Gen Alpha & Gen X

Shoptalk Spring: Generational Research

HOLDEN BALE

GLOBAL CHIEF STRATEGY OFFICER – MERKLE, A DENTSU COMPANY

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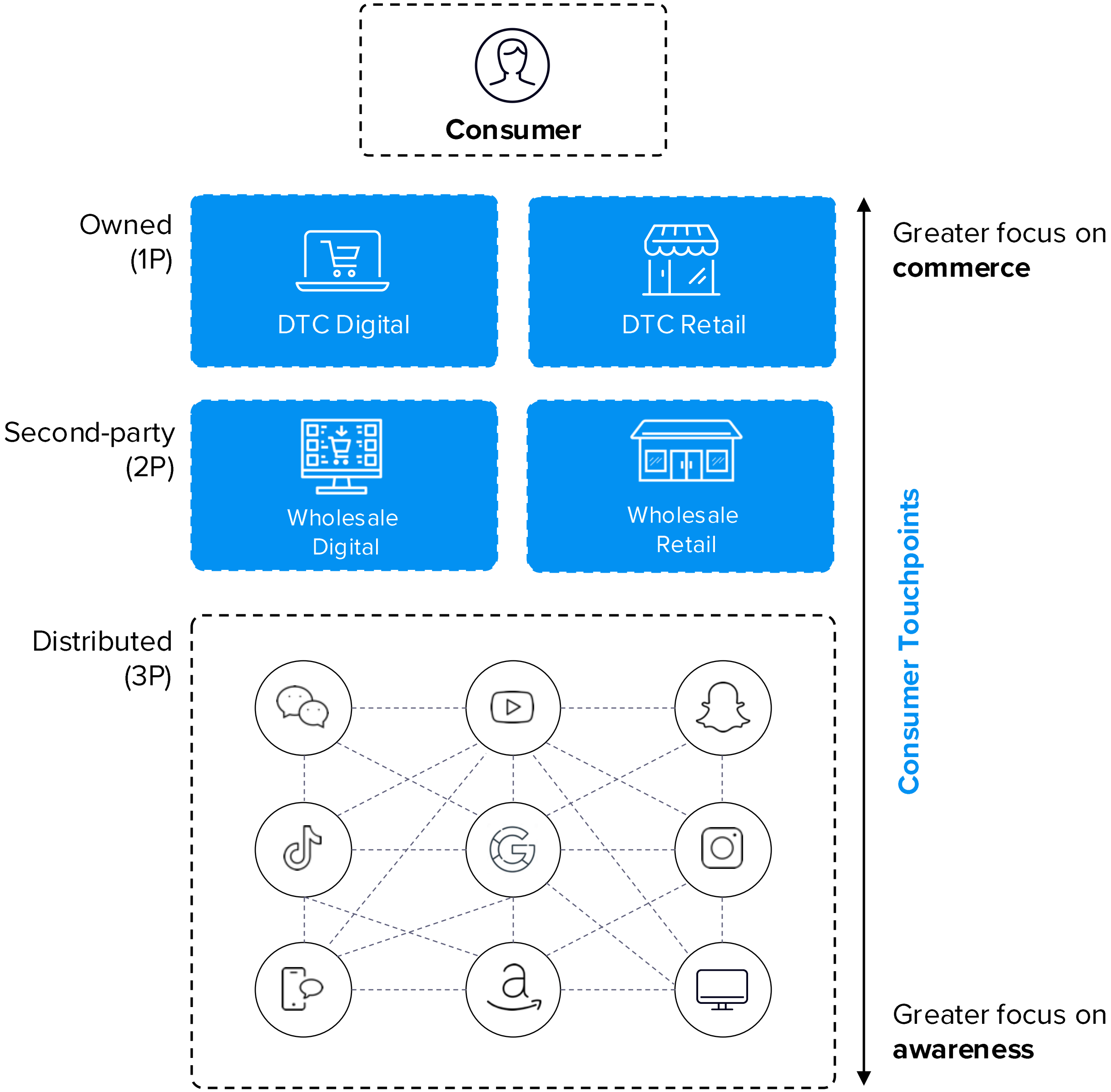
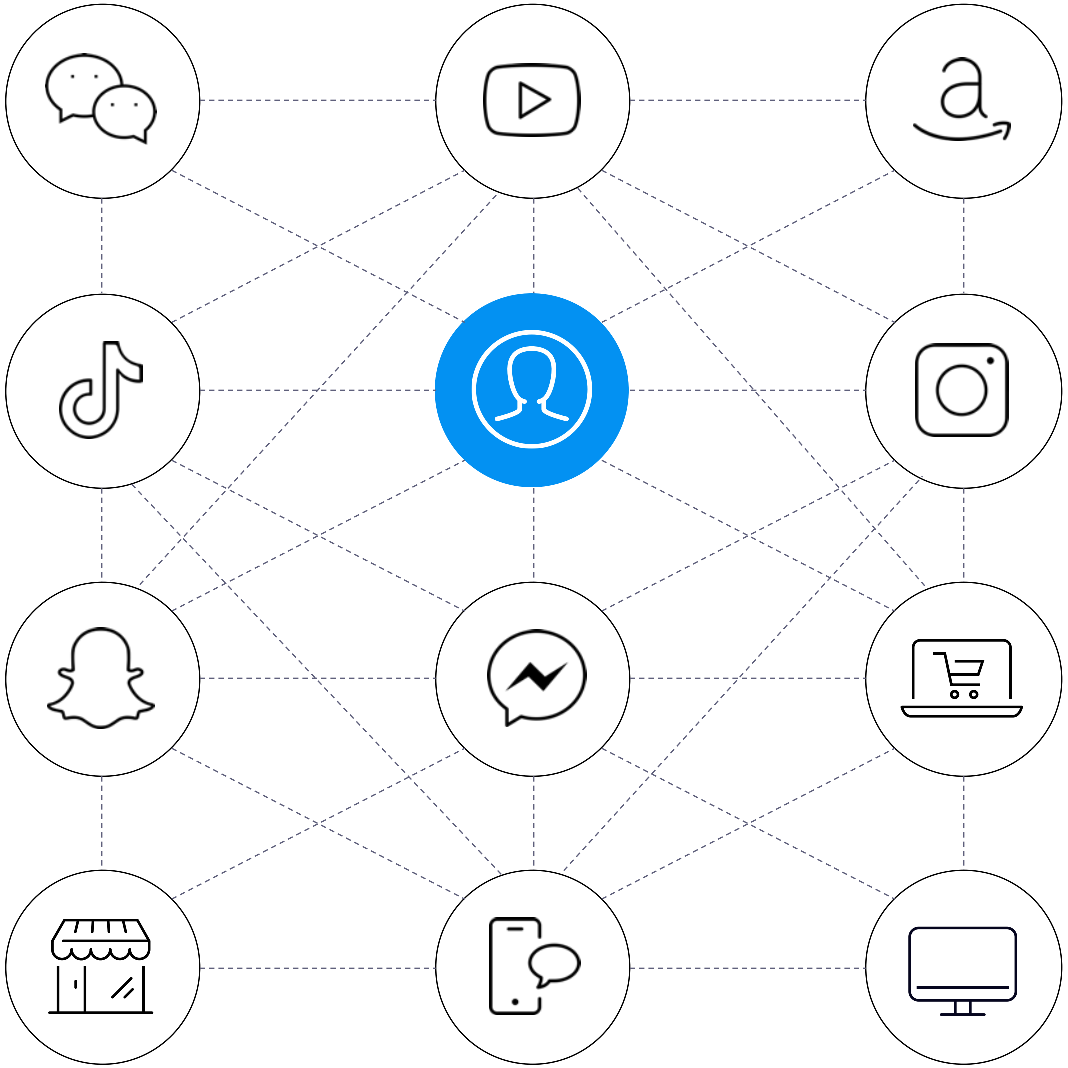
A historic brand view of the world

