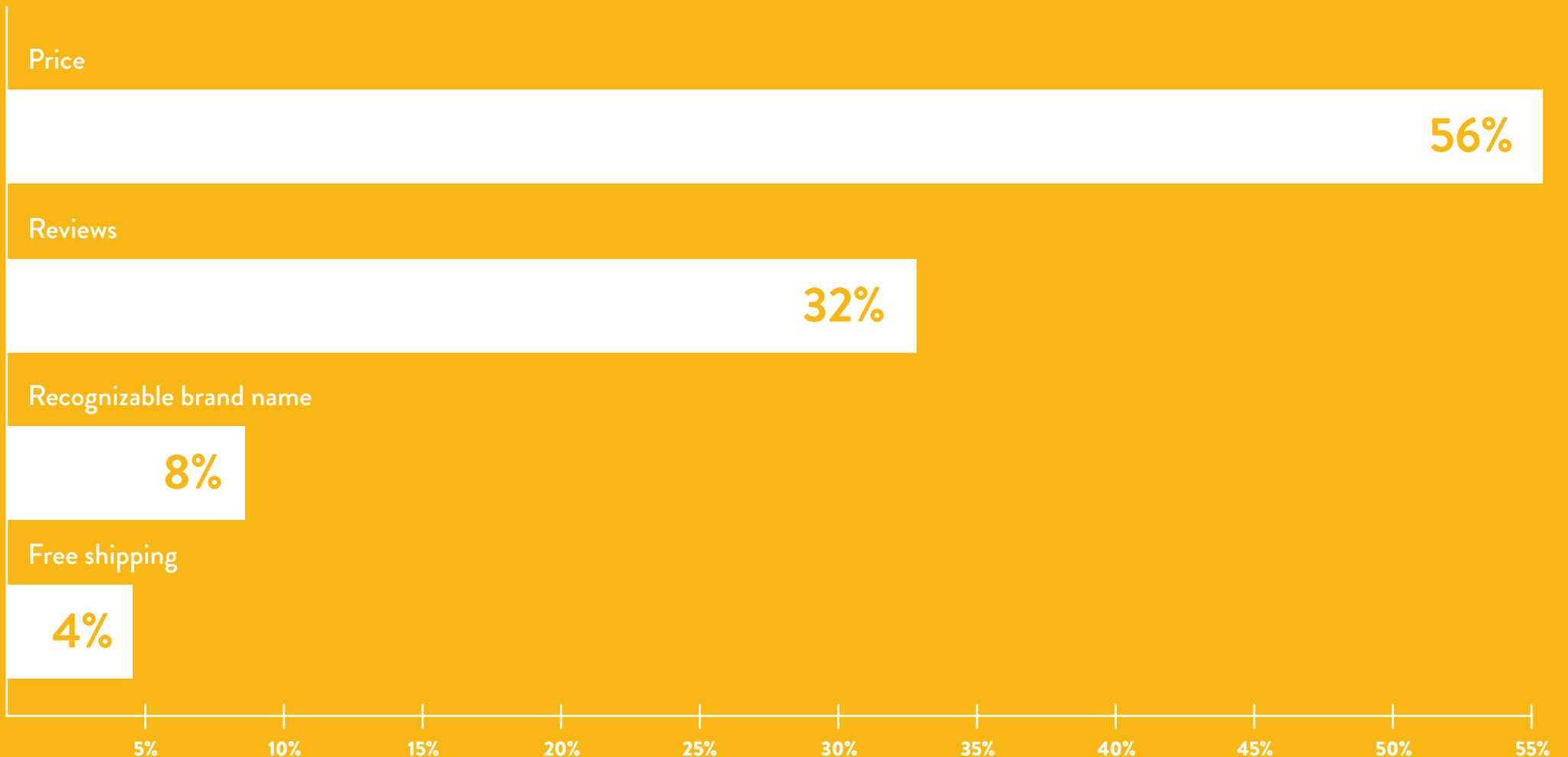
Centennials are using their desktops and mobile phones as a key part of their shopping experience. Ensure your website is mobile optimized so it loads quickly and is easy to view and navigate wherever your customer is.