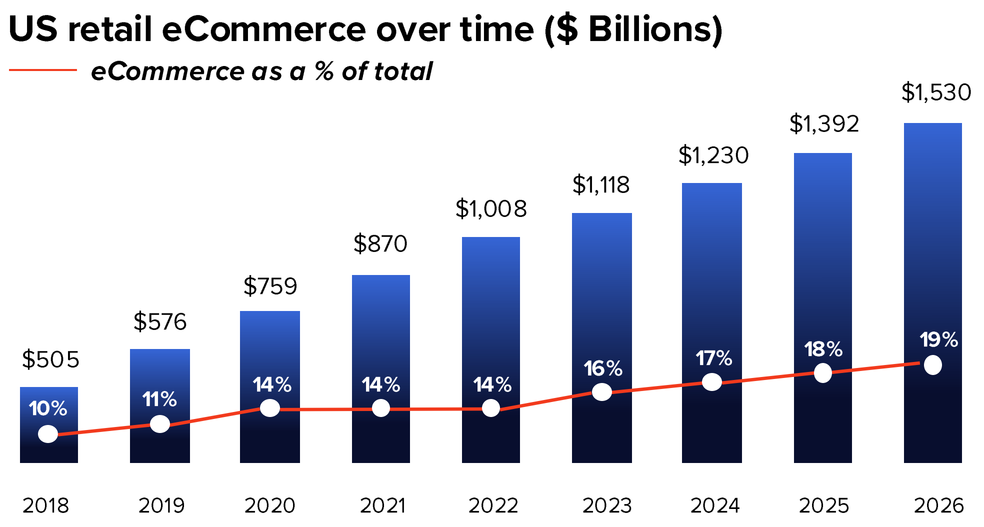


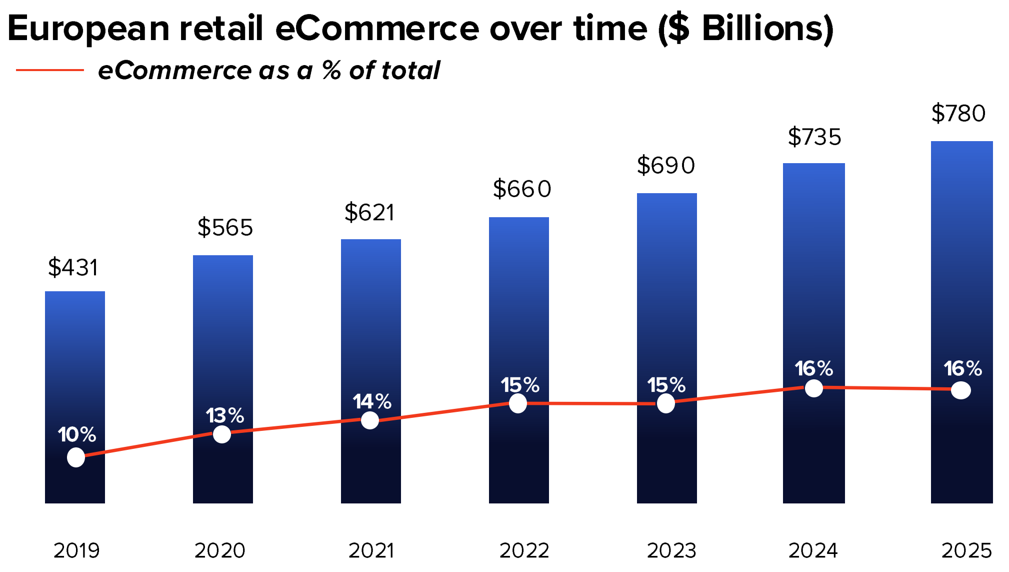
Meanwhile, on Earth



Welcome to the **boring middle** of eCommerce

Source: Merkle analysis and normalization across 12 sources
Historical US reflects adjusted Census Bureau data



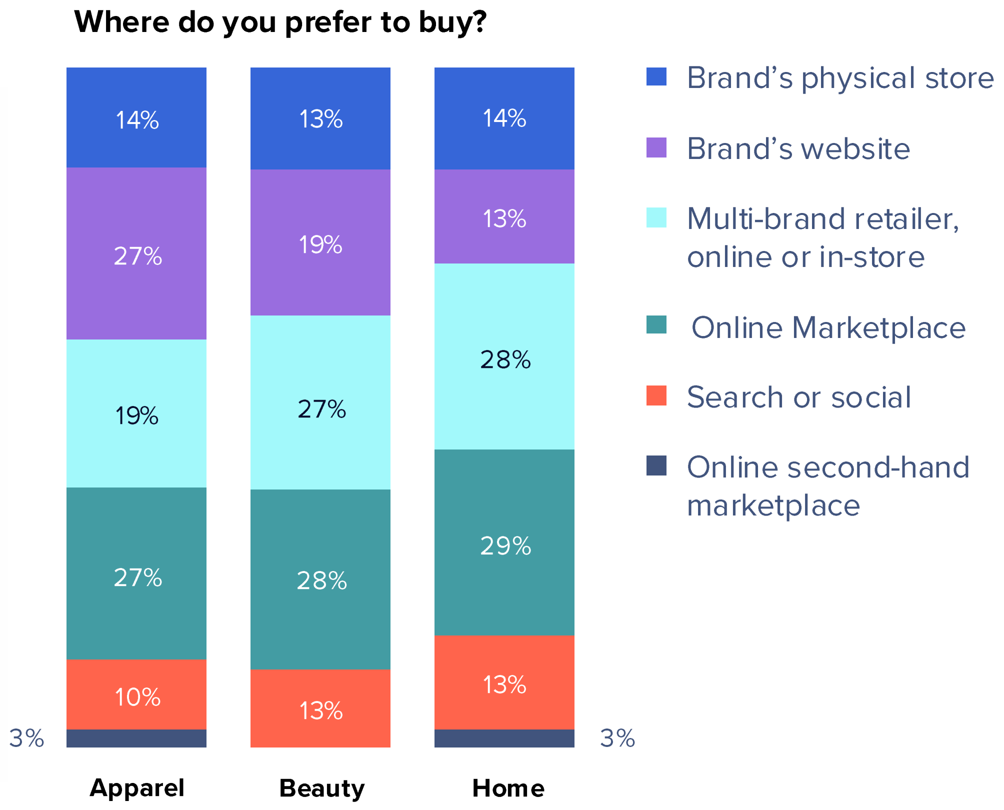


The job has **never been harder**

The greatest fragmentation of digital share of wallet **ever**

70%

Consumers who purchase across **3+ digital mediums** monthly



Source: Merkle Consumer Research, North America, 2024

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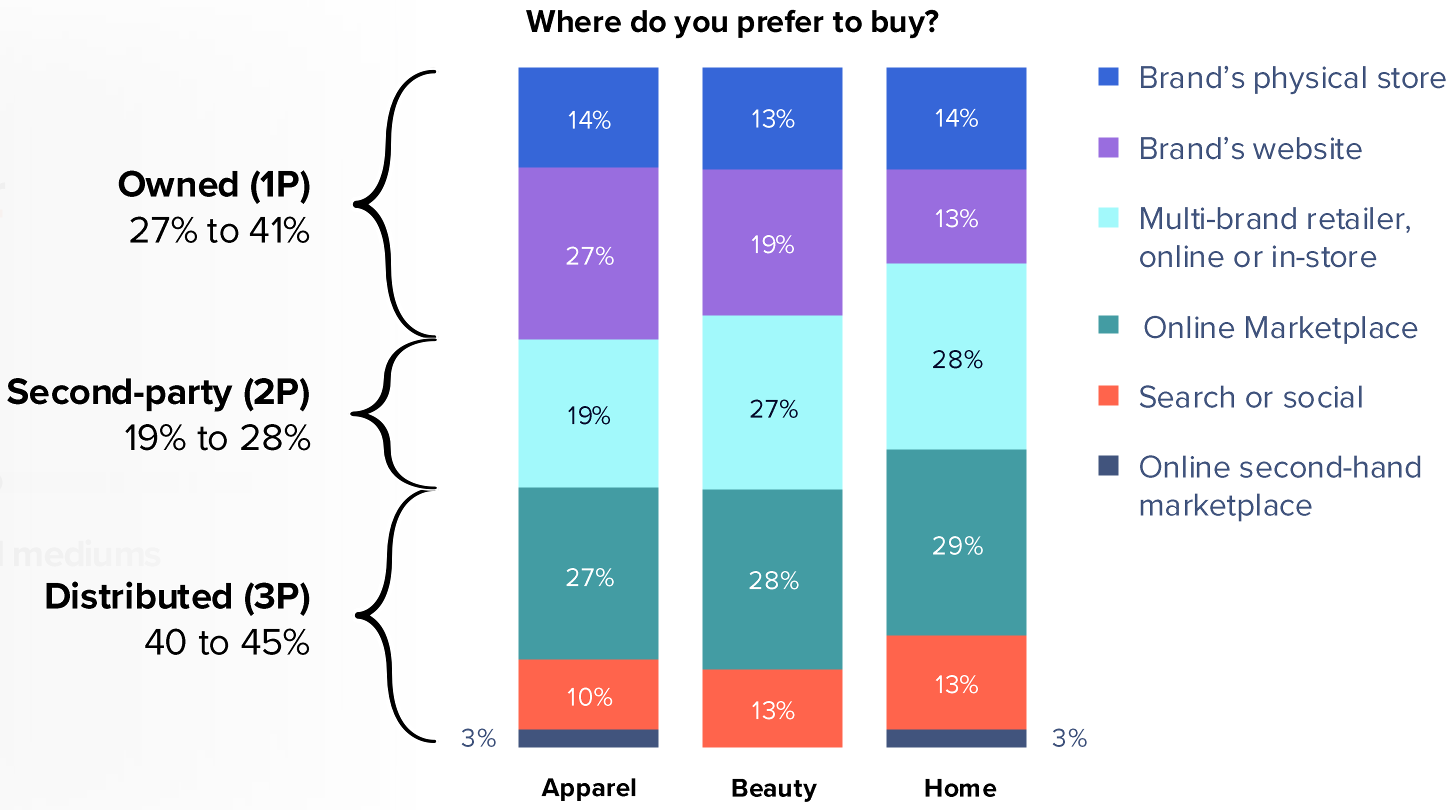