Converting Centennial Browser to Buyers

How much do Centennials value reviews?

Reviews are second only to price



“The presence of online reviews is more valuable to Centennial shoppers than a brand name, or perks such as free shipping.”



Reviews surpass brand name and free shipping

Retailers have established techniques to attract shoppers to spend with them. But traditional lures may no longer hold the power they once did.

Our study shows the presence of online reviews is more valuable to Centennial shoppers than a brand name, or perks such as free shipping. Four times the number of Centennials (32%) rank online reviews as more important than a recognizable brand name (8%) – and eight times more than those who preferred free shipping (4%).

Retailers can no longer rely on brand name alone to appeal to this new generation, who are brand-mobile and equipped to do their research wherever they are. They want to be convinced that the product is right for them before they buy.

Price comes second to brand

While a brand name may not be as important as reviews to a Centennial, it does trump price for these resourceful shoppers. The majority (57%) of Centennials are likely to spend more money on a well-known brand than purchase a lower-priced item from an unfamiliar brand.



If you are a new brand or are promoting new products to the market, reviews are imperative. Over half (58%) of Centennials say they want to read reviews when they're unfamiliar with a brand or retailer, suggesting that third party endorsements through reviews can help plug their knowledge gap and ultimately lead to a sale. While 95% read reviews, nearly two thirds (64%) of Centennials read at least four reviews before they buy a product.

Instant answers or walk away

Twenty-four-hour access to technology has made modern consumers impatient when it comes to wanting answers. And if they can't get the information they need from retailers and brands immediately, they'll turn to a competitor that readily

provides this information. In fact, as well as reviews, nearly half (45%) of Centennials said they wouldn't buy a product if they couldn't ask a question about it.

The study shows that Centennials want to engage with retailers directly on their website and expect one-to-one attention. But while Q&A on brand and retailer websites are important, nearly two thirds of Centennials prefer having their questions answered by previous customers rather than the retailer. A huge 79% of Centennials admitted going straight to another retailer or to Amazon if they couldn't ask a question on a product page. For brands and retailers, this means thinking about how you can facilitate a communication exchange between new and existing customers.

“A huge 79% admitted going straight to another retailer or to Amazon if they couldn’t ask a question on a brand’s product page.”



Start real conversations

Of the Centennials who have written reviews, 89% said they hadn't subsequently been contacted by the brand in question. Positive or negative, a review is a golden opportunity to engage with your customer. An unanswered negative review is out there for every potential purchaser to read, but it's also an opportunity to improve. Acknowledging the feed-

back can make a difference to that customer and every other consumer that views that conversation. And using insights from review content to improve your product can help you deliver products and experiences that meet and exceed consumer expectations.

Key tips:

Highlight new products

If building a brand presence online, validate fresh to market products with reviews on your own website and on third party websites. Make sure Centennials are assured of the quality and value of your service.

Talk with your customers

The majority of Centennials will be looking for what you have to say while they're researching products. They're waiting to listen.

Turn customers into brand ambassadors

Consumers trust other consumers. Create forums where they can talk and source product reviews. Empower customers to answer product questions from other shoppers and consider sampling to encourage them to write authentic reviews.



Back in-store?

The largest shake up in shopper habits between the two generations is that more Centennials like shopping in-store. Could the Centennials be leading a return to in-store shopping?