Source: Merkle Consumer Research, North America, 2024

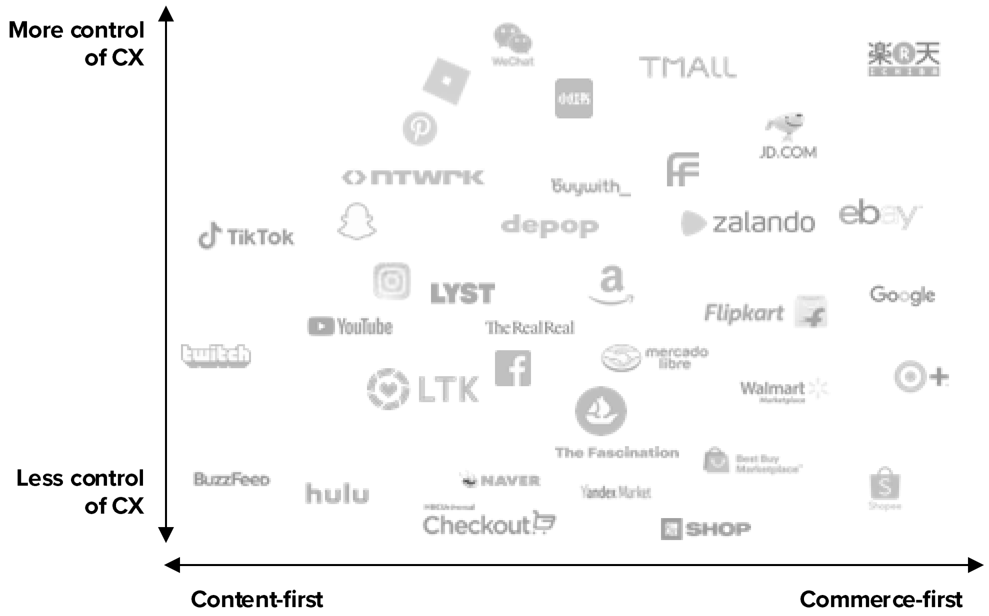
The job has **never been harder**

The highest risk of brand substitution **ever**

32%

Consumers who will abandon a brand they "loved" after **one bad experience**

A dramatic expansion of distributed & embedded commerce



Source: Merkle Consumer Research partnering with Mintel, Global


Gen X


Gen Alpha

Spending power

30.4%
of U.S. households have a Gen X member, making them a significant consumer demographic

$16,880/year
Average amount spent by Gen X consumers on consumer goods

482
shopping trips annually made by Gen X consumers on average

Top shopping destinations

19%
Walmart

10%
Amazon

7%
Costco

Sources: Merkle and Dentsu Research, North America, February 2025 N = 1290

Interestingly, Gen X is **least** excited about the experience of in-store shopping

In-store shopping is an event I look forward to

	Gen X	Millennials	Gen Z
Strongly Disagree	**6%**	5%	4%
Disagree	**16%**	11%	14%
Neither Agree or Disagree	13%	13%	11%
Agree	42%	48%	53%
Strongly Agree	22%	22%	18%

Sources: Merkle and Dentsu Research, North America, February 2025 N = 1290

But while retailers and CPG brands are focused on investing in **mostly digital experiences** across their journeys…

Source: Merkle Business Leader Research, Global, 2024
N=820, 33% NAM, 33% EUR, 33% APAC
18% Retail & CPG, Median Revenue $2.6B
Shoptalk Exclusive

Q: What kind of experience does your organization typically deliver to customers right now?

Researching	**More Digital (+48)**
Evaluating/ Selecting	Equal Split
Purchasing	More Digital (+16)
Requesting Support	More Digital (+16)
Repurchasing	**More Digital (+28)**

= Digital Experiences Strongly Preferred (+20% or more net)

… on balance, most generations prefer the social aspect of in-store shopping.

I enjoy the social aspect of in-store shopping

	Gen X	Millennials	Gen Z
Strongly Disagree	8%	8%	6%
Disagree	24%	15%	21%
Neither Agree or Disagree	13%	13%	14%
Agree	**37%**	**41%**	**37%**
Strongly Agree	18%	23%	23%

Sources: Merkle and Dentsu Research, North America, February 2025 N = 1290

The generational pick-up for "Fast Commerce" really starts to accelerate with Gen Z.

How often do you shop on "fast commerce" platforms like Temu, SHEIN, AliExpress or Amazon Haul?

	Gen X	Millennials	Gen Z
Daily	5%	9%	16%
Weekly	15%	19%	20%
A couple times a month	21%	27%	25%
A couple times a year	15%	14%	15%
Less often	12%	13%	11%
Never	33%	18%	13%

Sources: Merkle and Dentsu Research, North America, February 2025 N = 1290

Of all generations, they're least likely to use "media commerce," or connected TV.

I enjoy the social aspect of in-store shopping

	Gen X	Millennials	Gen Z
Yes, I have used my remote to click on a commercial	19%	26%	26%
Yes, I have scanned a QR code displayed on my TV	23%	30%	35%
No, I haven't, but I would consider doing this	16%	19%	17%
No, I haven't, and I'm not interested	**43%**	25%	21%

Sources: Merkle and Dentsu Research, North America, February 2025 N = 1290

When it comes to "perks," convenience outpaces all other generations.

What benefits do you expect as a minimum from the retailers you shop at?

	Gen X	Millennials	Gen Z	Boomers
Exclusive discounts or coupons	41%	45%	38%	53%
Free standard shipping	**58%**	50%	44%	**71%**
Free returns or extended return window	43%	38%	34%	56%
Loyalty rewards (e.g., points on purchase)	45%	45%	39%	57%
Early access to upcoming sales	33%	30%	27%	33%
Early access to new products	25%	26%	19%	22%
Personalized product recommendations	21%	23%	26%	12%
Fast checkout options	**49%**	41%	39%	46%

Sources: Merkle and Dentsu Research, North America, February 2025 N = 1290

Their preference? “Traditional” retail and ecommerce.

Compared to common retail shopping channels (such as shopping in a Walmart store or on their website), how would you rate shopping on social media?

	Gen X
Social media is much better	10%
Social media is slightly better	16%
Both are equal	14%
Retail shopping is slightly better	**29%**
Retail shopping is much better	**29%**

Sources: Merkle and Dentsu Research, North America, February 2025 N = 1290

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GEN ALPHA AT A GLANCE

Already $28B in direct purchasing power

46M
children

53%
get allowance

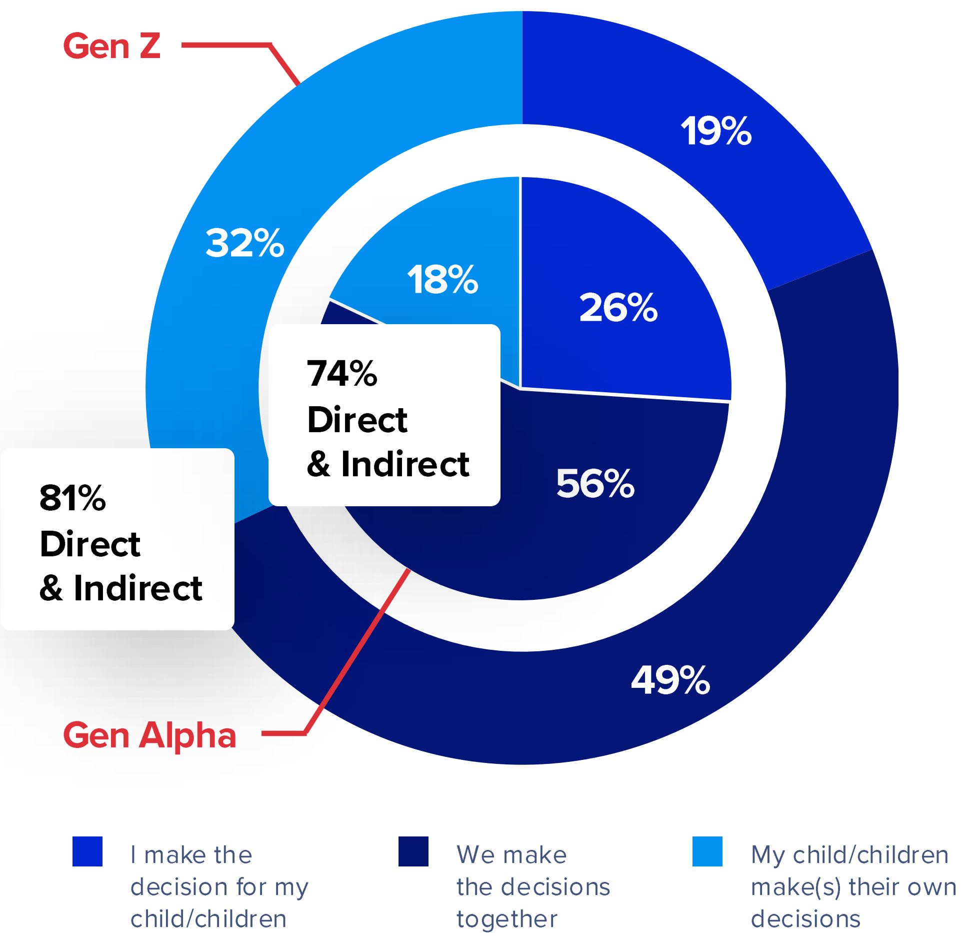
$22
average weekly allowance

Sources: Merkle Consumer Research, North America, February 2025 N = 380
Shoptalk Exclusive

AHEAD OF THE CURVE

Almost 75% of Gen Alpha are already driving purchase decisions

The indirect purchasing power of Gen Alpha is surprisingly high (Gen-Z for comparison)



Sources: Merkle Consumer Research, North America, February 2025 N = 380
Shoptalk Exclusive

Preference & Usage

Electronics and Gaming dominates interest among Gen Alpha, interestingly, Gen Alpha is much more engaged in sports content than Gen Z.

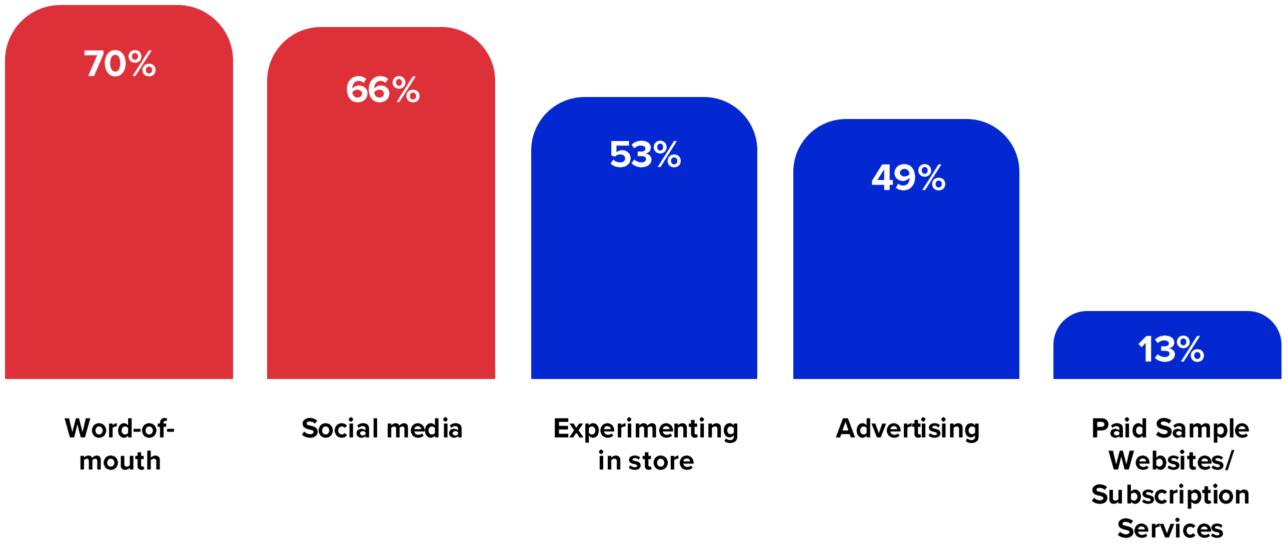
Category interest levels:

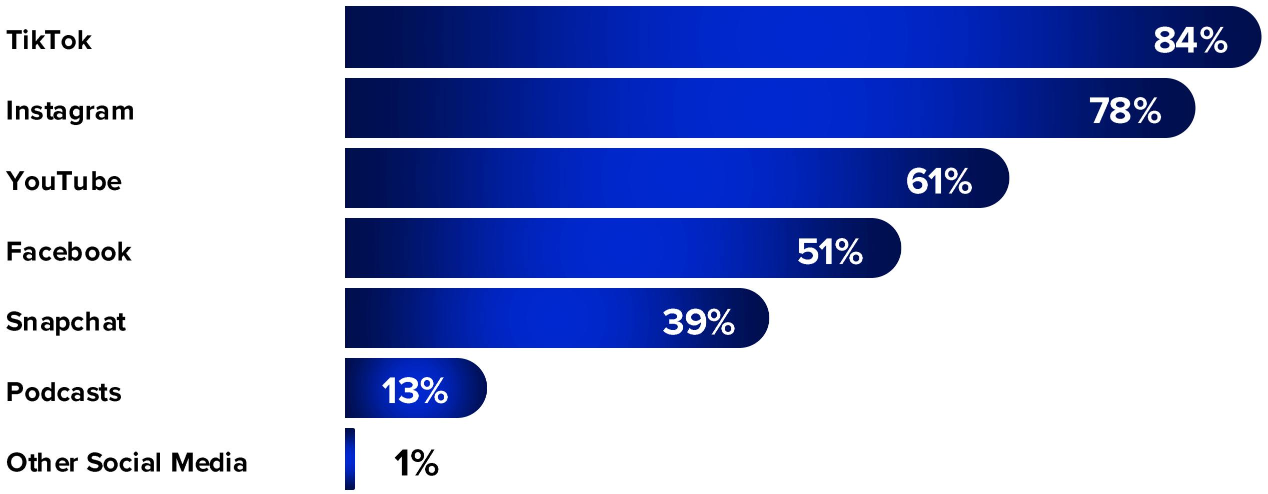
		Gen Z
Electronics	95%	
Beauty	56%	
Gaming	86%	
Sports	74%	52%