When doing their research and browsing products, an overwhelming majority of both generations do so online (Centennials 94%, Millennials 96%). When it's time to purchase, 63% of Millennials said they prefer to stay online with just 37% opting to go in-store. However, Centenn-

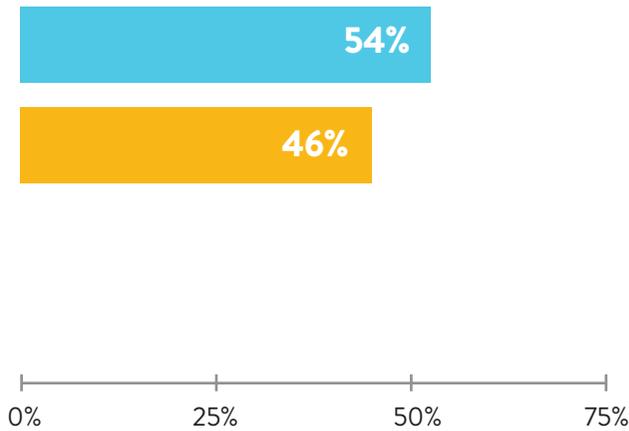
ials are far more likely to go in-store to purchase, with 46% saying that this was their preference. Of course it's not the end of online shopping, with nearly half of Centennials saying they've made up to three separate transactions online in the previous month. But could this indicate a future resurgence for in-store?

The key for retailers is that they must be flexible enough to evolve to each generation's shopping needs and keep fine tuning the relationship between online and in-store.

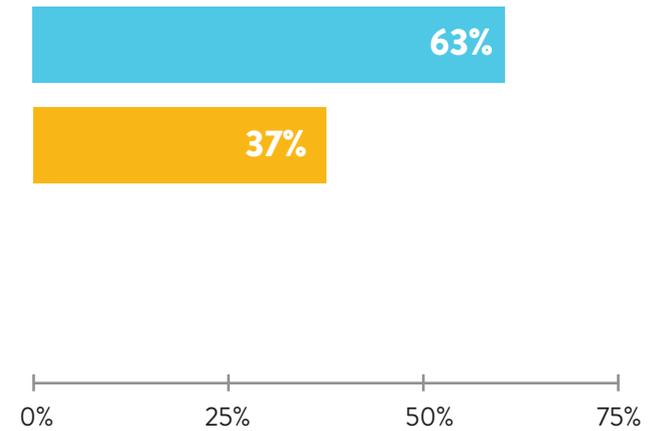
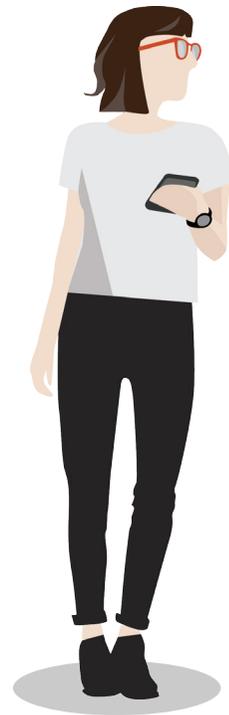