Sources: Merkle Consumer Research, North America, February 2025 N = 380
Shoptalk Exclusive

Sources of Discovery

- Word-of-mouth and social media are the leading sources for product discovery among Gen Alpha, surpassing traditional advertising.
- Within social media, video-centric platforms like TikTok and Instagram dominate audience engagement.



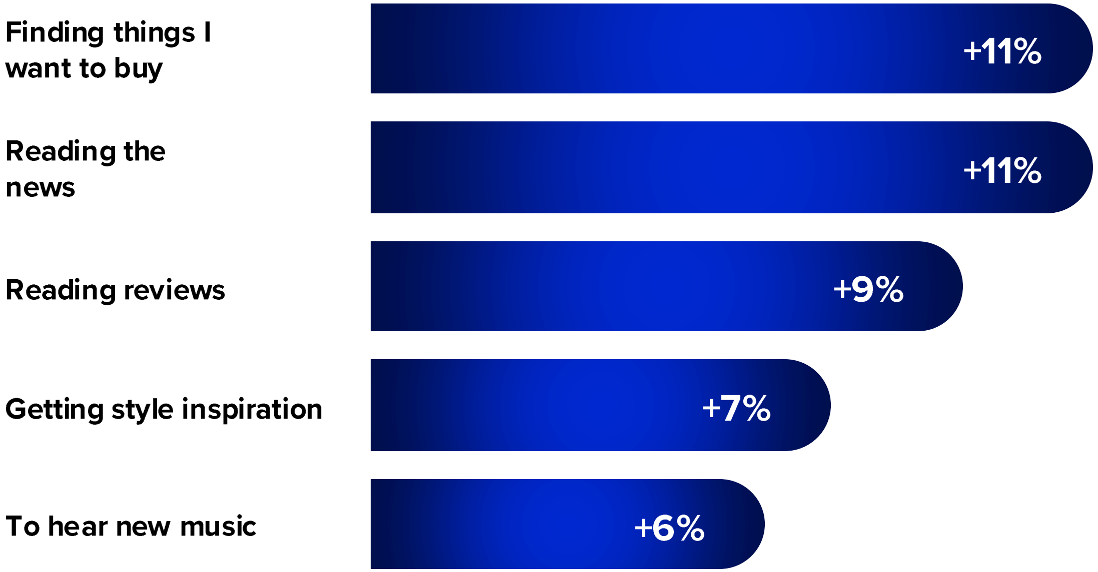


Sources: Merkle Consumer Research, North America, February 2025 N = 380
Shoptalk Exclusive

Social Media: post less, *purchase more*

Gen Alpha are increasingly using social media for shopping ideas

% change in the number of 12–15-year-old social media users who say the following are their main reasons for using social media **since Q1 2023**



Sources: Merkle Consumer Research, North America, February 2025 N = 380
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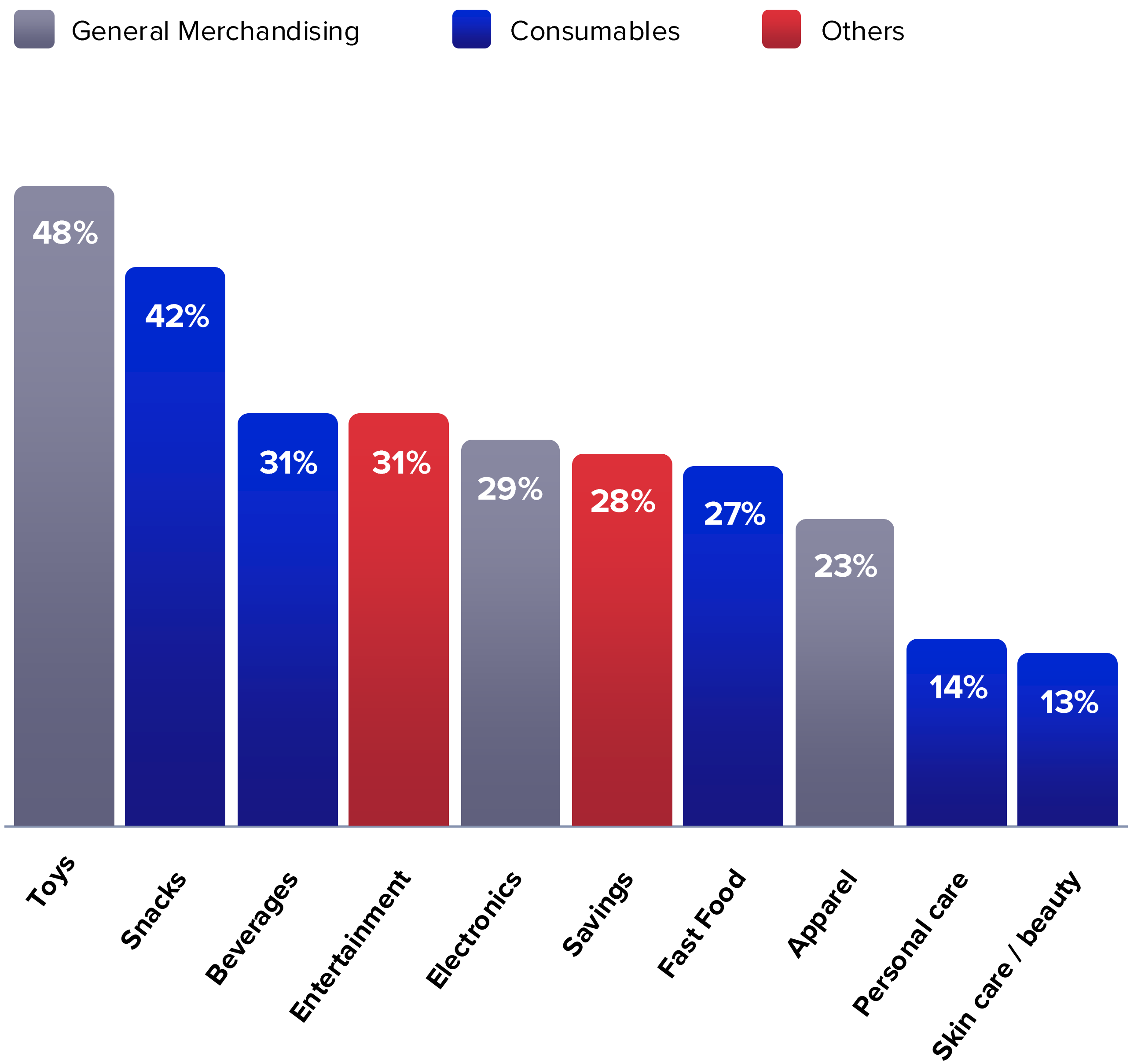
Products purchased by Gen Alpha using their allowance



Sources: Merkle Consumer Research, North America, February 2025 N = 380
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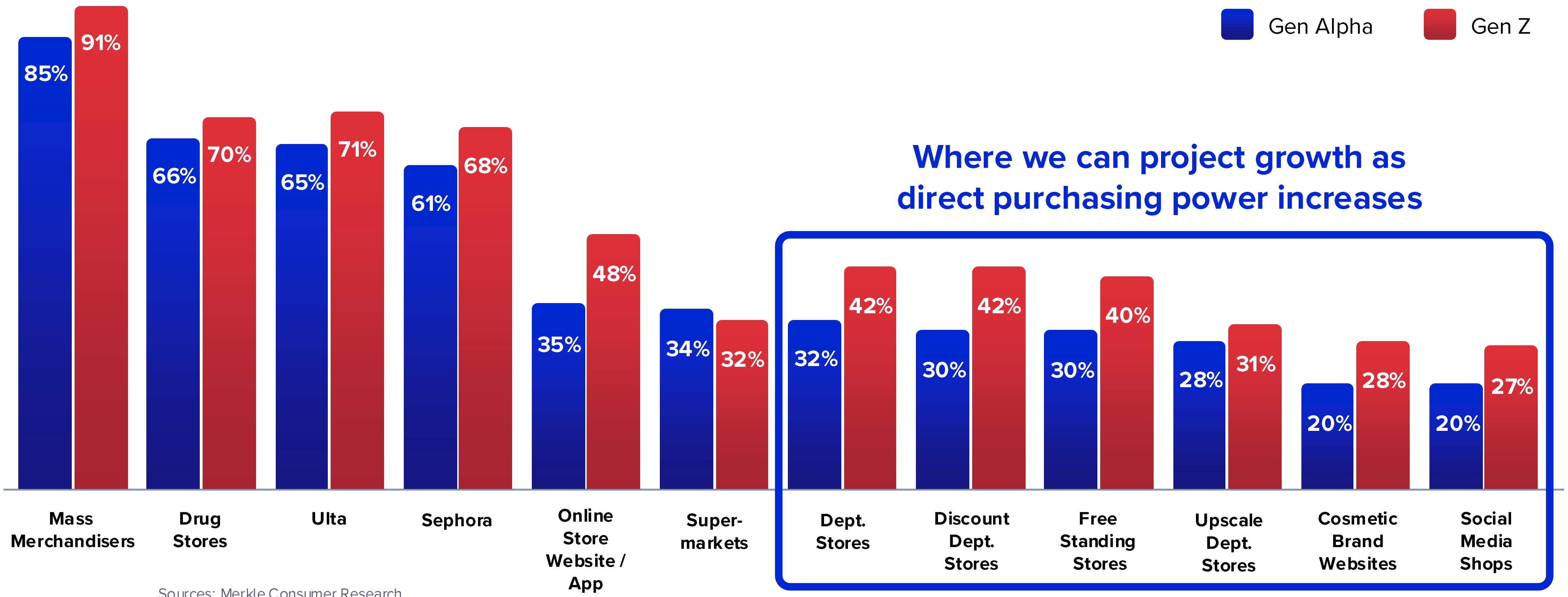
Looking at a fast moving, trend-driven category: **Beauty**

MERKLE

Purchase Channel, Gen Alpha vs. Gen Z

The usual suspects drive beauty purchasing for Gen Alpha and Gen-Z (Mass Merchants, Drug Stores, Multi-Brand Specialty like Ulta and Sephora). As Gen Alpha exerts more direct purchasing power, we'd expect growth in **eCommerce**, especially as they increase purchasing autonomy to engage with common multi-brand touchpoints.