Purchase Preferences

of Centennials vs Millennials



Centennial



Millennial

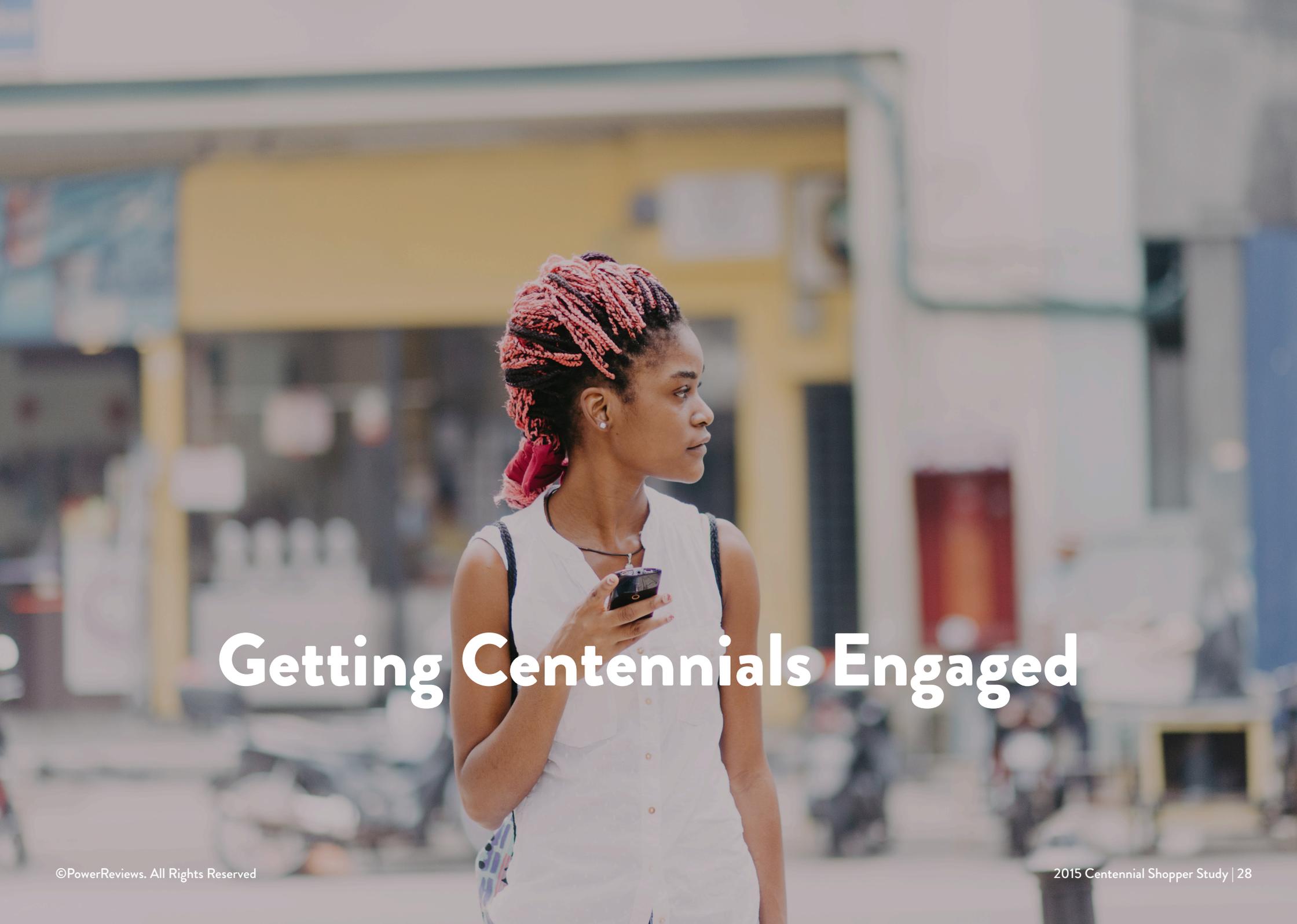
“Forty percent of Centennials will not purchase a product if there are no photos of people using the product.”



More powerful than social media

Millennial and Centennial consumer groups actually trust online reviews more than a friend's recommendation on social media; 43% of Centennials (48% of Millennials) trust reviews on a retailer or product website compared with just 21% (21% of Millennials) who trust social media reviews. This means hosting reviews on your website is too influential an opportunity to miss.