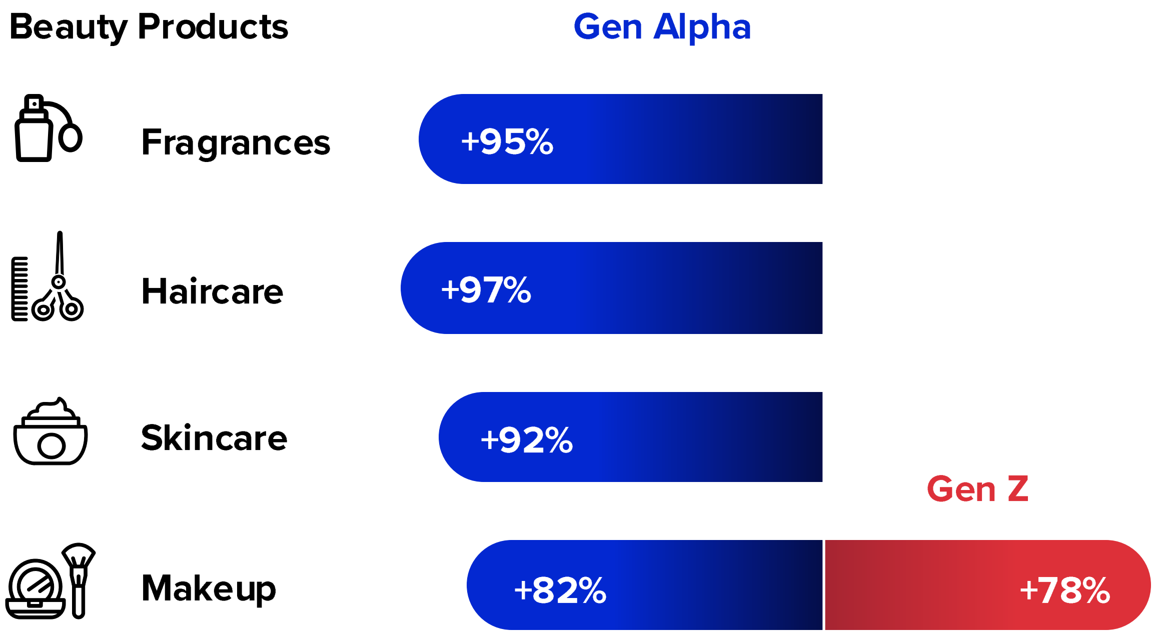


Sources: Merkle Consumer Research, North America, February 2025 N = 380
Shoptalk Exclusive

Preference & Usage

Deep-diving into Beauty category usage, Gen Alpha already surpasses Gen Z in one unexpected category: **makeup**.

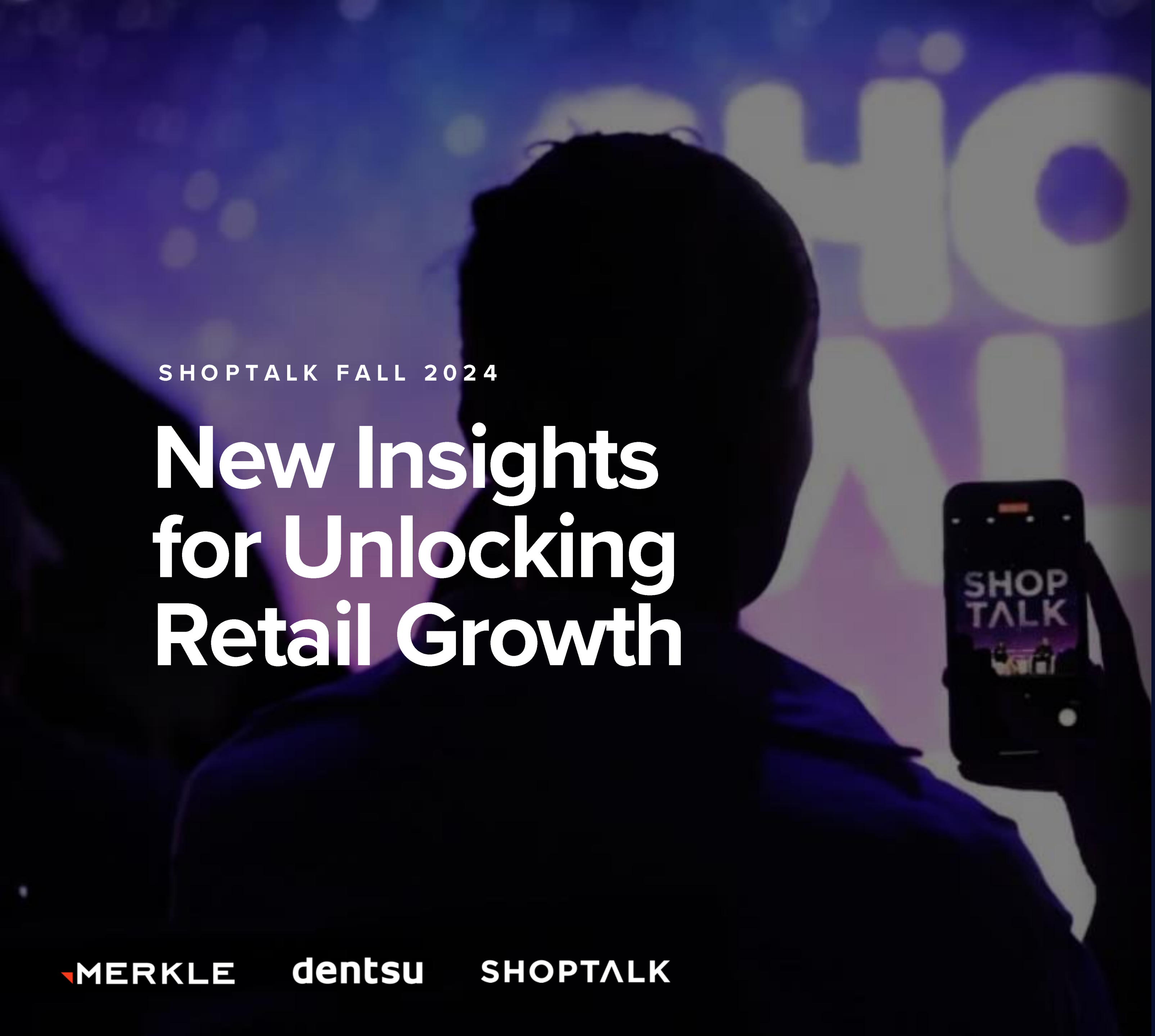
Category Usage:
Beauty Products



Sources: Merkle Consumer Research, North America, February 2025 N = 380
Shoptalk Exclusive

What it means for retail professionals

	Channels	Marketing	Loyalty
TAKE AWAY	Preference varies wildly, which means **you must be everywhere**	**Word of mouth is king** with Gen Alpha (and Gen Z)	Once basic perks are solved, the focus **must be experiential**
WHAT TO EXPLORE	**Look to connect media to CRM** to drive more experiential brand engagement and execute moment-oriented strategies across acquisition, conversion, and re-engagement	**People-centered content strategies** are needed to cut through the noise; empower employees and don't be afraid to become an "open source" brand	**"Human loyalty"** approaches go beyond basic earn and burn to experiential moments; find ways to gamify across digital and physical journeys
WHERE TO INVEST	• **Content supply chain** to drive efficiency, alignment to brand, and "hyper-scaled" production • **Unified digital shelf and merchandising intelligence** to bring together 1P, 2P, and 3P insights	• **Empowering employees** to drive digital engagement • **"Co-opetition" and strategic partnerships** to drive stickier engagement across similar segments	• **Embed your (l)oyalty program** into everything, from retail media to in-store moments, to drive progressive 0P personalization • **Embed gamification and opportunities for exploration** into every touchpoint to drive **(L)oyalty** and affinity



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