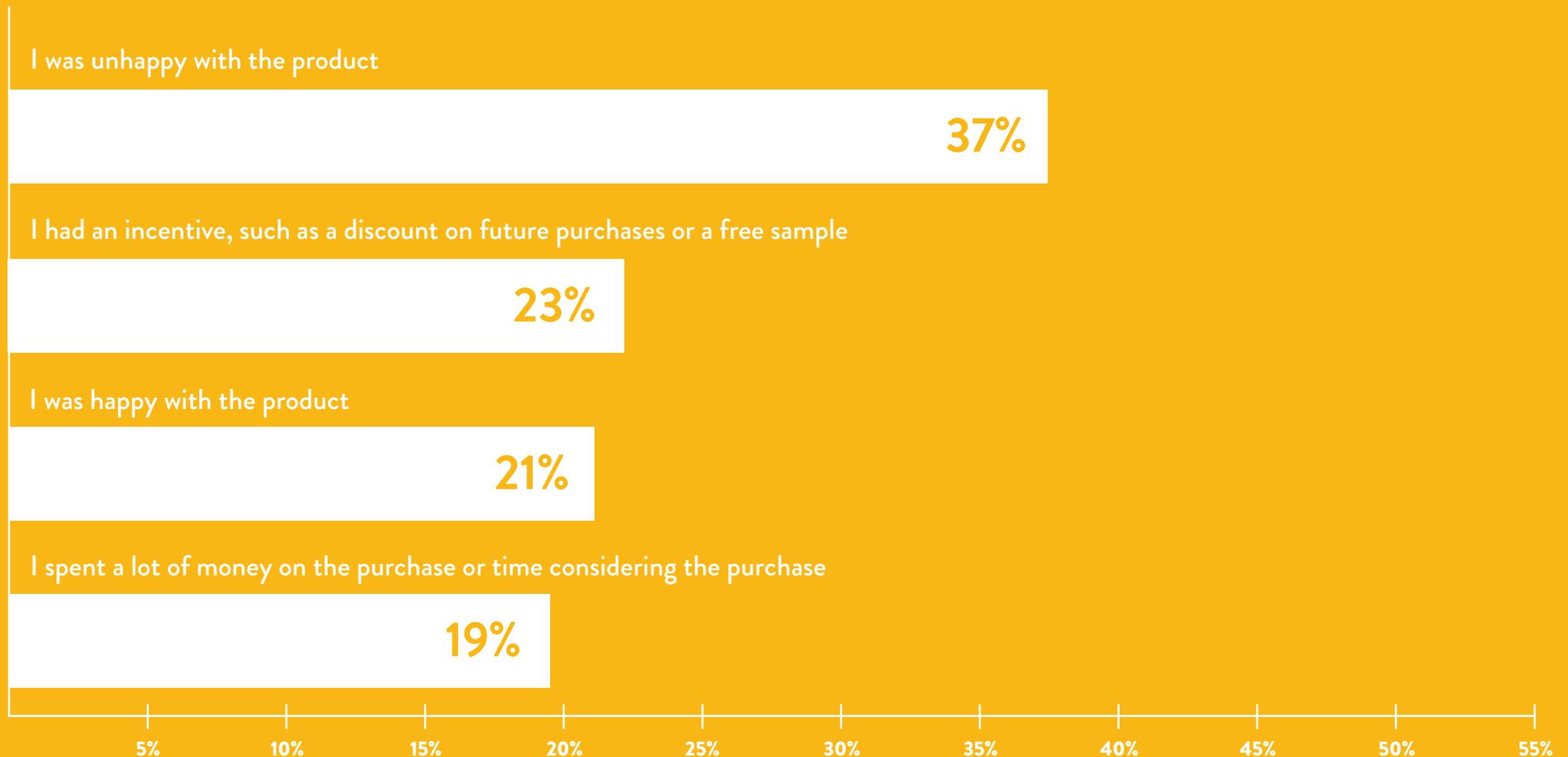
When it comes to content, don't just look at using text – especially when targeting Centennials. Forty percent of Centennials will not purchase a product if there are no photos of people using the product. This demonstrates how this mobile native generation has become more accustomed to visual, engaging content which is driving a demand to see the product being used before they buy.

A young woman with vibrant red braids is shown in profile, looking towards the right. She is wearing a white sleeveless top and holding a smartphone in her right hand. The background is a blurred outdoor market or street scene with various stalls and people. The overall lighting is soft and natural.

Getting Centennials Engaged

When are Centennials most likely to leave reviews?

When they are unhappy or incentivized





Centennials reluctant to engage

In the past month, 62% of Centennials say they haven't written an online review – despite 95% reading reviews before a purchase and 64% saying they read at least four reviews before they buy. Unfortunately for retailers, Centennials are more likely to leave a product review if they are unhappy than any other reason.

So how do you generate positive reviews? Interestingly, 23% of Centennials said they would be most likely to leave a review if they were given an incentive. Centennials crave information and want to verify that they're making the right purchase, plus they are also willing to actively engage. And, there are ways to leverage this opportunity without compromising on your integrity.

Incentivizing reviews

One way of overcoming the challenge of securing reviews is through product sampling. Using this tactic, loyal customers are sent samples and asked to submit online reviews; an essential part of a Centennial's decision to purchase. Sampling also has the added benefit of promoting brand loyalty – something which technology has helped to erode by providing unlimited options to consumers. This allows retailers to build relationships with existing customers by rewarding loyalty while generating review content. Sweepstakes are another way to incent consumers to write reviews: everyone wants a chance to win big!



Incentivizing shoppers: transparency is key

When incentivizing shoppers to write reviews, transparency is key. Ask your reviews software partner if they allow you to indicate whether a reviewer received a sample or other incentive for writing a review.

Negative reviews have their part to play

Earlier this year, there was a lot of media buzz after Amazon.com filed a lawsuit against more than 1,000 people for writing fake product reviews on their website. Inauthentic reviews break down trust and have the potential to tarnish a brand's image, which is a good reminder to brands and retailers to have measures in place to ensure review content is authentic.

Through this study, we found that negative reviews actually have a key part to play in the shopper journey. Nearly half (44%) of Centennials said they wouldn't trust a product's reviews if there were no negative reviews present.

And 60% of Centennials read negative reviews first. Consumers look for negative reviews to validate their purchasing decisions, so retailers and brands need to embrace transparency and trust consumers to make up their own minds.

Key tips:

Incentivize reviews

Offer customers a discount on future purchases or a free sample to encourage them to leave a review. It's a low-cost investment that will help generate future sales.

Respond

If Centennials are talking about you and your products in reviews, engage with them – positive or negative. Start a conversation, empower consumers to answer questions from other shoppers, and build a brand relationship.

Be transparent

Don't mislead consumers by removing negative reviews, and indicate if incentives were provided to the review writer. Otherwise, you're likely to lose shoppers' trust and risk breaking the law.

Clean up

Fake reviews can damage your brand so real reviews need to be verified and false reviews protected against.

Four Steps to Success

Remember that engaging with Centennials is not a single touch-point approach. Ecommerce and in-store should work in tandem so you are delivering a unified experience for your customers: online retailers and brands need to adapt their content to meet the needs of consumers, whether they are researching or buying.

Retailers and brands need to excel at welcoming and engaging consumers at any stage of the shopping journey: the most innovative businesses will be the most successful. Online experiences need to be streamlined and accessible with relevant, engaging content that the Centennial demands at an instant. And in-store experiences need to include the same, rich digital information available to online shoppers. Here's a four step guide for kick-starting your Centennial strategy:

1

Put review content front and center of your website to meet the needs of Centennial shoppers.

2

Optimize your website for mobile so that Centennials can quickly and easily navigate your website and review content via a laptop, mobile phone or tablet.

3

Collect photos and videos as part of reviews as Centennials engage with visual content.

4

Insist on transparency and authenticity. Don't delete bad reviews or pay for fake ones. And identify reviews that resulted from promotions or samples.



About the research

This report is based on a survey and subsequent analysis of 1,747 Millennial (age 19-34) and Centennial (age 13-18) consumers in the U.S. from September 2015, developed with the goal of helping brands and retailers understand how to better connect with young, connected shoppers.

About PowerReviews

PowerReviews works with more than 1,000 global brands and retailers to collect and display ratings and reviews on 5,000 websites. Ratings and reviews are an essential resource for consumers as they search and shop online and in-store: they drive relevant traffic, increase sales, and create actionable insights to improve products and services. PowerReviews' mobile-friendly rating and review and Q&A software is fast to implement and simple to customize, making it easy for brands and retailers to generate more authentic content that is seen by more consumers. The PowerReviews Network is the largest in the industry, reaching 2,500 retailers and more than 700 million in-market shoppers every month, giving retailers and brands the power to reach shoppers wherever they are. For more information, visit www.powerreviews.com

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